

# An Analysis upon Effectiveness of Financial Education/Literacy in India: Current Scenario

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**Abstract – Different government agencies, endeavors, corporate, conglomerates, educationists, Non Governmental Organizations and so forth need to accentuation more on Financial Literacy and Financial Education. There is a desperate need to manage policy changes concerning financial literacy at national level. It is inescapable for any country to increment financial literacy as its advantages society at full scale level. There is plenty of venture choices for channelizing income to speculations introduce in the present financial market. Low level of financial literacy hampers financial basic leadership, so the opportunity has already come and gone to find a way to elevate financial education to the masses.**

**The financial market has been significantly changing after liberalization and has been putting forth a few open doors for speculator as well as for the corporate. Today financial services are becoming more open, financial market offers bunch of items with mind boggling highlights and services, leaving numerous people poorly outfitted to cope up with the complex financial needs. The economies around the globe have progressively considered financial literacy as a key column for the development of their financial framework. The financial education has grown a considerable measure from its pre liberalization starting to the present day conditions of post liberalization corporate period. The present investigation takes into accounts the distinctive measurements of financial literacy and education in India i.e. financial education its importance, determinants and, part of administrative experts in India. The investigation concludes that the procedure for enhancing financial prosperity of people in India ought to center the youthful investors.**

**In the current financial emergency, kids and youth are exceptionally affected by family unit finance complexities. Snapshots of financial inconvenience are open to instruction open doors for kids and youth to find out about personal finance and to enhance their own particular cash management skills. Nonetheless, comprehensive methodologies for educating them about personal finance have not yet risen. This survey of the writing investigates the condition of youth financial education and policy, including definitions and measures of effectiveness. Outlining a scope of ways to deal with the conveyance and appraisal of youth financial education, this paper investigates affect information and best practices and features a few controversies.**

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## INTRODUCTION

Financial Education/literacy is the knowledge and comprehension of the financial concepts, for example, earning, spending, saving, budgeting, borrowing, investing and applying it with confidence for settling on viable choices in the financial market to manage personal financial resources productively. The Organization for Economic Cooperation and Development has characterized Financial Education as "the procedure by which financial consumers/investors enhance their comprehension of financial items and concepts and dangers, and through data, direction or potentially target counsel, build up the skills and confidence to become mindful of (financial) dangers and openings, to settle on educated decisions, to know where to go for help,

and to take other viable activities to enhance their financial prosperity and assurance."

Financial education, financial inclusion and financial dependability are three sections of an basic system, as appeared inside the outline underneath. Though financial inclusion works from supply side of giving access to various financial services, financial education nourishes the request side by advancing mindfulness among the people with respect to needs and advantages of financial services gave by banks and elective foundations. Going ahead, these two ways advance better financial security.

In this complex financial world, governments of the considerable number of countries are profoundly concerned about enhancing the levels of financial literacy among their residents. Due to financial

market developments and deregulation, the quantity of financial items has expanded considerably with an extensive number of choices inside every item making it troublesome for a common man to utilize/put his assets proficiently with a specific end goal to boost his riches. An exchange off is likewise required to be made between income, use and savings by the people. Financial literacy has become a basic fundamental ability to empower people to settle on better choices in the modern financial marketplace.

At the international level, the Organization for Economic Co-operation and Development (OECD) embraced different studies to evaluate the literacy level of the youth, ladies and the people overall. In 2002, a Financial Education Project was started by the OECD to accentuate the evil impacts of low levels of financial literacy.

Financial literacy being a vital component of economic and financial development of an economy, an expanding number of financial education programs have been started in every one of the countries. OECD has discharged Principles and Good Practices for Financial Education and Awareness and furthermore created different research and review instruments for effective usage of financial literacy programs. The youthful ages are presented to more financial dangers than their guardians in light of continuous increment in financial market items, services and framework and they can't be profited from the experience of their past ages. In 2005, OECD Recommendation exhorted that "financial education should begin at school. People ought to be instructed about financial issues as right on time as conceivable in their lives" (OECD, 2005b). In 2008, The OECD made the International Network on Financial Education (INFE) that aid the plan of National Strategies for Financial Education. As of now more than 200 open institutions from more than 90 countries have joined the INFE. The OECD propelled International Gateway for Financial Education (IGFE) in March 2008. Which fills in as a clearinghouse for financial education projects, data and research worldwide?

