

A Study On Savings Practices And Financial Literacy In Youngsters Of Bhavnagar District

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Abstract

Objectives for Individual Savings People save money mostly for emergencies such as illness, job loss, retirement planning, their children's or their own education, home and vehicle purchases, vacation or lifestyle goals, and investments or wealth accumulation. Savings practices are essential for long-term prosperity and financial stability. These are dynamic practices that vary according on income, life stage, culture, access, and financial conduct. Promoting safe saving habits through behavioural nudges, institutional support, and education may greatly enhance an individual's financial well-being. based on 178 replies to a questionnaire that collected primary data. The Kruskal-Wallis test, Cronbach's Alpha, and Chi-Square tests as statistical tools and interpretation. The impact of each component of financial activity varies. Your sample's saving habits might not be significantly predicted by financial literacy alone. Nonetheless, there are definite and significant connections between budgeting, credit card use, and investing knowledge and financial habits. These results support targeted financial education that highlights practical tools like budgeting and investing.

Keywords: Individual Savings, Emergency Fund, Retirement Planning, Education Savings, Home Purchase, Vehicle Purchase

Introduction

Individuals' savings habits are the ways, actions, incentives, and plans they use to set away a portion of their income for emergencies or future needs. These behaviours are essential to reaching long-term objectives and financial stability and are greatly impacted by psychological, cultural, personal, and economic issues. Goals for Personal Savings The main reasons people save money are for emergencies (health problems, losing their jobs), retirement preparation, education for themselves or their children, home and car purchases, travel or lifestyle objectives, and investments or wealth building. Individuals' saving habits are crucial for long-term success and financial security. These are dynamic practices that change according to financial behaviour, access, culture, life stage, and income. Individual financial well-being may be significantly improved by encouraging safe saving practices through behavioural nudges, institutional assistance, and education.

Factors Influencing Savings Behaviour

1. **Income Level:** The ability to save increases with income. People with low incomes may find it difficult to save regularly because of necessary expenses.
2. **Age & Life Stage:** Due to school loans or reduced income, young individuals generally save less. People in their middle years save more for retirement, family, and kids. Savings are often spent by retirees.
3. **Financial Literacy:** People who understand money are more likely to save often and sensibly.
4. **Type of Employment:** Regular saving habits are typically adopted by salaried people with fixed incomes. Seasonal or self-employed workers could have erratic saving habits.
5. **Cultural & Family Influence:** Saving discipline is greatly influenced by community values and family traditions in many countries. Systems of joint families commonly promote pooled savings.
6. **Behavioural Factors:** Saving habits are influenced by risk aversion, self-control, future orientation, and confidence.
7. **Financial Institution Access:** Compared to their rural counterparts, urban residents have easier access to banks and online tools.

Rising living expenses, little financial awareness, a heavy debt or EMI load, peer pressure to spend, and a lack of official financial access in rural or remote places are all obstacles to individual saving. Campaigns for financial literacy, tools for budgeting and goal-setting, employer-sponsored savings plans like EPF, government incentives like tax deductions and interest rates, and mobile-based savings programs like India's Jan Dhan Yojana are all examples of ways to promote better saving habits. The capacity to understand and utilise financial skills, such as budgeting, investing, saving, using credit, personal financial management, and financial decision-making, is referred to as financial literacy. It is crucial for both economic stability and well-being since it enables people to make wise financial decisions. In the current economy, financial literacy is a fundamental ability for all people. By cultivating a populace that is financially literate and responsible, it not only improves individual well-being but also advances the economic health of the country. Giving people financial literacy promotes equitable growth and guarantees resilience to economic shocks.

The benefits of Personal Financial Literacy

1. **Better Financial Decisions:** Assists people in efficiently managing their money and avoiding debt traps.
 2. **Emergency Preparedness:** Promotes the accumulation of emergency savings.
 3. **Goal Achievement:** Supports the planning of important life objectives, such as retirement, property ownership, or education.
 4. **Less Financial Stress:** People who are financially knowledgeable are less prone to experience financial worry.
 5. **Wealth Creation:** Encourages prudent investment and sustained economic expansion.
- Poor saving practices, high-interest debt accumulation, inadequate insurance coverage, a lack of retirement planning, low financial literacy, and susceptibility to financial fraud are common problems.

