



Financial Literacy Study of the College Students of Gadchiroli City

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Abstract:

Financial literacy has emerged as one of the most essential life skills in the modern economic environment. With rapid changes in financial markets, digitalization of banking services, availability of multiple financial products, and increasing cost of living, individuals are required to possess basic financial knowledge to make informed decisions. College students, who are at the threshold of independent financial life, must be equipped with adequate financial literacy to manage income, expenses, savings, and future financial goals effectively.

The present study focuses on assessing the level of financial literacy among college students of Gadchiroli city. The study attempts to evaluate students' awareness and practices related to expense prioritization, comparison shopping, borrowing behavior, and saving habits. Primary data were collected through a structured questionnaire administered to 100 college students from different faculties in Gadchiroli city. Secondary data were obtained from books, journals, and online sources.

The findings reveal that while a significant proportion of students demonstrate responsible financial behavior in terms of price comparison and saving habits, a large number still lack systematic expense planning. Commerce students were found to be relatively more financially aware compared to students from other faculties. Overall, the level of financial literacy among college students in Gadchiroli city was found to be satisfactory. The study suggests the integration of financial education across all academic disciplines and emphasizes the need for workshops, expert lectures, and certificate courses to enhance financial literacy among students.

Keywords: *Financial Literacy, College Students, Savings Habit, Dynamic Market, Gadchiroli City.*

Introduction:

Financial literacy refers to the ability of individuals to understand and effectively use various financial skills, including personal financial management, budgeting, saving, borrowing, and investing. In today's dynamic and complex financial environment, financial literacy is no longer optional but a necessity. Individuals are required to make numerous financial decisions throughout their lives, such as managing daily expenses, handling education loans, saving for emergencies, investing for future goals, and planning for retirement.

College students represent a crucial segment of society as they are future earners, taxpayers, and investors. During the college years, students begin to handle money independently, often for the first time. They

receive funds from parents, scholarships, part-time jobs, or stipends, and are required to manage expenses related to education, accommodation, food, transportation, and personal needs. Poor financial decisions at this stage may lead to long-term financial stress, debt dependency, and lack of savings habits.

In a developing country like India, the importance of financial literacy is even more pronounced. Government initiatives such as Jan Dhan Yojana, Digital India, and Direct Benefit Transfer schemes have increased financial inclusion, but financial inclusion without financial literacy may not yield desired outcomes. Students must not only have access to financial services but also the knowledge and skills to use them responsibly.

Gadchiroli city, located in Maharashtra, is a developing educational and administrative center. The city hosts colleges affiliated with universities and attracts students from rural and semi-urban backgrounds. Many students come from economically weaker sections and depend on scholarships for educational expenses. Therefore, understanding the level of financial literacy among college students in Gadchiroli city is essential for designing appropriate educational interventions.

Review of Literature:

Several studies have emphasized the importance of financial literacy among young adults and students. Singh (2025) highlighted that financial literacy plays a critical role in shaping responsible financial behavior and long-term economic well-being. The study emphasized the need for early financial education to develop budgeting and saving habits.

Housel (2020), in *The Psychology of Money*, explained that financial decisions are largely influenced by behavior and emotions rather than mathematical knowledge alone. According to the author, understanding money psychology is essential for making sound financial choices.

Kolapkar (2023) discussed practical aspects of money management and emphasized that financial literacy should be treated as a life skill rather than an academic subject alone. The study pointed out that students who practice budgeting and saving during their college years tend to be financially stable in later life.

Halan (2018) focused on personal finance management in the Indian context and stressed the importance of saving, disciplined spending, and long-term planning. The author suggested that educational institutions should actively promote financial awareness programs.

From the review of literature, it is evident that financial literacy among students has been widely studied; however, region-specific studies, especially in relatively underdeveloped districts like Gadchiroli, are limited. This study attempts to bridge this gap.

Objectives of the Study:

The main objectives of the present study are:

- To study the level of financial literacy among college students of Gadchiroli city.
- To examine students' behavior related to expense prioritization.
- To analyze the habit of comparison shopping among students.
- To understand students' attitude towards borrowing for extra expenses.
- To study the saving habits of college students.

- To provide suggestions for improving financial literacy among students of different faculties.