Government of India is concentrating on Financial Inclusion with the goal of giving financial items and services to all segments of the general public concentrating especially on the weaker segments and the low income gatherings. Be that as it may, making financial services framework alone isn't adequate. The enormous boundary greetings the accomplishment of financial inclusion is absence of mindfulness about financial services and items that is the low level of financial literacy. The people must be sufficiently proficient to comprehend the managing an account and financial concepts and wording.

The topic of financial literacy manages wide ramifications of country's economic prosperity and its enlargement. Concentrates on common economic

condition have exposed the way that records of financial literacy are at disturbing figures in this country. One approach to combat this issue is through financial literacy education. An absence of personal financial education prompts poor levels of financial literacy. In this day and age financial market gives various financial items and there is have to make people mindful of the open doors and dangers that lie ahead. Particularly on the off chance that we consider India, which has the greatest youth populace in the world, the feasibility of prompting financial education in the youthful personalities can make diverse advantages to the general public in future on the loose. Government and different other private division organizations have made various strides and measures to enhance financial education in India.

Financial literacy is an exceptionally wide term, it not just incorporates the unimportant knowledge of different financial items yet it additionally incorporates checking and productively using one's resources for economic prosperity and welfare of an individual and his/her family. The OECD1 (March 2015) characterized financial literacy as-"A combination of mindfulness, associate, skill, disposition and behavior important to settle on sound financial choices and eventually accomplish individual financial well-being." Individuals today don't know about different financial items and at last they pay superfluous charges. The issue of absence of financial literacy isn't just with creating countries yet additionally with created countries. Today people are not ready to swallow financial standards effortlessly and in this manner are not ready to manage financial dangers related adequately and experience the ill effects of financial defeats. Financial literacy is better basic leadership and is additionally related with better arranging of retirement and slow riches amassing. Indeed, even it is more troubling that numerous people trust that they are sufficiently financially proficient however tragically they are most certainly not. Hence, financial education ought to be guzzled from introductory stages of one's vocation to be called sufficiently financially proficient.

India has an international notoriety for its initial advancement of financial education and data. Governments in numerous different countries are currently supporting financial education programs in endeavors to enhance obviously low levels of financial literacy. Be that as it may, in spite of it being such a hot open policy subject, there has been little assessment of the effectiveness of financial education.

A current report for the Retirement Commission (O'Connell, 2007a) examines how well financial education is being assessed far and wide. 'Financial education' is a term utilized the world over to allude to different techniques used to expand a person's financial comprehension. Not these techniques would be depicted as 'education' by educationalists. A financial education program could be a retirement

course at work, a budgeting workshop in the community, a site, for example, [www.sorted.org.nz](http://www.sorted.org.nz), or a school educational modules.

The consequence of the financial education is proposed to be enhanced financial literacy or ability: people are better ready to settle on educated choices on their finances all through life. Financial education is the procedure by which financial consumers/investors enhance their comprehension of financial items and concepts and, through data, direction and additionally target counsel, build up the skills and confidence to become more mindful of financial dangers and openings, to settle on educated decisions, to know where to go for help, and to take other compelling activities to enhance their financial prosperity.

(OECD, 2005) Behavior change might be a definitive objective of financial education generally speaking, however change in skills or knowledge can be a substantial objective of a particular financial education program. There is general assent that financial literacy or capacity is an expansive concept – including financial objective setting, budgeting, overseeing family income, overseeing obligation, saving and investing – on the grounds that these are altogether connected in any person's personal conditions. Be that as it may, a solitary program can center around one issue (for instance, budgeting) or can be all the more boundless.

Why is financial education now an open policy issue? It is viewed as a method for enhancing levels of financial comprehension, which are believed to be low in numerous countries. Financial education should, in this way, relieve shared concerns that, for instance:

- many people don't take an interest in financial services, so are passing up a great opportunity somehow: for instance, people without ledgers may need to pay more to control their service bills;
- there are abnormal amounts of family unit obligation, and people for the most part don't see the amount it costs to service that obligation;
- people don't comprehend financial essentials all around ok to manage the complexities of expanding financial obligations, particularly for retirement savings and college education, which used to be conveyed more by government;
- where 'exhortation' is given by financial services companies, it tends to center around the items that are available to be purchased, as opposed to personal finance all the more

for the most part; further, it is just accessible to people who are in the market for those items.

