

# Literature in Finance a case study of Southern Telangana Service and Business Class People

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**Abstract** - When it comes to making smart investments, financial literacy is a mix of awareness, knowledge, skill, attitude, as well as conduct. In other words, financial literacy is the acquaintance with the most fundamental economic principles essential for making reasonable saving and investing choices. For this work, we are interested in finding out how well service and business class persons understand financial concepts. It has been shown that persons in the service and business classes have an average degree of financial knowledge based on a semi-structured questionnaire. The financial literacy of SLIIT's business students is examined in this research. The study's goal was to find out how well business students are prepared financially and whether or not the educational system is doing its part to assist them do so. Fifty completed questionnaires were approved for analysis after they were used to gather data. Using the mean marks of correct responses from the sample, the survey participants were divided into two sub-groups. Undergraduates typically get a GPA of 3.60. Categorical characteristics such as gender, advanced level stream, specialist areas, as well as other accounting and finance-related professional and academic skills, may be used to assess a person's financial literacy level. Business management students have a poor to medium degree of financial literacy based on the findings of this study. It is imperative that the institution provide additional courses and seminars on financial concerns to assist students better manage their own financial problems.

**Keywords** - Financial Literacy, Business Class, and Service Class

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## INTRODUCTION

With a strong demographic dividend, India is seeing strong development in many areas... GDP increased by 8.2%, while per capita income rose to Rs 1,12,835 in the fiscal year that ended in March of this year. Consumer spending rises with an increase in income. From 2004 through 2018, Indian consumers spent an average of 10738.61 INR billion, with the fourth quarter of 2017 seeing an all-time high of 19190.11 INR billion. There is a strong association between these two sets of data. However, when compared to the investments and savings of Indian households, this matrix seems to be a somewhat depressing one. Over the last five years, India's total savings rate has dropped from 34.6 percent to 30

percent. Savings in the economy's greatest contributor, households, fell from 23.6 to 16.3 percent throughout the time period. Indicators of a country's investment health include the amount of money people are saving and investing via traditional means. Investors' lack of financial awareness may be seen in this decrease in savings. Because there are so many financial goods on the market, having a thorough understanding of the many providers, products, and services is essential if you want to attain financial independence. People should have an understanding of financial concepts. Individuals who are financially literate are aware of the value of insurance and PPF contributions to retirement planning, among other things. Education on tax planning and different investing options is essential for everyone, but it's particularly critical for those in their twenties and thirties. The primary goal of this study is to better understand the financial literacy of individuals in the business and service sectors in order to develop strategies for doing so.

Lack of information about financing alternatives among small-business owners and managers is one restraint, but financial institutions are also a source of these funds, which is another. Due to the lender-borrower knowledge asymmetry, there is a

finite amount of debt available. SMBs are more susceptible to financial crises than big enterprises because of their financial illiteracy, which is exacerbated by issues such as a shortage of accessible, skilled staff (Atal, 2007) and a lack of knowledge about available training courses (Saulles, 2006). The European Commission's 2009 report and the OECD's 2002 report both emphasise the importance of continual training and lifetime learning in fostering competitiveness and strategic management. Researchers want to find out how well-versed small businesses with in-house financial experts are in financial matters by conducting this research. The link between SMB financial literacy and market participation will also be examined, and it will be established whether SMBs utilised the financial market more successfully or not. A literature review on financial literacy is the first step in this project, after which hypotheses will be developed. The second portion of the course will focus on research technique and hypothesis. Final recommendations for managers and academics are presented after a discussion of the findings.



## LITERATURE REVIEW

**Manjusha Kulkarni Assistant professor, Vivek Vardhini School of Management, Jambagh, Koti, Hyderabad. (2021)<sup>1</sup>**, (International journal of pure and applied mathematics), reported findings on the crucial factor of a chosen variable in a study on financial literacy and financial planning among higher education teachers. The vast majority of teachers is well-versed in personal finance and is capable of making sound financial decisions on their own, no matter what topic they teach. Financial Literacy and Personal Financial Planning were analysed and shown to have essential quality features.

**Sandeep Pandey (2017)<sup>3</sup>**, research on working women's understanding of financial literacy and financial planning. The study's goal was to look at how well women are literate, what sort of financial literacy input they need, the challenges they confront, and what steps may be taken to address these issues. The study considered all aspects of women's financial literacy and education, including economics, geography, culture, politics, the role of the government, and even physiology. A total of one hundred clerical workers and one hundred

managerial women were surveyed for this study's sample size. Information gathered in a bifocal fashion. There was a lack of energy from women in nationalistic activities, community and financial sluggishness, according to a study. Women were shown to be just as competent as males in the study.

