



GROWTH POSSIBLE IN THE NEW NORMAL CASE OF FINANCIAL LITERACY

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ABSTRACT

An economy's capacity to communicate in the language of money determines its long-term viability. The financial markets play a significant role in the development of emerging economies into superpowers. It's likely that in the future, more sophisticated and accurate market models than the ones we currently have will be created. The Indian population's lack of knowledge and education prevents value addition in the model development sector. In order to handle financial risks and flourish over the long term, market participants require more sophisticated mechanisms for transmitting knowledge, and dynamism fosters a constant sense of excitement. The Indian financial markets have enormous promise for future generations. However, since we lack the power of information, we have little confidence. To avoid overleveraged economy that leads to economic imbalances, the necessity to address information dissemination challenges from a complicated viewpoint becomes even more pressing. This study aims to find the present scenario of financial literacy of salaried investors.

KEYWORDS: Financial literacy, Investment, salaried investors, financial knowledge, sustainable development

INTRODUCTION

Education and the role of technology are an effective combination that enables individuals to make sound decisions for long-term growth. Financial education has been identified as a global concern. Financial education is critical for better understanding the challenges of combating climate change. Financial literacy is inextricably linked to economic growth that is

sustainable. Individuals' sustainable behaviours are essential to ensure society's long-term growth. This article will highlight the significance of financial literacy in ensuring a sustainable future environment. It is concerned with the notion of financial literacy, sustainable development, and the examination of the participant's financial literacy understanding for a sustainable future society. Saving, investment and financial behaviour are the terms which are understandable for the children in developed countries but in India, this picture is awaited.

Saving is vital not just for individuals but also for a country. Saving has an essential part in a country's growth. Investment is defined as the transfer of savings from individuals/households to industry for productive uses. Growth is implied by increased investment. Growing savings, when converted into profitable investment, will help the economy take off, according to a long-held theory about the macroeconomic mechanics of growth (Harrod, 1939; Domar, 1946; Lewis, 1954; Solow, 1956). Because the induced income growth enhances savings, which in turn stimulates investment, a rise in the savings rate increases steady-state production more than its direct effect on investment (Solow, 1970).

Various people value financial education in different ways. Some people consider themselves financially literate if they have a broad variety of financial knowledge, such as comprehending complex macroeconomic concerns and their impact on daily household financial decisions. On the other hand, others might concentrate solely on basic everyday money management. However, it appears that financial education encompasses both broad and specific issues. Sustainable development may be expanded through proper educational systems.

As a result of changes in social support arrangements around the world, governments and employers have had a smaller role in managing investments on behalf of individuals in recent years. Individual accountability has grown as a result. Individuals must gain a comprehensive awareness of the world of finance in order to make decisions that are relevant to their financial objectives and needs in an environment where the range and complexity of financial products continue to grow. The Investment option that is most suited to their financial objectives and requirements should be selected.

OBJECTIVES

The present study is based upon the following objectives:

- To check the present level of financial awareness among the working respondents.
- To compare the awareness level regarding the various types of investment options available in the market.

REVIEW OF LITERATURE

A complete grasp of the body of knowledge is necessary to accomplish the aims. A literature review is the most appropriate method for comprehending the body of information in detail. Every academic endeavor must include a review of the previous literature. A strong review creates the groundwork for more in-depth investigation. Researchers from all around the world claim that there is a problem with financial literacy. People's ability to protect their financial security is a major source of concern. It has been demonstrated that people commonly incur debt, save less, and make bad investments (Lusardi & Mitchell, 2011, Poterba et al., 2002).

According to a SEBI survey on household savings (2011)'When the distribution of savings among various alternatives is broken down by degree of education, we find that families with higher levels of education pick informatically sophisticated options, such as pension plans. With the emergence of online transactions of investments in the securities market, online banking, and other services, investing has become inextricably linked with not just literacy but also computer literacy.

The demand for insurance programmes and regional bank deposits declines as education levels rise.' Financial illiteracy has been studied for its affects and implications. It is also stated that in order to comprehend retirement plans, individuals must be educated (Lusardi et.al.,2014).

The 1987 Commission on Environment and Development stated that supporting the sustainable development of society requires individuals to respond in a sustainable manner. This applies to financial literacy and money management as well Brundtland, G.H. (1987)

RESULTS AND DISCUSSION

In the turbulent waters of the "new normal," financial literacy emerges as a life raft, empowering individuals to navigate uncertainty and propel themselves towards growth.