A few commentators recommend that governments have an ethical commitment to give careful consideration to financial education on account of arrangements moving financial basic leadership onto the individual (e.g. Campbell, 2006).

## **FINANCIAL LITERACY & EDUCATION**

Incorporated Global Financial market and changing financial targets expanded people's duty in dealing with their own finances and securing their financial future. In a domain where the range and the complexity of financial items continuously Deeping the market, it is basic that people need to grow well comprehension of the world of finance with a specific end goal to settle on better decisions that are most fitting to their financial objectives and necessities. Research from around the globe reports insufficient financial literacy which raises genuine concerns about the capacity of people to secure their financial prosperity.

Service of Finance (GOI) built up a few institutes simply in light of finance with a specific end goal to take care of the demand of worldwide finance market and parking spaces'. INDIAN INSTITUTE OF FINANCE (IIF) established in 1987 as a non-benefit independent educational foundation, to advance education and research in Finance. Indian Institute of Banking and Finance (IIBF) (some time ago The Indian Institute of Bankers) was built up in 1928. With more than 650 Institutional Members and more than 2.5 lac singular individuals, it is the biggest Institute of its kind in the world and is working with a mission "to grow professionally qualified and competent investors and finance professionals. The institutes offer education, preparing, examination consultancy/counseling and continuing professional development programs". It is our solid conviction that, through an expanded comprehension of saving money and finance, people can appreciate better, more secure and additionally fulfilling life.

National Institute of Financial Management (NIFM) was set up in 1993 as a self-governing body under the Ministry of Finance, Government of India. NIFM is enlisted as a general public. The Union Finance Minister is the President of the NIFM Society. The Institute was at first set up to grant preparing to the probationers joining the different finance and accounts services like Indian Audit and Accounts Service, Indian Civil Accounts Service, Indian Cost Accounts Service, Indian Defense Accounts Service, Indian P&T (Finance and Accounts) Service and Indian Railway Accounts Service of . Today it confers professional education to the Executives, Professionals and Administrators of different

Government Departments, the Public Sector Undertakings and in addition to the officials from the corporate segment. The goal of NIFM is to give experiences into concepts and procedures pertinent for detailing and actualizing methodologies in different practical regions of Financial Management, Accounting, Auditing, Human Resources Management, Information Technology and other related fields.

## NEED OF FINANCIAL LITERACY

**For financial inclusion and inclusive development:** Financial literacy and financial inclusion are twin columns where financial inclusion go about as supply side of demonstrating financial services and financial literacy go about as request side making people familiar that what they should purchase. As the principle adage of financial inclusion is to give access to financial services to the masses at a reasonable cost, so it is fast approaching that the masses be financial educated to profit much advantages and expand the procedure of inclusive development. Financial inclusion mostly goes for giving the fundamental financial services and furthermore the subordinate financial services like protection, shared assets and so on, which must be finished by making enhancing financial literacy.

**For enhancements in Knowledge and skill:** As we have found in this competitive period there exist extensive variety of different financial items and services, so it becomes exceptionally troublesome for speculator to pick what suits him best. Now and then he/she gets confused and can't settle on proper decisions. So here financial literacy assumes vital part in bestowing knowledge to speculator so he can settle on educated decisions. So financial literacy builds up a skill set among people which creates confidence to manage their personal finances and handle unanticipated contingencies all the more carefully.

**Opportunity from endless loop:** Financial literacy will make mindfulness among people with respect to different financial instruments. This will help them to spare themselves from horrible trap of moneylenders who charge them high loan costs. Financial literacy will help them to overcome such significant issues by making mindful of different offices and government plans accessible to them.

Over obligation will be diminished: Financial literacy causes individual to settle on educated and astute financial choices so by this over obligation will decline and nature of services will likewise be progressed. They are presently overburdened with high obligations what's more, knowledge of financial instruments will help them to improve the situation financial arranging.

**Empowers Entrepreneurship:** Financial literacy elevates entrepreneurship and is a little business

visionary to produce business, as it gives knowledge and furthermore creates skills in a person. It helps in successful comprehension of finance and settling on viable choices for business. It is desperate need of great importance to enhance financial literacy particularly in business division.

