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FROM THE DESK OF EDITOR...

The COVID-19 pandemic has severely impacted many industries and increasing economic hardship for Consumers, Businesses and Communities. Impact of Covid-19 has been multiple related to social, educational, economic, political, agricultural, psychological levels and many more. The ‘Lockdown’ and ‘Social Distancing’ has been recognized as the only method to control the spread of the pandemic and almost every country has adopted this method. Although the technology to facilitate remote work has been around for over a decade, COVID-19 has forced hundreds of millions of people worldwide to engage in a sudden, massive, real-time experiment with remote work arrangements.

However, this pandemic created an opportunity for change in pedagogical approaches and introduction of Virtual Education in all levels of education. Due to pandemic coronavirus schools, colleges and other educational institutions are witnessing a shift towards online learning. Education is defined more innovatively today as compared to what it was centuries ago when teaching originally began. This model built the bridge through which learning was delivered in a manner that helped create and develop the most brilliant minds and there was also a development of a whole new era of education.

Online education in India has witnessed an enhanced acceptance over a few years. It is becoming an integral part of the school, colleges and even in offices across India. Easy availability of the internet is the primary reason for the growth of online education in India. Between 2019 and 2020 the number of internet users in India increased by 128 million. For the first time, rural India has a greater number of internet users compared to urban India.

UGC and MHRD have launched many virtual platforms with online depositories, e-books and other online teaching/learning materials. Combination of the traditional technologies (radio, TV, landline phones) with mobile/web technologies to a single platform with all depositories would enhance better accessibility and flexibility to education. A large open on-line course (MOOC) is an internet course aimed toward limitless curiosity and open entry by way of the net. India is taken into account to be the largest marketplace for MOOCs after the USA.

However, digital learning is not without its challenges, since face-to-face interplay is perceived as the perfect sort of correspondence as in comparison with the relatively impersonalized nature of remote learning. The construction of the digital education infrastructure by the Government of India presently seems to be troublesome as a consequence of absence of price range. Further, remote learning more depends on the dependable energy flexibly and common Web connectivity which can be a critical factor for Tier 2 and Tier 3 cities in India.

In spite of all limitations now the time has come to push India’s economy towards solving all such Socio-economic issues. Inculcating strong Higher Education Base with Online Learning in the light of futuristic Vision laid down by New Education Policy could be the right weapon of solving many such issues which have been inherited over Generations. All such efforts require mindset towards “Continuous Research”.

Keeping all such ideas in mind and heart I feel extremely delighted to bring out the *Second Issue of E- Journal "MMK: ACE"* with the Papers included from a community of Researcher, Academicians from different strata addressing various aspects of COVID-19 which was the central theme of *Second Issue of E-Journal "MMK: ACE"*.

I extend my sincere gratitude to the Management of HSNC Board and our dear I/C Principal Dr.CA Kishore Peshori for their constant support and motivation towards strong Research foundation.
My heartfelt thanks to the Editorial Board Members Dr. Megha Somani and Mr. Manikandan Iyer for guiding me on several fronts.

Finally, big thank you to Peer-reviewers and Publishing House for helping us in publishing this E- Journal. Last but not the least I would like to sincerely thank to all the academicians' who have wholeheartedly contributed in this *Second Issue of E-Journal "MMK: ACE"*.

I invite feedback and suggestions from our Readers, Researchers and Academicians for further improvement in *E-Journal "MMK: ACE"*.

Dr. Aashish S. Jani

Executive Editor

PRINCIPAL'S MESSAGE

I am very happy to observe that our Research Committee has been very active during this lockdown period and has successfully brought out the second volume of our Ace Online Research Journal, where academicians and students are given a platform to publish their research articles. Last year, our college had the privilege of hosting a mega event, i.e. the XXVII HSNC Board's International Economics.

Convention – 2019 from December 1st December to 14th 2019, where many enthusiastic researchers from various colleges including West Georgia University from U.S.A, presented their research papers. At this Convention, we had launched the first volume of our E-journal, ACE, which was an academic initiative to encourage our young, upcoming researchers. Little did we expect at that time, that this online mode of communication would become the order of the day, as we have been witnessing in these current times. Nevertheless, we are glad that it was an initiative taken in the right direction and at the right time.