Increasing Personal Financial Knowledge

1. Personal finance should be taught in schools and colleges.
2. Workplace Programs: Companies may provide seminars on budgeting, tax preparation, and EPF.
3. Initiatives from the Government: Programs such as RBI's Financial Literacy Week, PM Jan Dhan Yojana.
4. Digital and Mobile Resources: Online courses, applications for financial literacy, and instruction in digital banking

Savings Habits in Children

The consistent actions, attitudes, and behaviours that young people take to save money for later use are referred to as saving habits. Building solid saving habits is difficult but necessary in an age group that is often defined by consumerism, peer pressure, and low income.

The Significance of Saving for youngsters

1. Fosters Early Financial Discipline
2. Gets Ready for Emergencies or Unexpected Costs
3. Assists with Academic or Professional Objectives
4. Lessens Reliance on Loans and Parents
5. Promotes Wealth Creation and Future Investment

Literature review

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7. In 2022, Shanbhag, A. investigating the origins, consequences, and remedies for minority demographic groups' financial illiteracy and marginalisation.

8. Telang, V., and Panwar, Y. (2024). A survey of a few chosen works of literature on the influence of financial literacy on women's financial investment decisions. *Global Economy Journal*, 19(4), 297–304.

9. According to the OECD (2019), researchers should examine the following aspects of financial behaviour: control, goals, budgeting, saves, purchases, payments, and financial product selection. Because it gives families a more consistent spending pattern throughout the course of members' lives, saving is viewed as a beneficial behaviour.

10. Loke (2016) investigated how well-prepared households were financially for shocks. Families may need to rearrange their finances due to a variety of unforeseen circumstances (such as sickness, disability, unemployment, and income loss). Insurance and social security systems may not cover some situations that cause shocks. Financial preparedness is connected to emergency reserves because families may acquire excessive debt if they lack the means and liquidity to deal with shocks. *Savings and Financial Literacy: A Review of Selected Literature* 69.

Research Methodology

1. Data collection: based on primary data through questionnaire & 178 responses
2. Objective:
 1. Assess the Extent of savings practices and financial literacy
 2. Identify the Factors Contributing to savings practices and financial literacy
 3. Study the Relationship Between savings practices and financial literacy
 4. Examine the effects of savings practices and financial literacy in youngsters
3. Population: those youngsters who are living & belonging in Bhavnagar district only
4. Method of sampling: convenience sampling [a non-probability sampling method]
5. Data Analysis: Cronbach's Alpha, Chi-Square Tests, Kruskal-Wallis test as statistical tool and interpretation

Hypothesis:

H₀₁= There is no impact on the effects of savings practices and financial literacy

H₁₁= There is impact on the effects of savings practices and financial literacy

H₀₂= There is no impact on Assess the Extent of budgeting & credit card usage

H₁₂= There is impact on Assess the Extent of budgeting & credit card usage

H₀₃= There is no relationship between Awareness of Investment Tools and savings practices

H₁₃= There is relationship between Awareness of Investment Tools and savings practices

Analysis and Interpretation

Table: 1: Reliability of Data

Cronbach's Alpha	N of Items
0.870	19

The total reliability of expectations and observations is measured here using Cronbach's alpha. It is 0.870 which tells that the data are reliable.

Table: 2: Chi-Square Tests

Chi-Square Tests	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.000 ^a	4	0.199
Likelihood Ratio	6.592	4	0.159
N of Valid Cases	3		

$P=0.199 > 0.05$, the observed frequencies are not significantly different from expect by chance.