**Multiplier positive impacts:** Financial education can start a plenty of impacts in a countries' economy. A financially proficient family knows about different financial items so they will advance savings and even channelize these savings into ventures eventually prompting welfare of society.

**Change in behavior:** The knowledge of financial items acts an agent to do the behavioral change in a person. Different crusades, programs and different activities will prompt behavioral changes and enhanced financial things.

Extraordinary penetration in Financial Markets: In India, there is a need to channelize savings and covert savers into investors that must be done through financial literacy. Essential savings, mortgage and ventures alternatives requests financial literacy. So if financial literacy builds interest in financial markets will likewise expand prompting foremost accomplishment of economy.

## DETERMINANTS OF FINANCIAL LITERACY AND EDUCATION

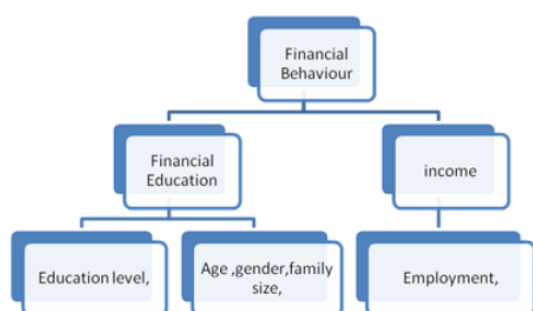
Financial education is "the procedure by which financial consumers/investors enhance their comprehension of financial items and concepts and, through data, direction and additionally target guidance, build up the skills and confidence to become more mindful of financial dangers and openings, to settle on educated decisions, to know where to go for help, and to take other powerful activities to enhance their financial prosperity." The financial literacy level significantly relies on the education and income of the people; the social factors such like family estimate, family foundation, age, regions nature of employment littly affect this.

- (a) **Gender:** Financial literacy is influenced by gender as ladies' literacy in India is matter of civil argument since past, hear as ladies' are saving rate among ladies' is high not in formal routes as there are a few biasness just the issues of education among them .in the present time frames. India has enhancing status of ladies' as far as educations and employment level.
- (b) **Age:** Financial literacy takes after a rearranged U shape with deference the age. Financial literacy increments among the youths is high when the age expands it decay this is might be because of time when time fluctuates a considerable measure of



changes occurred in the financial market and youth is attempt to refresh and acknowledge the progressions.

- (c) **Education & Income:** Financial literacy is related with higher educational fulfillment and income. When the education levels of people builds their comprehension about the financial terms and clearness about their financial needs and objectives keeping in mind the end goal to ensure their finance they expands the exertion toward the getting to the data ,which at last improves their knowledge of present financial services and items.
- (d) **Geographical region & Employment :** Financial literacy is related with more refined venture. Financial literacy is free of topography and religions of the people. While it is needy upon the idea of employment the privet representatives have better levels in comparison of government workers.



## THE EFFECTIVENESS OF YOUTH FINANCIAL EDUCATION

As we approach the end of the principal decade of another thousand years, in the United States—and to be sure, all around—society faces subsidence, quickly rising fuel and sustenance costs, a mortgage abandonment emergency, expanded insolvency filings, credit fixing, and a radical decrease in savings. The impacts of these financial stressors for people, families, and communities have been broadly detailed in the media.

These media reports examine difficulties and potential solutions for grown-ups battling with high rates of obligation, lessened incomes, irrelevant savings (counting retirement arranging), and a financial services marketplace loaded with complicated item offerings. These reports additionally inspect the ramifications of serious economic strain for youngsters. Be that as it may, comprehensive systems for educating kids and youth to be viable managers of cash and effective guides of a complex financial marketplace have not yet risen up out of the exchange and level headed discussion.

Albeit some compelling procedures have developed for grown-up financial education, these methodologies and methodologies can't just be reengineered down to more age-proper forms and forced on a K– 12 educational framework. Grown-up financial education is to a great extent a cure forced to settle particular basic breakdowns in how grown-ups utilize (or abuse) cash; it has a tendency to be composed and conveyed to target statistic gatherings and is regularly, however not generally, expected to compensate for officially existing financial trials.

Youth financial education should be prescriptive, protection, developmental, and conveyed on a massive scale. Along these lines, the teaching methods and techniques that are proper for grown-up financial education can't exchange viably onto endeavors by the American school framework to prepare kids to be financially proficient.

