

DEVELOPMENT OF FINANCIAL LITERACY INITIATIVES IN INDIA

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Abstract:

India is one of the fastest growing economies in the world since last two decades. The country has also achieved top most capitalisation of the global level. But still the country is facing very lack in the financial literacy of countrymen. Both the government and regulatory bodies of the India are trying very hard to occupy the current position in the global village. Since many factor needs to improve their performance build the nation. Among the Financial literacy in country play a major role in the development of capitalisation and improve the economic development of the country. This paper studied based on the secondary data of analysis. It found that financial literacy need to be added as life skill required for everyone.

Key words:

Financial Literacy, Regulatory Bodies, Government and Financial Literacy Programmes

Introduction

India is one of the fastest growing economies in the world since last two decades. The country has also achieved top most capitalisation of the global level. But still the country is facing very lack in the financial literacy of countrymen. The nation worries to improvement the financial performance of the individual person. Therefore both the government and financial regulatory bodies of the India are trying very hard to occupy the current position in the global village. Since many factor needs to improve their performance build the nation. Among the Financial literacy in country play a major role in the development of capitalisation and improve the economic development of the country. Financial literacy is a combination of financial knowledge, financial skills and financial attitude to effective utilisation of available financial resources. In other words financial literacy equals to knowledge plus skills plus attitude of financial behaviour.

Review of Literature

Sumit Agarwal, Gene Amromin, Itzhak Ben-David, Souphala Chomsisengphet and Douglas D. Evanoff (2015), Financial literacy and financial planning: Evidence from India. This paper is a suggestion of financial advisory programmes in India. The researchers studied based on the study of Lusardi and Mitchell, Organisation Economic and Cooperative Development- international network of financial education report of three basic financial questions on compound interest, interest rate v/s inflation rate and diversification of risk.

The researchers conducted this study with help of Investment Yogi Financial Advisory Services first online financial software of India. In this study 1,694 members were participated among that 1438 members of India. All participates were clients of Advisory Company, therefore more than 80% of respondents answered correctly for those three questions. The female participation is very poor in the study.

Lakhwinder Kaur Dhillon(2016), Measuring Financial Literacy with Specific Reference to Delhi/NCR Region. The researcher tried to measure the financial literacy with specific reference to Delhi/NCR Region. Financial literacy helps people to equip themselves with the necessary knowledge to select from inestimable financial products and providers. The author has revealed that majority of the Indian households prefer to invest their money in the banks and more than one-third of them keep their surplus money at home. Based on the outcome of the study he suggested that the financial literacy level among individual is low and there is a need to improve it through the financial literacy programmes.

Priyanka Agarwal, Radhika Choudhary Kureel, & Dr.Suman Yadav (2017), “A study on future plans for increasing financial literacy among people”. The researchers said that the development of country depends on the financial system of the country. To achieve the financial system goal is through the financial literacy.

The present study reveals that initiatives taken by the regulatory boards of the country and the future plan to improve financial literacy among people of the nation through proper curriculum implementation in the school level. The current study was providing the information various initiatives of the different financial regulatory bodies of the country. They were saying that financial literacy curriculum must implement in the school level which will help to gain financial skill at younger age. They suggest that some principles to be follow to the financial literacy programmes are clear vision and mission of the programme, connected to standards and community focused.

Toran Lal Verma, Dr. D. K. Nema and Rahul Pandagre (2017), An Overview of Current Financial Literacy Efforts in India. The researchers are focused regulatory bodies of the India to improve the financial education programmes in regular intervals. The main motto of the paper to find the answer for the many financial development questions like

- Why save, invest and insure?
- why save or invest consistently?, and
- what are the difference between savings and investment?

They studied the important initiatives of RBI, SEBI and IRDA to improve the financial education in India. They suggested that the financial literacy programmes should be designed regularly to reach the rural area of the county, poor people of urban area of the nation, students, women, senior citizens and defense personnel of the country.

Goswami & Dhawan, (2017) studied the financial literacy among college students in Delhi. The main objective of the study was to analyse the level of financial literacy among the college students by evaluating the impact of various demographic factors like gender, age group, discipline of study, level of study, annual household income, parent's occupation and source of income to the students. Study revealed that gender, age, level of education, annual household income was not significantly associated with the financial behavior of an individual. Further it was found that discipline of study, Parent's occupation and Source of Income were significantly associated with the financial behavior of an individual.