**J. Ashwini Assistant professor, Vivek vardhini School Of Business Management, Jambagh, Koti, Hyderabad (2021)<sup>4</sup>** A questionnaire was administered to 450 people to determine their degree of financial literacy in relation to their age, gender, marital status, and educational background. 52.67 percent of persons were deemed to have a high degree of financial literacy, while 43.33 percent were assessed to have a poor level of financial literacy, according to the findings. In a study, it was revealed that men had a higher degree of financial literacy than females, and the respondents felt confident in making their own decisions on financial matters. There is a need for new financial products and services to attract the domestic financial market, as well as a need to change the financial structure and win the interest of educators and community organisations, as a result of this study.

**Dr Naveen Prasadula. MSC (I.T), MBA, PHD (2021)** Department of Business Management Osmania University, Financial literacy and financial behaviour are examined as a result of financial education. A survey of people's financial knowledge, behaviour, and attitude from 2021 (NFCS) provided the data for this investigation. The goal of the study was to examine important measurements with demographic and attitudinal characteristics, giving statistics and public policy on financial competence. Reacher discovered that a person's financial literacy improves when they get financial education. Based on educational attainment and income. Financial education has been shown to have positive effects, but how long these effects last may depend on the time horizon for behavioural change. Financial literacy and long-term behaviour (age, gender, income, and education) have the strongest favourable correlation, whereas short-term behaviour has a mixed correlation. Financial educators and policymakers may benefit from this study by using it to develop good and successful financial education initiatives. A study found a stronger link between high levels of financial literacy and a long-term financial plan than a short-term one. For some, even after making regular financial decisions, problems arise. Future research should look at various types of financial behaviour, according to the findings.

## OBJECTIVE

This research paper aims to examine and compare the financial literacy levels of SOUTHERN

ANDHRAPRADESH's service and business classes.

## HYPOTHESIS

H0: People in the service and business classes have the same degree of financial literacy.

H1: Financial literacy differs significantly between those in the service sector and those in the business sector.

## RESEARCH METHODOLOGY

A descriptive study approach was employed to have a better knowledge of the problem. In order to collect the main data, a closed-ended questionnaire was used. stratified purposive sampling was used to pick the 510 participants. A total of 285 people from the service and 225 people from the business classes were included in the study. "Arithmetic mean" and "t-test" were used to examine the acquired data.

## ANALYSIS AND INTERPRETATION

Respondents were required to complete a series of multiple choice questions on financial products in order to get access to the financial literacy assessment. According to table 1, there were a total of 18 questions posed.

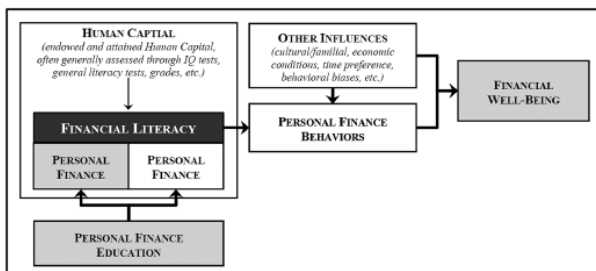


Table 1: Questions Asked to Measure Financial Knowledge of Respondents

	Questions for Financial Literacy	Correct Answer	Incorrect Answers
1	Savings Account is opened in	Post office & Banks	Only Post office, Only Bank, LIC, No idea
2	Current approximate Interest rates on Bank Saving Account	4% p.a.	3% p.a., 5% p.a., 6% p.a., Can't say
3	Life Insurance is for	All	Only Saving, Only Investment, Only Risk Cover, No Idea
4	Nominations is valid in case of	All	Only Saving account, Only PPF, Only life insurance, No idea
5	Income Tax Benefit in Fixed Deposit	Are Applicable	Are not Applicable, No Idea
6	Do you know about Public Provident Fund	Yes	No

7	From where National Savings Certificate can be purchased	Post Office	Bank, Share Market broking firms
8	Tax Benefit in NSC	Are Applicable	Are not Applicable, Can't Say
9	Maturity period of NSC	5 Years	8 Years, 15 Years, 12 Years, Can't Say
10	Opening a D-Mat account is compulsory to invest in share market	Yes	No
11	Heard about SENSEX/National Stock Exchange/Bombay Stock Exchange	Yes	No
12	Which one is the least risky avenue of investment	SIP	Shares, Mutual Funds
13	Banks calculate interest in loan by using which	Compound	Simple Interest, Both
14	When investor invests money in different avenues, then his risk of losing money	Decreases	Increases, Remains Same, Don't Know
15	If inflation rate increase then the value of rupee	Decreases	Increases, Remains Same, Don't Know
16	Which of these is a most liquid asset	Cash	Land, Car, Fixed Deposit
17	When a bank returns a cheque on account of shortage of funds in the account, it is called	Dishonor of Cheque	Cancelling of Cheque, Drawing of Cheque
18	Normally, which asset displays the highest fluctuations over time	Equity Shares	Saving Account, Mutual Funds