Research Methodology:

Research methodology refers to the systematic framework adopted to conduct the study in a scientific and logical manner. It explains the methods and procedures used for data collection, sample selection, and data analysis to achieve the objectives of the study. The present study adopts a descriptive research design, as it aims to describe and analyze the existing level of financial literacy among college students in Gadchiroli city.

Data Collection

The study is based on both primary and secondary data, ensuring a comprehensive understanding of the subject matter.

Primary Data

Primary data were collected directly from college students belonging to different academic faculties in Gadchiroli city. A structured questionnaire was used as the primary instrument for data collection. The questionnaire was carefully designed to capture essential aspects of financial literacy in a simple and understandable manner. It consisted mainly of close-ended questions, allowing respondents to select predefined options such as “Yes” or “No.”

The questions were framed to assess students’ practical financial behavior rather than theoretical knowledge. Key areas covered in the questionnaire included:

- Preparation of a priority list for expenses and budgeting practices
- Price comparison behavior before purchasing goods or services
- Borrowing habits for meeting additional or discretionary expenses
- Saving behavior and maintenance of a savings account in a bank

The questionnaire was administered personally to the respondents, which helped in improving the response rate and ensuring clarity of questions. Necessary explanations were provided wherever students faced difficulty in understanding the questions. This approach enhanced the reliability and accuracy of the primary data collected.

Secondary Data

Secondary data were collected to support the primary findings and to develop a theoretical background for the study. These data were obtained from various published and unpublished sources, including textbooks on financial literacy and personal finance, research journals, government and institutional reports, and credible online resources. Secondary data helped in understanding existing concepts, trends, and previous research findings related to financial literacy and financial behavior of students, thereby providing a strong foundation for the present study.

Tools of Analysis

The collected data were analysed using simple statistical tools such as percentages and tabular analysis. The results were interpreted in a descriptive manner.

Data Analysis and Interpretation:

Table: Responses of Students

Question	Yes	No
Do you prepare a priority list for expenses?	32	68
Before buying an item, do you compare prices?	76	24
Do you borrow money from family or friends for extra expenses?	44	56
Do you save money in a savings account at the bank?	62	38

Expense Priority:

To understand whether students plan their expenses, they were asked if they prepare a priority list. The results show that only **32%** of students prepare a priority list, while **68%** do not. This indicates that the majority of students lack systematic expense planning. Absence of expense prioritization may lead to unnecessary spending and financial stress.

Comparison Shopping Habit:

Comparison shopping is an important indicator of financial awareness. The study found that **76%** of students compare prices before purchasing an item, whereas **24%** do not. This suggests that a majority of students are cost-conscious and attempt to get value for money. This habit reflects a positive aspect of financial literacy among students.

Attitude Towards Borrowing:

Borrowing behavior reveals students' financial discipline. The study indicates that **44%** of students borrow money from family or friends for extra expenses, while **56%** avoid borrowing and postpone purchases in the absence of money. The majority of students demonstrate a responsible attitude by avoiding unnecessary borrowing.

Saving Habit:

Saving behavior is one of the most critical components of financial literacy. The study shows that **62%** of students save money in a bank savings account, whereas **38%** do not have a savings account. It was observed that all students receiving scholarships maintained savings accounts. Examination of passbooks revealed a gradual increase in balances, indicating regular savings despite fixed monthly credits.

Findings of the Study:

- The overall level of financial literacy among college students of Gadchiroli city is satisfactory.
- Most students possess the habit of comparison shopping.
- A majority of students show a positive attitude towards borrowing and avoid unnecessary debt.
- Saving habits are present among more than half of the students.
- Commerce students demonstrate relatively higher financial awareness compared to students from other faculties.

Conclusion and Suggestions:

The present study concludes that college students of Gadchiroli city possess a satisfactory level of financial literacy, as three out of four financial behavior indicators show positive responses. However, there is significant scope for improvement, particularly in expense planning and systematic budgeting.

It is strongly recommended that financial management and personal finance subjects be incorporated into the curriculum of all faculties, not just commerce. Regular workshops, expert lectures, awareness programs, and short-term certificate courses can significantly enhance students' financial knowledge and skills. Educational institutions, banks, and government agencies should collaborate to promote financial literacy initiatives targeted at college students.

Improving financial literacy at the student level will not only benefit individuals but also contribute to the long-term economic stability of society.

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