Jayaraman and Jambunathan(2018), Financial literacy among high school students: Evidence from India. They were opined that, the financial literacy is a significant however frequently disregarded ability that is indispensable for youngsters. The study estimated financial literacy levels among secondary school students the sample size of 608 respondents in India and discovered low degrees of execution on standard proportions of financial literacy. The rate right score on the essential financial literacy questions was 45% and on the modern financial literacy addresses the score was 44%. They found that Financial literacy levels in India is very lower compared to other developed nations. Gender contrasts were found, Students who sought after the business/financial aspects stream of schooling were found to have more significant levels of financial literacy than students seeking after the science stream. The researchers found that students, regardless of having undeniable degrees of numeracy, couldn't move that information to do financial calculations. Parental contribution was additionally found to impact financial literacy. Meetings with students featured the way that understanding of cultural and macroeconomic effects of financial literacy was low. These discoveries loan support for secondary school financial training which includes guardians and stresses commonsense hands-on application, cultural and macroeconomic effect, as a method for improving financial literacy.

Vibhuti Shivam Dube & Dr. Pradeep Kumar Asthana (2018), Financial Literacy: An overview of current literature and future opportunities. The authors were reviewed, compared and analyzed the various Financial literacy articles by Global level, Continent (Asia) Level and National (India) level. The study reveals that more financial literacy research study was conducted in the developed countries by the international institutions and few studies were conducted in developing country like India. They found the further research opportunities in household level to improve the financial literacy of country and the recommended to study assessed to financial education as introduce in educational curriculum, ease access to financial market among household sector.

Ankita Raj (2020), Financial literacy among women in Kaushambi: An overview of rural India. Finance India. The researcher targeted the rural women of Kaushambi region of Uttar Pradesh, India. This paper focused on six financial literacy determinants savings, credits, investments, purchase of goods and services, generating income and insurance. He conducted study of 550 rural women through an interview, to understand the financial literacy, financial capability and economic empowerment of individually.

N Dixit and G Dixit (2021), A Review of Financial Literacy in India. The researcher studied that the wide spread poverty and economic inequality in India, to eradicate this situation need study financial literacy education. According to them financial literacy helps an individual to learn significance of savings and investments. Financial literacy is an important life skill which required everyone for the survival purpose.

They found that current lower financial literacy rate, Government and other regulators are making focused efforts to tackle this situation. A “5C strategy” including Content, Capacity, Community, Communication and Collaboration will likely make the effort successful. The study purely developed on the basis of secondary data by analyzing various reports provided by regulatory institutions.

Objectives of the Study:

- To study the importance of financial literacy in India
- To study the role of Government and Regulatory bodies of India
- To know the various programmes initiated by the Government of India
- To analyse the different programmes initiated by the regulatory bodies of India.

Research Methodology

The present study developed based on the descriptive and qualitative type of research design.

Data Collection

The data collected for the study is purely based on secondary data. This paper based on the analysis of the previous literature. The data collected from various official websites like Ministry of Finance-Government of India, Reserve Bank of India, Security Exchange Board of India, Insurance Regulatory and Development Authority and Pension Fund

Role of Government and Regulatory bodies:

The development of financial literacy of people of India is a responsibility of government and various regulatory financial institutions of India. Reserve Bank of India (RBI), Security Exchange Board of India (SEBI), Insurance Regulatory & Development Authority of India (IRDAI) and Pension Fund Regulatory & Authority of India (PFRAI) are promoted a not for profit company called National Centre for Financial Education under the support of Ministry of Finance, Government of India. Both government and regulatory bodies are taking various programmes and schemes. National Centre for Financial Education (NCFE) is a company built to develop the financial literacy among various groups' people as per same function of OECD- International Network for Financial Education. The company main goals for the establishments are,

- To develop the financial education across the country
- To bring financial stability of population
- To create financial awareness and empowerment of all sections of population through,
 1. Seminars on Financial Awareness
 2. Workshops on Financial Education
 3. Training Programmes
 4. Campaigns
 5. Case study analysis
 6. Discussion forums
- To create financial education study materials on electrical mode and printed mode.
- To improve the knowledge, ability of understanding, skills of finance.

NCFE is a dream institution to built financial awareness of all sections of people of India. The targeted groups of National Centre for financial Education are Self help groups, Farmers, Asha Workers, Retired Personnel, Students of School and College, Rural Women, Household People, employees of various organisation, etc. As per the annual report of NCFE 2021-22, they were conducted 5,122 financial literacy programme across the India.



Source: NCFE Annual Report 2021-22

Initiative Programmes of NCFE: The Company offering following programmes to develop the importance and implementation of Financial Literacy programmes.

- Money Smart School Programme for school children.
- Financial Education Training Programme for Teachers
- Financial Awareness and Consumer Training for College students
- Financial Education Programme for Adults

Initiative programme of Reserve Bank of India: Reserve Bank of India is playing a developmental role to improve the financial education of mass population of Nation. Emphasis is now on to increase the financial awareness among various vulnerable groups in the society viz., women, youth, children, elderly, small entrepreneurs, etc. who require handholding. Focus has been on the development of various scientific tools and design approaches combining concept literacy with process literacy. The following are the important programmes initiated by Reserve Bank of India,

- The financial literacy week (FLW) campaign – to promote awareness on key financial topics every year.
 - FLW2017- Road to Prosperity
 - FLW 2018 – Good Practice for a safe digital banking
 - FLW 2019 – Bano Jankar Badhao Vyapar
 - FLW 2020 – Responsible Borrowings
 - FLM 2021- Timely payment and Responsible Borrowing
 - FLM 2022 – Go Digital Go Secure
 - FLW 2023 – Good Financial Behaviour for your saviour
- To provide Financial Literacy Messages for the information of general public of nation.