The greatest gains of all times in history has always been research driven. Whether it was discovering a vaccine for Polio, or drugs to combat HIV, these were all borne out of research projects. Therefore, Research activities are fundamental to every society, and should be especially encouraged in educational institutions. As Scientists around the world were struggling with their research to find a vaccine for the COVID 19 virus, we realize that it is highly imperative to cultivate this research culture amongst our present generation. I am glad that the editorial team has chosen to have deliberations on this very topical theme of the impact of COVID 19 on various aspects of the Economy and Education sector. I appreciate all the academicians, scholars and students for their valuable contributions and the thoughts that they have shared through this journal. I also applaud the initiative taken by my editorial board in their continuous efforts to inculcate research attitude and aptitude among our faculty and students.

I wish them all the best and hope that the ideas shared through this volume will find a way in bringing out some positive outcome and encourage many more students and teachers to become good researchers and thinkers.

Dr.CA Kishore Peshori

(I/C Principal)

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Empirical Study on the Perception of Financial Literacy Knowledge Pre & Post COVID-19 (Corona Pandemic)

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Abstract:- Novel Coronavirus affected the entire mankind. It is said that the disaster occurred due to this is once in the century. Normalcy of the whole world hampered badly & economies of all the countries started crippling. In such situation this study is an attempt to understand perception of individuals regarding Financial Literacy. As it is studied and concluded by many researchers worldwide that, financial literacy largely impacts on personal finance decisions. How the persons are changing their attitude towards financial literacy and are they becoming more vigilant about financial literacy is the substance of this study. The study was conducted during the pandemic situation and majority of the respondents are from Mumbai & nearby areas.

Keywords:- Financial Literacy, COVID-19, Corona Pandemic, Perception of Financial Literacy

I. INTRODUCTION

A. Financial Literacy

➤ Meaning –

Financial literacy is the knowledge of set of skills which allow people to take balanced decisions about their finances. It is the skill to understand and effectively apply various financial systems for personal finance. Such ability to understand situation and applying financial set of skill helps an individual to become financially self-sufficient.

➤ Components –

- **Financial Awareness** – Understand money matters and possessing interest is the first step of financial literacy. One should basically aware about sources and application of money. Understanding some basic concepts of finance is the key of financial literacy
- **Money Matters** – In personal finance what are the various avenues of earning of money and how can be the priorities of spending be fixed is the most important concept to know about. Awareness about existence of money in various forms may be in liquid form, in banks, in investment (whether long term or short term) etc. is very crucial. Other investment decisions are based on it.
- **Budgeting** – Budgeting is planning in advance. It basically includes estimating the money inflow and accordingly plan money outflow. One shall exactly know how much is he going to receive before making/booking

any expenses against. Wrong budgeting may lead to financial havoc and consequences of which can be very dangerous both financially as well as mentally.

- **Understanding Interest Rates** – It starts with simple interest rate. However, it is said that no better magic in the world than compounding. Compound interest is the essence of every investment. One shall also understand that interest rates work differently for an investor and for a borrower. You may call it as coupon rate or discounting rate, but one shall understand it thoroughly before any investment.
- **Prioritizing Saving** – It is proven in the study of economics that whenever the income of any person increases his/her expenses increase more than savings. And unfortunately, this mentality is obstructing wealth creation. One shall focus on saving and investing to create wealth. Also, prioritizing is essential. While investing priorities shall be set depending on financial goals, its importance and available duration to achieve that goal. Also, in spending prioritizing is essential to avoid futile guilt spending.
- **Debt-EMI Traps** – Nothing comes in free. While one is opting for EMI option while purchasing, he/she is shall also realize that eventually he will be ending up spending more amount than the original cost of that item. Author here is not opposing EMI system, but is actually cautioning a purchaser to make budget for the additional amount. Also, one shall understand that purchasing non productive assets (any asset purchased for self-use) adds additional interest obligation without increasing correspondent income. Credit scores are important to get new/additional loans. Such credit scores are also associated with Credit Card. Therefore, choosing of right card with right amenities for right needs is highly important.
- **Digital Security** – In modern world digitalization sets the pace. Many financial transactions are carried online. One needs to follow utmost care while completing these transactions. Various Apps (banking/non- banking/pay wallets) are providing best of the service to customer enabling security features. Customer however, shall take utmost care of all different layers of security features (passwords/fingerprints/OTPs etc.)