Individuals were categorised into three groups based on the number of accurate answers they provided in a financial literacy test: high (more than 12), average (7-12), and poor (up to 6 correct answers). Table 2 contains information on the financial literacy of the survey participants. More over half (N=240, 47.06%) of respondents had a high degree of financial literacy, whereas only 41.76 percent (N=213) had an average level of financial knowledge. The remaining respondents (N=57, Percentage=11.18) were either financially illiterate or had a poor degree of financial literacies.

Table 2: Financial Literacy level of Respondents

Financial Literacy Level	N	Percentage
Low	57	11.18
Average	213	41.76
High	240	47.06
Total	510	100

Table 3 shows the degree of financial literacy of respondents from the service and business classes. Financial literacy was found to be higher among business class respondents than among



service class respondents in both categories, as can be seen from the results.

**Table 3: Financial Literacy level of Respondents according to their Occupation**

Financial Literacy Level	Service Class		Business Class	
	N	Percentage	N	Percentage
Low	31	10.88	26	11.56
Average	126	44.21	87	38.67
High	128	44.91	112	49.78
Total	285	100	225	100
Mean Score	11.53		11.94	
Level	Average		Average	

The following hypothesis was tested to see whether there is a significant difference in the financial literacy levels of those in the service and business classes.

H0: There is no significant difference in financial literacy level of service class and business class people  
H1: There is a significant difference in financial literacy level of service class and business class people

Table 4 displays the results of a t-test to see if people in the service and business classes vary in their financial literacy.

**Table 4: t-Test Results to Measure significant difference in the financial literacy level of service class and business class people**

Factor	Respondents	Mean	S.D.	t-value	p-value	Result
Financial Literacy	Service Class	11.53	3.129	1.387	0.166	Not Significant
	Business Class	11.94	3.637			

Level of Significance = 5%

There is no significant difference in financial literacy between service and business class respondents at the 5% level of significance.

## CONCLUSION

According to the data, persons in the business class had better financial literacy than those in the service class, although the gap was not large. A broad range of financial solutions have been required by SMBs during the last decade to guarantee long-term company success. Financial knowledge is one factor that might help you get the most out of various financial products. The significance of managers' analytical thinking has been shown by the ease with

which financial asset-related information can now be delivered to investors, sometimes at no cost. As a result of this information, managers may better react to the company's demands by carrying out necessary evaluations on financial market instruments. Managers' ability to process raw financial data into information that may be used for decision-making can be enhanced by their financial literacy. SMB managers' use of various financial market products is very low, according to our findings. Despite the wide range of financial products available, managers' inability to effectively and efficiently use these products has been linked to their degree of financial literacy. Non-economic factors that can explain managers' involvement in the financial markets include their level of financial knowledge. These additional social elements include trust, risk perception, technical literacy, cognitive intelligence, as well as social connection, which are all correlated with market involvement. Developed nations have financial literacy programmes in place to help their citizens make better financial choices. Managers benefit from a financial literacy education plan when they avoid from bad financial behaviours. Teaching consumers how to exercise their legal rights in financial matters is another benefit of financial literacy education. The research found that the median financial literacy score of SMB managers was greater than that of community members in the Braunstein and Welch (2002) survey. In Turkey, students may now choose between two types of financial education: university-level courses in economics and business, and for-profit certificate programmes. However, in certain economically developed nations, such as the United States and Great Britain, high school students are required to take a financial literacy course. After financial literacy training has been completed, it is not taken into account in this research how long it has been since. Study findings reveal that managers' financial literacy rises in tandem with their financial education. Overconfidence is a factor that encourages investors to trade more often than they should, which results in an increase in trading volumes. In comparison to previous research, managers' levels of financial literacy overconfidence are quite low. Overconfidence and financial training are linked, according to the study's second result. Overconfidence may have a role in determining whether SMB managers participate in the market and have a high financial literacy level. The temporal dimension may also be taken into account in future study, as well as other social aspects that affect financial instrument adoption.

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