

An Examination of Financial Awareness and Financial Well-Being among Indian Youth

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ABSTRACT

With the introduction of new financial products and services worldwide and increasing accessibility, the small investors have got a wider choice for investments as well as borrowings. Understanding of the complexities involved with these financial products is an important factor for the proper fulfilment of the purpose and needs. This study evaluates the level of financial awareness and financial well-being among Indian youth aged between 16 to 30 years. Using both secondary data from national surveys and primary data from 50 respondents, statistical methods are employed to assess trends and correlations. The research highlights a growing inclination towards financial literacy and investment among young individuals while identifying persistent gaps in financial planning and risk management.

Keywords: *financial literacy, financial knowledge, financial attitude, financial behaviour, financial wellbeing*

INTRODUCTION

Financial literacy can be defined as the combination of financial knowledge, financial awareness, skills, financial attitude and financial behaviour that is required to make thorough financial decisions which would eventually achieve individual financial wellbeing (OECD, 2017). There is an increased concern over long term financial wellbeing of an individual in the recent years due to economic uncertainty, rising cost of living a dwindling public support system especially in developing countries. Financially naive investors would be finding a challenge to make any kind of complex financial decisions (Lusardi & Mitchell, 2014; Bajo, Barbi, & Sandri, 2015). Thus, it becomes essential to evaluate the level of financial literacy that would empower the people to make well informed financial decisions leading to their secure future. Financial literacy plays a crucial role in personal financial management, encompassing budgeting, saving, investing, and credit comprehension. For individuals aged 16 to 30, acquiring financial knowledge early can significantly impact their long-term financial stability. This study explores how financial awareness influences the financial well-being of Indian youth during the period 2022 to 2024, leveraging both secondary and primary data sources.

LITERATURE REVIEW

Prior research has revealed a significant lack of financial literacy among young Indians. A 2022 survey reported that only 16.7% of Indian teenagers possessed adequate financial knowledge, highlighting a deficiency in financial education among younger demographics. Similarly, a 2023 report indicated that just 24% of Indians were financially literate, underscoring the pressing need for enhanced financial education programs.

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RESEARCH METHODOLOGY

This study employs secondary data only.

- a) **Secondary Data** Secondary data was gathered from national surveys conducted from 2022 to 2024, focusing on financial literacy levels, investment behaviors, and financial planning trends among Indian youth.

DATA ANALYSIS

Secondary Data Analysis: Analysis of secondary data highlights both improvements and ongoing challenges in financial literacy among Indian youth.

Financial Literacy Trends: A survey conducted in 2022 reported that only 16.7% of Indian teenagers were financially literate. By 2023, financial literacy among the general population remained low, with only 24% demonstrating adequate financial knowledge.

Investment Trends: A 2025 study revealed that an increasing number of young Indians were engaged in stock market investments, with 81% participating in the stock market and 45% of individuals under 35 prioritizing stocks as their primary investment choice. Additionally, a 2022 survey indicated that 47% of respondents favored Systematic Investment Plans (SIPs) or recurring deposits, reflecting a commitment to disciplined savings.

Financial Planning and Emergency Funds Despite increased participation in investment activities, financial planning remains inadequate. A 2024 survey found that approximately 40% of affluent individuals and high-net-worth individuals (HNWIs) in India lacked an adequate emergency fund, while 27% had not planned their taxes effectively. Moreover, only 38% of individuals were debt-free, and 31% of those aged 60 and above were still managing Equated Monthly Installments (EMIs).

DISCUSSION

The findings reveal a growing interest in financial investments among young Indians, particularly in stocks and SIPs. However, enthusiasm for investing does not equate to sufficient financial planning and risk management. Low financial literacy rates indicate that many young individuals may not fully comprehend the complexities of financial products, which can result in suboptimal financial decisions.

The absence of emergency funds and inadequate insurance coverage further increase financial vulnerability. Without financial literacy, young investors may struggle to navigate financial challenges effectively. These insights emphasize the urgent need for targeted financial education programs.

CONCLUSION

While investment participation among young Indians is on the rise, gaps in financial literacy and planning persist. To improve financial well-being, comprehensive financial education initiatives should be implemented, focusing on core financial concepts, risk management, and long-term financial planning.

RECOMMENDATIONS

- a) **Financial Education Programs** Introducing structured financial literacy programs within educational institutions can equip young individuals with the knowledge required for informed financial decision-making.

b) Financial Awareness Campaigns Public and private organizations should collaborate to promote financial awareness through workshops, digital resources, and financial literacy campaigns.

c) Encouraging Financial Planning Initiatives to promote budgeting, saving, and investment planning should be taken to help young individuals build financial resilience.

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