- Developed tailored financial literacy contents for 5 targeted groups are farmers, small entrepreneurs, school children, Self-help groups and senior citizens.

Initiative programmes of Security Exchange Board of India: SEBI focuses on investors to enhancing basic financial education and sector wise financial education. Being the Indian capital and securities market regulator of the country arranges events such as the World Investor Week every year and mass media campaigns. It has developed a separate investor website to provide financial education.

- To provide financial education materials like booklets. The booklet available in eight regional languages of India. It contains the following are very important concepts,
 - Key concepts of personal finance
 - Financial planning
 - Saving
 - Investment in security market
 - Insurance products
 - Pension and Retirement planning, etc.
- To provide financial education programmes by the resource person appointed by SEBI to organise various programmes within the boundary of country.
- To provide investor education reading materials. The materials available in thirteen languages.
- Financial education material also available for school children, college students, home makers, executive people, retire person and etc....

Initiative programmes of Insurance Regulatory and Development Authority of India (IRDAI):

IRDAI has initiated number of programmes to improve the financial knowledge of different groups through content development by creating brochures, handbooks on various insurance products etc. It has also created mandatory board approved policy for insurers and arranges various seminars and quiz programmes. The following are the important programmes,

- IRDA has launched online Hindi version of consumer education website and introduced games section “Young Corner” targeting children to learn insurance in a playful manner.
- For the first time, IRDA published wall calendars and desk calendars with insurance messages carrying relevant pictures to depict the messages.
- It published four handbooks viz. Role of Insurance Surveyors, Life Insurance Riders, Householders & Shopkeepers Insurance and
- Insurance Sector’s Grievance Redressal Mechanism for the benefit of policyholders.
- It sponsored eight seminars conducted by consumer bodies and NGOs in rural, semi-urban areas viz.
 - Nigohan District Lucknow, UP,
 - Chittoor, Andhra Pradesh,
 - Bhubaneswar, Orissa,
 - Raiganj District Uttar Dinajpur, West Bengal,
 - Nagaon, Assam,
 - Mysore – Karnataka,
 - Semaria District Rewa, Madhya Pradesh and
 - Itanagar Arunachal Pradesh.
- IRDA launched a Research Grant Scheme promoting applied research in insurance with focus on policyholders’ protection and insurance inclusion.

- IRDA Foundation Day (April 19) as celebrated as Insurance Awareness Day to promoting Insurance Awareness among members of public

Initiative programmes Pension Fund Regulatory and Development Authority (PFRDA)

PFRDA has hosted the website www.pensionsanchay.org.in to spread awareness and educate subscribers and general public on the fundamental elements and related to money, financial planning, retirement planning, investment evaluation and annuity. The website has a blog section for discussions and sharing of information on Behavioural Aspects of Retirement Planning, Fundamentals of Money & Finance, Retirement Planning, Saving & Investing and Pension. PFRDA coordinate and participated in the financial literacy week initiated by Reserve Bank of India and the Global Money Week (GMW) initiated by security exchange board of India which is an annual international financial education awareness-raising campaign designed to encourage a wide range of stakeholders to motivate children and youth to learn about money matters.

Recent Development to improve financial literacy:

1. Government of Karnataka is the first state to implementation of National Education Policy-2022(NEP). The Karnataka state Commerce Teacher Council Body and National Stock Exchange, under the Security Exchange Board of India initiated implement a skill enhancement course “Financial Education and Investment Awareness programme” for all the graduates under National Education Policy 2022, Karnataka Government.
2. Non-Governmental Organisation Lotus Knowlwealth Private Limited initiate by Bombay Stock Exchange jointly organises “Financial Awareness – Capital Market and Mutual Fund Awareness” programmes were arranged at college level. They were coordinate with educational institution, assign resource person to build the knowledge of students.

Conclusion:

The development of financial literacy is getting more and more importance in the present days to improve the performance of financial aspect in the national level. Various programmes and initiatives were taken by government and statutory financial institutions to build the financial system of country through development of financial education of all group of society. The research finds that injecting financial literacy in early age will help to build sound economic situation of people and avoid inequalities of the income. Financial literacy helps to sound decision making and effective utilisation of financial resources. Financial literacy need to be added as one more life skill concept. It is very essential to lead their life effectively with sound decision.

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