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WHEN EACH RUPEE COUNTS, COUNT EACH RUPEE

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INTRODUCTION

Financial market consists of a plethora of instruments which comprise of bonds, equity and mutual funds. Individual investor though they have moved a part of their savings from investing in traditional assets to modern assets like equity, the percentage of investment in such assets is very meager. And moreover the percentage of individuals investing in modern assets is much less compared to the percentage of investors in traditional and real assets. People are wedged to their old believes like modern instruments are more risky and there is no security to their principal money. There can be many reasons for this. People need to be educated regarding this. The present paper presents information on financial literature.

CONCEPT OF FINANCIAL LITERACY

The skill and financial knowledge that an individual has for financial decision making may termed as financial literacy. To put more light on this, to put it differently, most of the individuals who are well educated do not invest in modern instruments like stocks. Reasons could be they do not want to move to new assets in the financial market, they may not be aware of the new inventions in the financial markets, if they are aware of the new products but not in detail about them, they may be with heard mentality or go according to the peer group. All this shows that though they are educated they are financially illiterate.

IMPORTANCE OF THIS STUDY

Most of the studies attempted to examine the level of financial literacy in India, found that that the level of financial literacy in India is poor. For instance, the VISA (2012) study ranked India at the 23rd position among the 28 countries surveyed. Adopting the questionnaire developed by the Organization for Economic Co-operation and Development (OECD). For the development of the economy, their should be development in the financial system too as this is one of the sectors of economy. One of the key pillars for the development of the financial system is Financial Literacy. The present study concentrates on the dimensions of financial literacy, actions taken by different regulatory authorities in India especially focusing on educated individuals. That is education for an educated financially illiterate. Even the SEBI identified this Financial illiteracy as the main reason behind the unpredictable markets thus falling short of attracting investors.

REASONS FOR NOT INCORPORATING INNOVATIVE FINANCIAL ASSETS IN THE PORTFOLIO

- Emotional reasons that they do not want to lose their money.
- They may be risk averters.
- They are unable to allocate time for knowing the innovative assets in the market.
- They do not want a change in their portfolio.
- Happy with their traditional portfolios.
- Age could be one of the factors, people who are in the age group 50 years and above may not be willing to change their portfolio with new financial instruments.
- Their shy nature.
- Heard mentality.
- Peer group
- Income of the individual

All the above reasons can be put under three headings individual attitude, financial behavior and demographic factors.

STEPS TO BE TAKEN TO INCREASE FINANCIAL LITERACY RATE AND FURTHER INCREASE THE INVESTMENTS IN MODERN SECURITIES

- Reserve Bank of India made efforts to improve financial literacy in India. The strategy it framed includes financial education in schools.
- Commercial banks have initiated various measures for creating awareness about products through Counseling, Centers and Rural Self Employment Training Institutes on financial literacy.
- Stock Exchange Board of India offers several programs to the youths regarding the knowledge in stock markets which covers the complete knowledge of different products. SEBI is conducting a financial awareness test for school level student. Recently awareness program has been promoted through television and radio encouraging the general public to invest in stock market.

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- Insurance Regulatory and Development Authority has taken various initiatives in the area of financial literacy. Awareness programs about the rights and duties of policyholders; have been spread through television and other media.

FURTHER STEPS TO BE TAKEN

- PMJDY scheme encourages people open a bank account. Further this can encourage them to save some amount for investing in new financial instruments like mutual funds through SIP mode.
- Funds pooled up by the government in the form of Pradhan Mantri Jeeven Jyothi Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) insurance schemes can be invested in stocks for a long term.
- Financial Education programmes implemented by various regulatory authorities should be repeated often so that public will look into such issues.
- One of the reasons for not investing in modern assets is their emotions. There are many ways to remove emotional component from investing and one of it could to invest in ETFs and Mutual funds.
- More importantly the concept of Chit Fund must be implements with the government's direct role as the implemented, since there are many people invest/save in these chit fund, based on their requirements. Huge investments will be put to proper channels and invested wisely by the government. Also these kinds of steps will definitely build confidence in the people's mind. Provident Fund Scheme needs to be reformed so as to serve both long term and short term needs of the people.

CONCLUSION

As suggested steps are followed regularly it would lead to enhancement in financial literacy further leading to financial well being of the individuals and hence ultimately leading to nations growth. People are encouraged to invest and also made them understand the importance both from individual point of view as well as nation building point of view.Whatever the size of the investment it does matter.

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