Imagine navigating a digital financial landscape rife with complex products and ever-shifting markets without a map. That's the reality for many without financial literacy - a struggle that impacts not just personal aspirations but also societal well-being. By understanding budgeting, debt management, and responsible investing, individuals unlock greater control over their finances, reducing stress, achieving financial stability, and even venturing into entrepreneurship. This ripples outwards, creating a more resilient society less susceptible to economic shocks and promoting sustainable development through informed consumer choices. Investing in financial education through accessible programs, community outreach, and technology-driven solutions isn't just a noble pursuit, it's an investment in a brighter future where growth isn't just possible, but empowered. So, equip yourself with financial literacy - it's your compass in the new normal, charting a course towards personal and societal prosperity.

Out of a sample of 650 respondents, 528 were considered for this study, because 40 people did not respond, 34 responses were incomplete, and 48 responses were invalid, only 528 persons were considered. Cronbach's alpha is used to measure the reliability of the questionnaire, providing a test score of .898. The questionnaire is delivered to the respondents since the alpha value is within the acceptable range. In order to achieve the study's objectives, descriptive and statistical analyses are performed and given with interpretations.

I have found the present status of salaried investors' awareness in different investment options available in the market. The awareness can be measured at five point likert scale which may be the indicator of the society's financial development and sustainability. For sake of comparison the investment options are being divided into three categories:

- Traditional investment vehicles which include bank deposits, post office deposits, provident funds and insurance schemes
- Contemporary investment vehicles which include certificate of deposits, commercial papers, GDRs and derivatives
- Market-based and real estate investment vehicles which include equity shares, mutual funds and real estate investments

Table 1: Awareness Status in Traditional Investment Vehicles

Awareness level	Bank Deposits		Post Office		Provident Fund		Insurance Schemes	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
Not at all aware	23	4.4	27	5.1	19	3.6	28	5.3
Unaware	38	7.2	105	19.9	58	11.0	64	12.1
Somewhat aware	73	13.8	117	22.2	95	18.0	108	20.5
Moderately aware	202	38.3	155	29.4	186	35.2	182	34.5
Extremely aware	192	36.4	124	23.5	170	32.2	146	27.7
Total	528	100.0	528	100.0	528	100.0	528	100.0

Table 1 depicts that nearly 75% of the respondents are aware about the bank deposits, 53% respondents are aware about post office deposits, 67% respondents are aware about provident funds while 62% respondents are aware about insurance schemes. The awareness level is quite satisfactory in traditional investment vehicles.

Table 2: Awareness Status in Contemporary Investment Vehicles

Awareness level	Certificate Of Deposits		Commercial Papers		GDR		Derivatives	
	No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
Not at all aware	135	25.6	153	29.0	231	43.8	220	41.7
Unaware	122	23.1	168	31.8	144	27.3	116	22.0
Somewhat aware	159	30.1	124	23.5	79	15.0	111	21.0
Moderately aware	77	14.6	69	13.1	48	9.1	44	8.3
Extremely aware	35	6.6	14	2.7	26	4.9	37	7.0
Total	528	100.0	528	100.0	528	100.0	528	100.0

Table 2 depicts that nearly 21% of the respondents are aware about certificate of deposits, 16% respondents are aware about commercial papers, 14% respondents are aware about GDRs while 15% respondents are aware about derivatives. The awareness level is extremely dissatisfactory in contemporary investment vehicles. While the respondents are educated and employed, such a low level of awareness is a cause of worry for the country.