Demographic Information

Table:3: Age wise Data analysis

Total	Below 18	18-21	22-25	26-30	Above 30
178	38	79	28	12	21
100%	21.3	44.4	15.7	6.7	11.8

Table: 4: Gender wise Data analysis

Total	Male	Female	Transgender
178	57	121	0
100%	32	68	0

Table:5: Education wise Data analysis

Total	up to 10 th	10 th or equivalent	12 th or equivalent	undergraduate	Postgraduate	other
178	1	0	21	80	66	10
100%	0.6	0	11.8	44.9	37.01	5.6

Table:6: Analysis as per present working or not

Total	Yes (full time)	Yes (Part time)	No
178	42	27	108
100%	23.6	15.2	60.7

Table 7: Analysis of earnings

Total	No income	Below ₹5,000	₹5,000–₹8,000	₹8,000–₹15,000	₹15,000–₹20,000	more than ₹20,000
178	105	13	4	15	15	26
100%	59	7.3	2.2	8.4	8.4	14.6

Table 9: Analysis of saving money regularly

Total	Yes	No	sometimes
178	82	27	69

100%	46.2	15.2	38.8
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Table 10: Analysis of percentage of saving income

Total	Below 10%	10–20%	21–30%	More than 30%
178	86	67	15	10
100%	48.3	37.6	8.4	5.6

Table 11: Analysis of basic reason for saving

Total	Emergency fund	Education	Future plans (house, car, etc.)	Travel	Family needs	Other
178	36	33	71	2	22	14
100%	20.2	18.5	39.9	1.1	12.4	7.9

Table 12: Analysis of Where generally maintain savings

Total	Bank Savings Account	Cash at home	Mobile Wallets (e.g., Paytm, GPay)	Recurring Deposits	SIPs/Mutual Funds	Other
178	107	84	31	16	39	24
100%	60.1	47.2	17.4	9	21.9	13.5

Table 13: Analysis of routine of savings deposits

Total	Weekly	Monthly	yearly	Occasionally	Rarely	Never
178	22	84	13	19	23	17
100%	12.4	47.2	7.3	10.7	12.9	9.6

Table 14: Analysis of credit card use for payment

Total	Yes	No
178	39	135
100%	24.4	77.6

Table 15: Analysis of If frequently using credit cards

Total	Regular	Sometimes	often	Occasionally
178	9	55	21	42
100%	7.1	43.3	16.5	33.1

Table 16: Analysis of the purposes for use credit card

Total	Shopping	Instalments & Bill Payments	Medical Emergency	Travel & Hotel Bookings	Get reward Points & Cashback
178	32	34	39	10	17
100%	24.2	25.8	29.5	7.6	12.9

Table 17: Analysis of belief a course on financial literacy ought to be offered in college

Total	Yes	No	Can't say
178	145	13	20

100%	81.5	7.3	11.2
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Table 18: Analysis of interest in participating personal finance workshop

Total	Yes	No	Can't say
178	114	21	43
100%	64	11.8	24.2

Table 19: Analysis of largest barrier stopping youths from saving

Total	Low income	Lack of awareness	High spending habits	Pressure from friends	Other
178	43	47	68	2	18
100%	24.2	26.4	38.2	1.1	10.1

Table 20: Bivariate Analysis for hypothesis 1[savings practices and financial literacy]

Particular	SD	D	N	A	SA	Total
1. Analysis on how interest rates work.	22	21	45	63	27	178
2. Analysis on awareness of the variations between debit and credit cards.	15	24	29	68	42	178
3. Analysis on knowing how to make an easy budget.	13	20	37	80	28	178
4. Analysis on realize the importance of maintaining credit rating high.	14	20	56	61	27	178
5. Analysis on able to explain core alternatives to investing, such as FD, RD, and SIP.	11	30	50	61	26	178
6. Analysis on maintain eyes on monthly spending.	14	21	31	79	33	178
7. Analysis on Making monetary choices gives confidence.	14	19	40	72	33	178
8. Analysis on gained financial education in a certain manner (online, in school, etc.).	16	26	32	71	33	178
Total	119	181	320	555	249	1424
Average	14.88	22.63	40	69.38	31.13	
Standard deviation	3.23	3.78	9.69	7.54	5.34	

* Where: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

Table 21 Analysis of Kruskal-Wallis test

Test	Kruskal-Wallis	p-value	Groups Compared	df
Value	11.5	0.1183	8	7

$P = 0.1183 > 0.05$, it accepted the null hypothesis. So alternative hypothesis is rejected and There is no impact on the effects of savings practices and financial literacy.

