CHAPTER 5
Chapter 5

SUMMARY, CONCLUSION AND RECOMMENDATION

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5.1 Implications of Study

This study was conducted by the researcher to find the level of Financial Literacy using the BMFL, thus giving a new insight into the emerging trends in the domain of Financial Literacy and the level of Financial Literacy. It was found that the level of Financial Literacy was low in the state of Chhattisgarh and though the respondents are educated enough still they are not aware about the measures of Financial Literacy. Overall the BMFL score was low. The researcher carried out this study with certain objectives and hypothesis framed in her study.

Table 5.1 Results based on Objectives

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<th>Sno.</th>
<th>Objectives</th>
<th>Results</th>
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<td>1.</td>
<td>To compute and analyze the BMFL based financial literacy level for the people of Chhattisgarh based on gender, location, income level, occupation, district and age and disseminate information through statistical analysis and case studies.</td>
<td>In previous chapter based on various statistical tools and tests, Financial Literacy level was studied for the people of Chhattisgarh based on the demographic factors and it was found that they have no effect on the level of Financial Literacy. There is no significant correlation between the gender and the retirement planning, tax planning, insurance awareness, Estate planning etc.</td>
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<td>To understand how retirement planning decisions of people in Chhattisgarh region are affected by financial literacy measured by BMFL.</td>
<td>To understand the effect of Financial Literacy on the retirement planning decisions of people based on the BMFL model, tests were carried out in ANOVA and no significant association was found. In general the BMFL score was found to be low.</td>
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<td>3.</td>
<td>To check the perceived relative impact of the initiatives taken by various stakeholders like Banks, RBI, NABARD, NCFE, NISM, NGOs, and Institutions in spreading the financial literacy among the people of Chhattisgarh.</td>
<td>For checking the impact of initiatives taken by various stakeholders in spreading Financial Literacy in the state of Chhattisgarh, cross tabulation and Chi Square tests were performed and it was found that people are majorly in habit of using cash over cheques/credit/debit card. Also, ATM is the preferred mode of money withdrawal after which they prefer to</td>
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<td>visit a bank branch. Use of Mobile /Net Banking/E Wallets is very low. Also, though people are aware of various schemes such as NPS, PPF, NSC, ETF, Mutual Funds they prefer to invest in banks in form of Fixed Deposits.</td>
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<td>4.</td>
<td>To suggest the innovative strategies for increasing financial literacy in Chhattisgarh.</td>
<td>Various strategies can be applied to make people aware about the importance of saving and investment. It was found women were saving more than men and hence they can be encouraged to do so more and thus spread the importance of FL. Also, youth and kids need to be made aware of importance of Financial Literacy as they are our future and this habit can be inculcated right from beginning. Schemes can be planned with</td>
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5.2 Key Conclusions

1. From the analysis of BMFL model of financial literacy, it was found that the majority of respondents are less financially literate on some of subjects of basic financial literacy and advanced financial literacy and some of them do not understand the important concepts at all.

2. With regards to demographic and socio-economic profile of respondents and financial literacy, it was found that females were in a habit of saving more money in banks, fixed deposits and PPF accounts, as compared to males. On the basis of monthly income group of respondents, it is found that the respondents falling under lower income groups possess a lower level of financial literacy.

3. With regard to investment objective, for majority of investors (respondents), the first investment objective is saving of income tax and meeting unexpected financial needs.

4. All the respondents (investors) have invested their savings in various alternatives, though majority of the respondents (investors) possess lower level of financial literacy. This shows that all the investors do not understand the basics of investments and its calculation.
5. It is found that financial literacy does have statistically significant impact on investment decision. It may be concluded that financial literacy may empower the investors to make investment decision. With regards to the association between financial literacy and financial behavior, it was found that financial literacy encouraged saving behavior and also has a significant impact on investment behavior of individuals.

6. Majority of the population of respondents comprised of males who preferred to do financial transactions in cash mode. Females also preferred to do the same.

7. Majority of male respondents had one savings account in bank as compared to higher number of females having more than 2 bank accounts.

8. Respondents preferred mode of money withdrawal was ATM after which they preferred to visit the bank branch personally to withdraw money.

9. For much of the sample taken, on a monthly basis money gets deposited in their savings account.

10. Results showed that, if main source of income was lost majority of the respondents could survive their living expenses upto two months.

11. Demographic factors did not have much influence on the saving and investment pattern of individuals.
12. Respondents in Chhattisgarh have less knowledge or preference over using Mobile Banking/Net Banking /E-wallets/Paytm/SBI Buddy etc.