Why is it important to convey financial education to youngsters and youth? Notwithstanding the battles their families confront, which are probably going to continue into their own adulthood, publicizing vigorously targets and impacts kids. Kids are in stores and retail settings an average of a few times week by week, surpassing in a run of the mill week the time committed to perusing, church participation, youth gathering and family unit exercises, and open air play (Suiter and Meszaros, 2005). Also, kids, particularly the dominant part who don't go specifically on to postsecondary education, are immediately looked with grown-up financial errands and duties.

In spite of the fact that there is nobody single, settled upon definition for financial literacy, financial education, or financial capacity, researchers offer knowledge about the distinctive implications of these terms. Literacy is the ownership of fundamental knowledge or competence, and education is the way to assemble that limit. Most expansive based financial education programs for grown-ups and kids endeavor to convey all members to a base essential knowledge of cash management skills in regards to keeping money, finance, savings, credit, et cetera; numerous endeavor to accommodate individual or familial objectives.

Johnson and Sherraden (2007) are among the most recent to recommend that the term financial ability is planned to incorporate the concept of education as well as access to financial services and institutions, contending that knowledge alone—without access to the resources and services of financial institutions, particularly for those coming from under-or unbanked communities—won't eventually enable people to pick a financially proficient way of life.

According to Hogarth (2006), the consistent topics going through different meanings of financial

education incorporate (a) being knowledgeable, instructed, and educated on the issues of overseeing cash and resources, keeping money, ventures, credit, protection, and assessments; (b) understanding the essential concepts hidden the management of cash and resources (e.g., the time estimation of cash in speculations and the pooling of dangers in protection); and (c) utilizing that knowledge and comprehension to plan, execute, and assess financial choices.

A few scientists particularly analyzed financial literacy in a youth context. Australia's National Consumer and Financial Literacy Framework (NCFLF) expressed that "consumer and financial literacy is critical for all youngsters with a specific end goal to engage them to settle on educated consumer choices and to viably manage their personal financial resources". According to the Department of Agriculture's Cooperative State Research, Education, and Extension Service (CSREES), "numerous youngsters are unskilled in dealing with their personal finances, yet this significant fundamental ability will incredibly influence their future economic prosperity. . . . [Youth financial education] help[s] America's youth comprehend the nuts and bolts of cash management and create sound financial propensities to extend their chances for whatever is left of their lives".

There is developing enthusiasm for ways to deal with financial literacy that are inconspicuously compulsory in nature, in any event by making financially useful determinations the default alternative, expecting consumers to pick effectively against their long haul financial self-enthusiasm for request to quit. The most as often as possible referred to case of such a decision minute is the choice to take an interest in retirement projects, for example, willful 401(k) contributions in the working environment. Truly, specialists have needed to choose to pick into these projects.

Numerous financial professionals recommend the default ought to be a programmed pick in, with a representative having to intentionally choose her-or himself out. Caskey (2006) proposed that a default approach may prompt more noteworthy financial achievement, albeit such an approach shows up externally to be inconsistent with some free market or fair standards.

Right now, we have no plainly characterized or generally acknowledged guidelines of greatness for financial education effectiveness, and unquestionably none relating particularly to youth financial education. The Indian Treasury Department's Office of Financial Education offers eight components of a fruitful financial education program, identifying with the program's content, conveyance, effect, and supportability. The main role of the eight components is to offer direction to financial education organizations as they create projects and procedures to accomplish the best effect in their communities.

Channels through which financial education can be conferred School Curriculum: School educational programs can go about as a stage for financial education. Governments additionally understood the significance of bestowing financial education at school level to increment financial literacy rate. OECD, has created international level rules for proficient financial education programs. These rules will be compulsory to receive at national level to give decent variety to education frameworks. The rules have recommended the best reasonable structure which encourages combination of financial education in school educational modules. It proposes following aspects like recognizing appropriateness and maintainability of resources, adaptability in the execution levels, evaluating and defining quantifiable objectives, advance checking and effect appraisal, participatory inclusion of all real partners which incorporate educational framework, open specialists and so on.