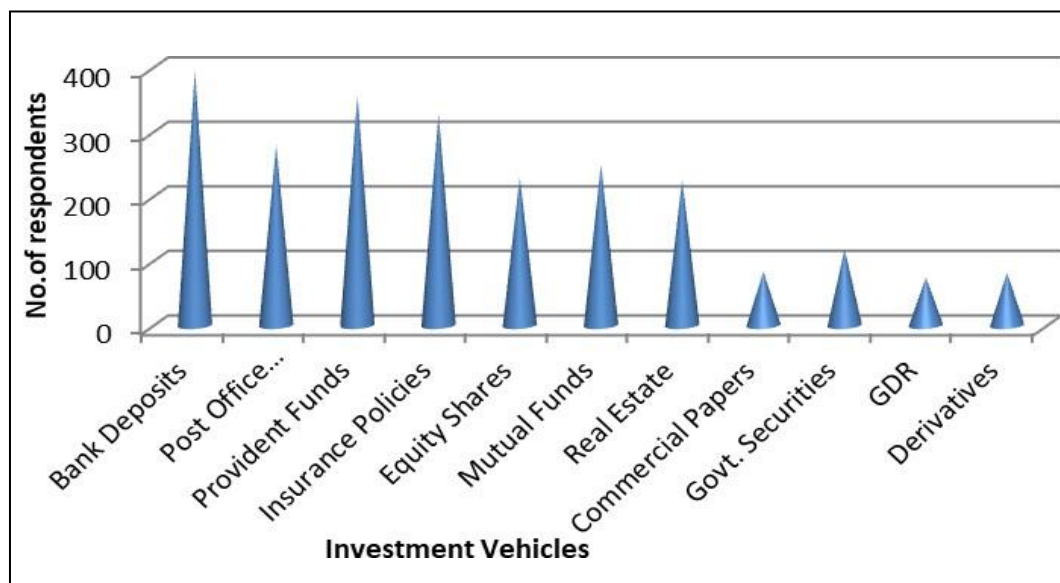
Table 3: Awareness Status in Market-Based and Real Estate Investment Vehicles

Awareness level	Equity Shares		Mutual Funds		Real Estate	
	No. of respondents	% of respondents	No. of respondents	% of respondents	No. of respondents	% of respondents
Not at all aware	75	14.2	69	13.1	84	15.9
Unaware	74	14.0	81	15.3	97	18.4
Somewhat aware	150	28.4	128	24.2	121	22.9
Moderately aware	127	24.1	128	24.2	123	23.3
Extremely aware	102	19.3	122	23.1	103	19.5
Total	528	100.0	528	100.0	528	100.0

Table 3 depicts that nearly 43% of the respondents are aware about equity shares, 47% respondents are aware about mutual funds while 43% respondents are aware about real estate investments. The awareness level is dissatisfactory in market-based and real estate investment vehicles.

Conventional investment vehicles are the most common, according to tables 4.1, 4.2, and 4.3, followed by real estate and market-based investment vehicles, as well as loans and derivatives. According to the findings, knowledge has a substantial impact on salaried investors' choices of various investment vehicles. Investors do not understand debts and derivatives, which may explain why they are the least popular investment instrument. Risk is also a worry; yet, despite being less hazardous, salaried investors do not choose government securities over traditional investment vehicles due to a lack of information.

Figure 1: Awareness status in different Investment Vehicles



The level of awareness in various investment vehicles is depicted in Figure 1. As demonstrated, the most common investment vehicle is bank deposits, followed by provident funds, insurance policies, post office deposits, mutual funds, equity shares, real estate, government securities, commercial papers, derivatives, and global depository receipts.

CONCLUSION

Self-awareness is the term used for this. People may learn about other possibilities through their peer networks. Nowadays, as various new financial products are being launched by different financial institutions, there is a need to inform the investor about the available financial products. This function is performed with the help of promotional strategies through advertisements, promotional calls, business magazines etc. Today as investment is not an easy task due to technicality in analysis of various options, individuals are also seeking the professional advice of financial advisors/consultants. These are the major sources of awareness for individuals as far as financial products are concerned. Studies claimed that the investor should be kept up to date via print and electronic media by the various investment channels.

In concluding remarks it can be said that financial literacy should be considered a fundamental ability and universal necessity, rather than a privilege enjoyed by a small number of consumers who have unique access to financial information or guidance. In

today's society, financial literacy is just as vital as basic literacy, which includes the reading and writing abilities. Individuals and society cannot realise their greatest potential without it.

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 - The World Bank Financial Inclusion Global Database: <https://databank.worldbank.org/source/global-financial-inclusion> - Tracks financial
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inclusion indicators, including financial literacy, across various countries.

- Global Financial Literacy Excellence Center (GFLEC): <https://gflec.org/> - Offers research, resources, and tools for promoting financial literacy.
- Research and Articles:
- "Financial Literacy and Fulfilling Dreams in the New Normal" by OneNews.PH: <https://business.inquirer.net/416372/bringing-about-a-more-financially-free-future-through-financial-literacy> - Discusses the importance of financial literacy in the Philippines during the pandemic.
- "The Ultimate Guide to Financial Literacy" by Investopedia: <https://www.investopedia.com/financial-literacy-5224001> - Provides a comprehensive overview of financial literacy concepts and resources.
- "How Financial Literacy Can Help Us Through Difficult Times" by ABC Life Literacy Canada: <https://abclifeliteracy.ca/> - Explores the role of financial literacy in navigating challenging economic situations