Table 22 Bivariate Analysis for hypothesis 2 [Assess the Extent of budgeting & credit card usage]

Particular	SD	D	N	A	SA	Total
1. Analysis of the monthly budget to stay an eye on income and expenses.	21	28	56	57	16	178
2. Analysis on maintaining records of daily	19	37	35	60	27	

spending to maintain living in budget.						178
3. Analysis on struggle keeping to a budget.	13	55	53	33	24	178
4. Analysis on primary objective is to save a portion of income or allowance.	17	16	45	75	25	178
5. Analysis on Credit cards, in own view, promote overspending.	18	36	52	44	28	178
6. Analysis on mostly use credit cards for emergencies rather than for daily purchases.	25	40	49	40	24	178
Total	113	212	290	309	144	1068
Average	18.83	35.33	48.33	51.5	24	
Standard deviation	4.03	12.96	7.53	15.4	4.25	

* Where: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

Table: 23 Analysis of Kruskal-Wallis test

Test	Kruskal-Wallis	p-value	Groups Compared	df
Value	19.12	0.0018	6	5

$P = 0.0018 < 0.05$, it rejected the null hypothesis. So alternative hypothesis is selected and there is impact on Assess the Extent of budgeting & credit card usage.

Table: 24 Bivariate Analysis for hypothesis 3 [Awareness of Investment Tools and savings practices]

Particular	SD	D	N	A	SA	Total
1. Analysis of understanding the fundamentals of investing in equities, mutual funds, and FD	16	22	34	71	35	178
2. Analysis on attended into a workshop, course, or seminar on investing or financial literacy.	15	37	47	54	25	178
3. Analysis on actively look for internet and actual sources of information regarding investment.	12	28	52	59	27	178
4. Analysis on Early investing, in own opinion, is crucial for future success.	12	19	37	71	39	178
5. Analysis on happy for making own investing decisions.	13	14	28	73	50	178
Total	113	212	290	309	144	1068
Average	18.83	35.33	48.33	51.5	24	
Standard deviation	4.03	12.96	7.53	15.4	4.25	

* Where: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

Table: 25 Analysis of Kruskal-Wallis test

Test	Kruskal-Wallis	p-value	Groups Compared	df
Value	27.77	0.0000139	5	4

$P = 0.0000139 < 0.05$, it rejected the null hypothesis. So alternative hypothesis is selected and there is relationship between Awareness of Investment Tools and savings practices.

Finding & Conclusion

Sr.no.	Null Hypothesis	P- value	Result
1	There is no impact on the effects of savings practices & financial literacy	0.1183	accepted the null hypothesis
2	There is no impact on Assess the Extent of budgeting & credit card usage	0.0018	rejected the null hypothesis
3	There is no relationship between Awareness of Investment Tools & savings practices	0.0000139	rejected the null hypothesis

According to the first hypothesis, financial literacy has no statistically significant effect on saving behaviours. It's possible that the observed discrepancies are the result of chance. Therefore, the null hypothesis is accepted. Conclusion: Regardless of their degree of financial understanding, respondents may exhibit comparable saving habits. According to the second hypothesis, the measured responses are statistically significantly impacted by credit card usage and budgeting techniques. It rejects the null hypothesis. The conclusion is Credit card use, and efficient budgeting probably have a big impact on financial understanding or behaviour. According to the third hypothesis, knowledge of investing instruments and saving habits are significantly correlated. It rejects the null hypothesis. Savings practices are immediately impacted or improved when investing tool awareness rises. Not every element of financial activity has the same influence. Savings behaviour in your sample may not be substantially predicted by financial knowledge alone. However, there are clear and substantial links between financial behaviours and investment knowledge, credit card use, and budgeting. These findings lend credence to focused financial education that emphasises useful resources like investing and budgeting.

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European Economic Letters

ISSN 2323-5233

Vol 15, Issue 3 (2025)

<http://eelet.org.uk>

Website:

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