Different details ought to be made that financial education ought not be instructed as different subject but rather it coordinated with other existing subjects. For instance we instruct math's to school understudies like percentage, enthusiasm, compounding, discounting and so forth yet pragmatic effect of in banks accounts ought to be educated to them. So also it can be incorporated in different subjects like in moral science moral esteems as well as moral financial issues can be instructed. Along these lines financial education can be conveyed through school educational modules.

The Central Board of Secondary Education, CBSE has comprehended the core of financial literacy and the criticalness to grant it to understudies who are the fate of our country. It confers limit working to understudies which will empower them to settle on educated decisions. The CBSE is wanting to present it in such a way, to the point that it normally incorporates with the school educational programs from post essential level. Such execution is encouraged by a committee of specialists.

**Media Marketing:** Various Government services are focusing on numerous types of media to spread the expressions of financial education. Numerous financial literacy battles are headed through all types of media accessible today in the country. Government of India is coordinating financial mindfulness messages and messages of general social and economic concerns. Especially the method of Social Media Marketing has seen awesome mindfulness battles in show times which are controlling masses through different discussions and exercises.

**Real Media marketing sources incorporate the accompanying:** i. Daily papers, ii. Radio, iii. Television, iv. Financial education sites, vi. Books and magazines (through toon mode), vii. Utilization of long range informal communication destinations like twitter, confront book and so on. As of late in April

2016, Deepti KC and Mudita Tiwari have utilized the energy of the visual medium to teach Indian ladies business people from low-income communities to settle on better financial decisions. According to their examination report, they composed and formed different modules into a progression of comic books by utilizing a narrating approach. The comic books incorporate eight delineated stories archiving the financial difficulties like reflecting genuine issues that the female characters face and how they settle financial emergency through better financial management and adjusting behaviors.

**Asset Persons:** Financial inclusion crusades have made it mandatory on banks to make mindfulness among all areas of society particularly minimized ones by naming different Business Correspondents (BC). On the comparative lines, for instance SEBI has taken up the assignment of educating people the nation over on financial items. SEBI conducts different workshops on instilling propensities for saving among people, advancing speculations, resource assignment, access to venture choices, surveying dangers in speculations and grievance redressal and so forth. According to Dr AA Attarwala<sup>16</sup>, SEBI has covered more than 1 lakh people the nation over and now intends to make financial education a piece of school educational programs. According to SEBI's Investor site, SEBI has conveyed its investigation materials in more than six languages focusing on all age bunches which incorporate youthful investors, home creators, resigned faculty, school understudies, college understudies, working administrators and center income assemble for nothing. RBI made compulsion of opening of different country branches as a piece of financial inclusion so keeping money the managed an account is conceivable. Jan Dhan Yojana by government was likewise a vital part of it.

**Grown-up Education:** Adult education ought to be a basic piece of financial education. National financial educational council has composed grown-up personal finance educational modules which is viable and gives hands on learning. These projects are intended to satisfy assortment of financial objectives for grown-ups like obligation relief, venture arranging, private house arranging, retirement arranging, financial recovery, protection and so forth. By and large, the fundamental witticism is to give viable financial education to lion's share of grown-ups the nation over.

Self improvement Gatherings and Microcredit Institutions: According to RBI Self Help Groups are enrolled or unregistered gathering of people having homogeneity in socioeconomic foundation that hold hands together to contribute normal savings to a common store and meet their crisis needs on shared help premise. In India, SHGs are identified with different banks so they can convey small scale credit

to poor ladies. Smaller scale credit alludes to little advances that is given to person who don't have collateral to meet their immediate credit needs which are here and now in nature. With different activities of focal and state Governments, the National Bank for Agriculture and Rural Development (NABARD), is loaning the financial help for provincial ladies of India. This sort of activities anticipated that would diminish gender disparities and furthermore development of minimized segments of the country. Self improvement Gatherings have effectively contributed in upgrading financial literacy as SHGs give financial presentation by collecting, investing, spending, accounting and overseeing common assets. They have taken in the specialty of savvy budgeting.

**Microfinance Institutions:** Micro finance is a hotspot for having simple access to financial services and managing an account related issues. Small scale financial institutions make mindfulness in an individual and concede credits with powerful financing dislike moneylenders who charge over the top charges on advance.

**Coordinated communication channels:** Various communication channels like web, TV, Radio, Print and ought to be utilized effectively in spreading financial knowledge. There is a need to interface all crusades and special exercises completed by different services to synchronize their exercises such that message compasses to the masses.