➤ *Importance –*

- **Better Decision Making** – One cannot take any decisions without proper information and decision without proper information are only guess works not firm decisions. Financially literate person is always in better position to decide about his/her financial matters as he can understand pros and cons of the decision in better manner.
- **Increased Income** – Financial stability & wealth accumulation will create better opportunities to earn income. Knowledge about Stock Market will allow person to take calculated risk and multiply money instead of mere gamble in speculation. Productive assets can also help to begin secondary and tertiary income besides prime source of earnings.
- **Safeguards from Frauds** – Modus operandi of many financial frauds to take advantage of ignorance or unawareness of a person. Financial literacy also includes digital literacy wherein one can learn and understand safe way to do digital transactions and not to share any vital information online. Financial literate person will also realize that Ponzi schemes are something to stay away from there is no investment in the world which will make you billionaire in one day.
- **Self-Reliant** – Financial Literacy can make you self-reliant in different ways. It will help you to accumulate your wealth which will give you financial independency, it will make you to save for you retirement or even for your contingencies which will allow you to be independent and it will also put you in a better position to take your own financial decisions smartly and wisely.
- **Omni Present** – Financial literacy will touch every field of your life in positive way. Most importantly it is something which will help anyone to be stress free.
- **Improved Standard of Living** – Additional earnings, wealth creation & accumulation, building contingency & Retirement Funds will actually make one a better citizen. It will put him/her in better position to spend money the way he/she feels like, giving happiness.

B. *COVID-19 (Corona Pandemic)*➤ *Overview*❖ *According to Wikipedia*

- “*Coronavirus disease 2019 (COVID-19) is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). It was first identified in December 2019 in Wuhan, Hubei, China, and has resulted in a pandemic.*”¹
- “*In India first case of COVID-19, which originated from China, was reported on 30 January 2020. As on 26 August 2020, India currently has the largest number of confirmed cases in Asia, and has the third highest number of confirmed cases in the world after the United States and Brazil.*”²
- “*Maharashtra is a hotspot that accounts for nearly one-third of the total cases in India as well as about 40% of all deaths. As of 7 July, the state's case fatality rate is nearly 4.3%, which is lower than the global average but significantly higher than other Indian states with large*

numbers of cases. Mumbai is the worst-affected city in India. About half of the cases in the state emerged from the Mumbai Metropolitan Region (MMR).”³

- (1-https://en.wikipedia.org/wiki/Coronavirus_disease_2019,
2-https://en.wikipedia.org/wiki/COVID-19_pandemic_in_India,
3-https://en.wikipedia.org/wiki/COVID-19_pandemic_in_Maharashtra)

➤ *Impact on Economy*

- **Lockdown Impact** – Many countries in the world, initiated lockdown in most of the parts to control outbreak of Covid-19. All the countries were struggling with the medicine to cure the disease therefore the only immediate solution most governments applied was partial or entire lockdown. Was it successful or not is not the scope of this research, instead we will focus on impairment of world economy due to lockdowns. Almost all the countries in the world experienced slowdown in the economy as similar as that of Great Depression 1929 or even worse than that. Demand of all sectors reduced drastically even up to zero.
- **Unemployment** – Millions of people lost their jobs due to slowdown as employers removed workers to reduce burden. Also, many people earning their livelihood through self-employment lost opportunities to earn making them jobless. Lockdown stopped demand of many industries. Service industry affected the most except Telecom & IT. Hospitality industry almost collapsed. All the jobs associated to such industries vanished suddenly leaving many people unemployed.

II. **LITERATURE REVIEW**

- **Zait & Berteau (2014)** synthesized the definitions and instruments previously used and suggested a comprehensive approach for obtaining a measurement instrument for financial literacy.
- **Wren-Lewis (2020)** discussed about the economic effects of a pandemic wherein author considered impact of pandemic on GDP of the countries. Effects of work from home, lockdown, closure etc on GDP are considered by the author.
- **McKibbin & Fernando (2020)** examined the impacts of different scenarios on macroeconomic outcomes and financial markets in a global hybrid DSGE/CGE general equilibrium model. The circumstances in the research reveal that even a limited eruption of epidemic could seriously impact the world economy in short run.

III. **NEED OF THE STUDY**

- The study holds high contemporary quotient as it actually speaks about the ongoing pandemic and its impact on financial literacy. Study is conducted in the month of August 2020, five months post imposing of lockdown in India. It is highly talking about the perception of respondents towards financial aspects. Geographically, study is majorly conducted in Mumbai City and adjacent

area, which is economic capital of the nation but also the most affected area due to pandemic. Many people lost their jobs here, complete lockdown worsen the situation and many migrants headed towards their hometown. The study is an attempt to understand how people are applying their financial skills and trying to sharpen them.