13. The demographic factors do not have much effect on the preparedness for Retirement Planning, Income Tax planning, Insurance awareness or even Estate Planning.

14. It was found in rural districts of Chhattisgarh people are not aware of saving calculators much but they have prepared their will majority being farmers, Government employees etc. This pattern is not exhibited in Urban areas of Raipur district.

15. People are aware of only few retirement instruments like PPF, NSC, NPS, Sukanya Samridhii Yojana, Fixed Deposits etc and prefer to invest maximum in Fixed deposits in banks. Other calculators such as Shares, Stocks, Mutual Funds, ETF etc people are not very much aware of.

16. Much of the sample size was found to have taken Life Insurance policy (LIC) as a mode of saving and investment.

17. The study conducted by researcher was purely based on primary data and majorly questionnaire were filled through interviewing technique by the researcher. Many places the researcher faced difficulties as respondents were not much educated and didn’t wanted to respond. After luring them with some gift articles and food the researcher was able to gather and collect information.

18. The BMFL model is an entirely new concept trying to bring new insights in the area of financial literacy. Many of the respondents believe in the kind act of donating money and helping others while
others feel that it is their hard earned money and if they get some interest over it, there’s no harm in it.

19. Under the BMFL model much of the respondents do not believe in rebirth only and hence feel it is not connected to money management decisions.

5.3 Recommendations

Upcoming changes in pension agreement, Increase in the life expectancy and associated risk, have led to an increase in an individual’s responsibility, financial services and Innovation in financial products, globalization and privatization of finance sector and industry, diverse features of financial products, technological changes and market innovations have sought the attention of educators, community groups, businesses, government agencies, organizations, non-government organizations, regulatory authorities and policy makers. About 2.9 billion people around the world do not have access to formal sources of banking and financial services. In India alone 560 million people are excluded from formal source of finance, a figure in tight correlation with the 41.6 per cent (457 million) of the populace that still lives below the poverty line (US$1.25/day). Based on findings of the present study, the researcher suggests the financial education providers, investors and policy makers and regulatory authorities to promote financial literacy.

5.3.1 Recommendations for Agencies and Policy Makers

1. The NGOs working for social up-liftment of needy must ensure that the financial education should be provided to them for their economic up-liftment.
2. Banks should know how to best co-ordinate between technology and communications so as to engage and empower people in the area of financial literacy.

3. Proper and suitable training must be given to the various financial intermediaries by the financial agencies, who in turn can educate investors to make wise investment decisions.

4. Banks and other financial agencies must create financial literacy among the urban and rural masses.

5. Policy makers and financial agencies need to adopt two strategies in promoting "financial literacy" programme to make "financial inclusion" successful and meaningful. One by developing personal financial management skills and the other by developing financial operation skills for availing various financial services.

6. In near future, private sector banks and other financial service renders will relatively be benefited from the new markets if they offer region specific products and financial services.

**5.3.2 Recommendations for Investors**

1. Investors should start showing interest in financial education.

**5.3.3 Recommendations for Academicians**

1. Educational institutions should compulsory introduce a subject on Financial Awareness for the students.

2. Rural area customers need to be educated with benefits of financial inclusion through conducting financial literacy programmes and encouraging peoples participation in financial inclusion initiatives with
monetary rewards or by providing employment opportunities for suitable competent persons of those regional districts.

3. More emphasis on financial education should be given to college students Since college students are the most vulnerable to be trapped in debt.

4. At workplace, employer should encourage the workplace financial education programme and guide the employees on saving instruments.

5.3.4 Recommendations for Women

1. Women should take more initiative in financial matters and should be more assertive in family financial matters as one aware and educated lady educates the whole family and is the key to happiness.

2. SHG’s can provide training to women to become financially independent and thus motivate them to save and invest more.

5.3.5 Recommendations for future Researchers

1. The present study has been conducted in the state of Chhattisgarh, it can be taken on a higher level to various other states in the country.

2. Overall the BMFL score was found to be low. Hence, there is a need to increase awareness amongst people pertaining to BMFL model and further researches into the same can be carried out at National level.

3. Nowadays, SHG members are empowered through financial education and their socio-economic status is enhanced through micro-finance activities. Hence, one can also perform this study by collecting the responses only from SHG members.
4. One can also perform a comparative study on responses collected from rural investors and responses collected from urban investors.

It is a saying, “Money says save me today I will save you tomorrow. But also, money says when you die I will not go with you.” Hence, as per the BMFL model we should understand that helping others in need also gives happiness and satisfaction. This kind act of donation leads to Shubh – Labh and happiness for all in family.

Jai Shree Krishn........