IV. RESEARCH DESIGN

A. Objectives of the study

- To study Financial literacy.
- To understand perception of people towards financial literacy.
- To observe how Corona Pandemic is changing people’s perception towards financial literacy, if any.
- To offer suggestions and findings of the study.

B. Hypotheses of the study

➤ **Hypothesis 1**

- H0 – There is no association between financial literacy of the respondent and Covid-19 Pandemic (Corona Pandemic)
- H1 – There is an association between financial literacy of the respondent and Covid-19 Pandemic (Corona Pandemic)

➤ **Hypothesis 2**

- H0: There is no association between Gender of the respondent and perception towards financial literacy affected by Covid-19

- H2: There is an association between Gender of the respondent and perception towards financial literacy affected by Covid-19

C. Research Methodology

- The study is constructed on primary as well as secondary data. Primary data is gathered using a questionnaire. Secondary data is referred from internet, books, magazines, journals, newspapers etc.
- Research design – Descriptive and Explanatory
- Sampling method – Random sampling
- Sample size – 250
- Tool used – MS-Excel
- Data collection tool – Questionnaire
- Data analysis tool – Frequency & Percentage analysis
- Data presentation tool – Table
- Hypothesis testing – Kruskal–Wallis Test

V. SCOPE OF THE STUDY

- The research area of the study is confined to Mumbai Metropolitan Region (MMR) and nearby area from the state of Maharashtra (India). The data provided by the respondents is completely based on their judgement only. The quality and reliability of the data collected is the actual expression of respondents. Results of the present may not be generalized, as different results could be obtained due the different perception of individuals in another geographical area.

VI. HYPOTHESES TESTING

	Null Hypotheses	P Value	Decision	Meaning
Hypothesis 1	H0: There is no association between financial literacy of the respondent and Covid-19 Pandemic (Corona Pandemic)	0.045	Null Hypothesis Rejected	Perception towards financial literacy has been changed due to Covid-19 Pandemic (Corona Pandemic)
Hypothesis 2	H0: There is no association between Gender of the respondent and perception towards financial literacy affected by Covid-19	0.069	Null Hypothesis Accepted	Change in Perception towards financial literacy due to Covid-19 Pandemic is not dependent on Gender of the respondent

Table 1

VII. FINDINGS

- 10% of the respondents started maintaining financial records in detail & 47% started maintain at least minimal financial records post Covid-19 who were not at all maintaining any financial records pre Covid-19.
- Considering financial awareness – 25% of the respondents understood about Overdraft Facility, 14% about Term Insurance, 11% about pre mature surrender of Life insurance policies &10% about CIBIL Score who were not aware about it pre Covid-19.

- About Shopping – 27% of the respondents started comparing price of the product before shopping and 21% opine that shopping on EMI is increasing financial burden on the purchaser.
- 27% of the respondents who were believing Health (medical) insurance is not necessary in pre Covid-19 scenario turned their opinion in post covid-19 scenario and said it is important, may be because people exposed to Medicare Facilities and Expenses due to Covid-19

VIII. CONCLUSIONS & RECOMMENDATIONS

- Covid-19 certainly changed the perception of people about financial literacy as 50% of the respondent who were not considering financial literacy as an important skill accepted it is important.
- Covid-19 also affected budgeting habits of the respondents positively. Those respondents who were not following any budgets for spending of which 17% started making it for heavy expenditures while 33% started making it for all kinds of expenses may be small or big. Also 35% of the people started making their financial plans which they never made pre Covid-19.
- Covid-19 changed investment perception of the respondents too. 28% of the respondents who were relying on their own intuition for investments accepted that professional or experienced advice is necessary before making Investment. Also, 30% of the respondents accepted that disciplined saving every month will help them to create wealth.
- Though financial literacy perception changed positively due to Covid-19 but overall slowdown in the economy and unpleasant job market affected respondents harshly. Monthly income of many of the respondents has reduced (approximately 51% on an average). 38% of the respondents said that they do not feel that they are having any control on their financial situation post Covid-19.
- Financial Literacy shall be considered as important skill by all the individuals and for that all the stakeholders in financial system shall take necessary efforts. People shall not need such ill-fated pandemic situations to understand basic finance.

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