**Helpline:** There is a need to build up toll free helpline communication focuses which can disperse help in numerous languages, where an individual can contact and get neighborly help for all finance related issues. This will help them to know where they are missing and where they to go to tackle the inquiry. This helpline mode will instruct them by giving them different choices of getting things done. Helpline work area can get key change society et cetera in financial education.

**Different Channels:** There are different channels through which financial education can be bestowed are: i. Enlisted/Unregistered Associations of consumers, ii. Investors' Associations, iii. Affiliation/Bodies of Policy Holders, iv. Store holders' affiliation, v. Stock Exchanges, AMFI, ANMI, SROs related with controllers. Financial intermediaries like banks, DPs, representatives, portfolio finance managers; annuity service suppliers and so on can have essential influence in making a man financially proficient. Consumers/customers/investors should be made mindful of their rights and duties.

## THE ROLE OF FINANCIAL EDUCATION

It is a human inclination to be competitive and become more quick witted than neighbor. The competitiveness among companions or neighbors

drives the person towards magnificence and the scan for greatness has been the base of all education in mankind's history. The historical backdrop of humanity is declaration to the way that arbitrage in knowledge has been leveraged by different gatherings to get predominance and furthermore to better their ways of life. In

present day times a man who is more taught and knowledgeable gets advantage in financial exchanges and this add up to social irregularity on account of absence of education. The concept of widespread education is going for expelling the pointless advantage of one gathering of people over the other gathering in view of contrast in knowledge levels.

Financial education can comprehensively be characterized as the ability to have nature with and comprehension of financial market items, particularly rewards and dangers to settle on educated decisions. Seen from this stance, financial education principally identifies with personal financial education to empower people to take successful activities to enhance general prosperity and maintain a strategic distance from trouble in issues that are financial.

The focal point of any talk on financial education is principally on the person, who generally has restricted resources and skills to value the complexities of financial dealings with financial intermediaries on issues identifying with personal finance on an everyday premise. The procedure of economic changes, which incorporates deregulation and marketization, ought to have educating and engaging the common individual to take an interest in the financial marketplace with knowledge and confidence, as a basic component of open policy.

The requirement for financial education is felt in the created and the creating countries alike. In the created countries, the expanding number and complexity of financial items, the continuing movement in obligation regarding giving standardized savings from governments and financial institutions to people, and the developing significance of individual retirement arranging make it basic that financial education be given to all.

In the creating countries additionally, the expanding support of a developing number of consumers in recently creating financial markets will require the arrangement of financial education – if these markets are to extend and work proficiently. Likewise, the significant development of international exchanges amid the most recent decade, coming about because of new advancements and the developing international versatility of people, makes the change in financial education, progressively, an international concern.

From an administrative point of view, financial education empowers the common individual and

consequently diminishes the weight of shielding the common individual from the components of market disappointment, inferable from, accepted, data asymmetries. For instance, the accentuation on market train, as one of the three mainstays of keeping money control, particularly under Basel II, is best served by interest of financially educated bank clients in the financial marketplace.

Financial education can have any kind of effect not just in the personal satisfaction that people can manage, yet in addition the trustworthiness and nature of markets. It can furnish people with fundamental apparatuses for budgeting, help them to gain the teach to spare and in this manner, guarantee that they can appreciate a stately life after retirement. Financially taught consumers, thus, can profit the economy by encouraging real competition, driving the service suppliers to enhance and enhance their levels of proficiency.

Preceding the start of financial division changes in the mid 1990s, the Indian financial framework basically took into account the necessities of arranged development. Clients had minimal decision in financial instruments. The fragmented and immature financial markets implied that their presentation to chance was additionally restricted. In such a circumstance, clients could utilize their essential skills to put resources into basic financial items with guaranteed returns, unconcerned about their dangers. The significance of financial education was, best case scenario, restricted.

According to the procedure of globalization, the economic and financial scene in India is experiencing a huge change. All the while, the economy has become more differentiated with new wellsprings of development. Pair with these progressions, we have seen the modernization of the financial area that has additionally become progressively more enhanced to meet the new necessities of the economy. The financial segment has additionally progressively leveraged on propels in innovation which has altogether changed the way financial business is being conducted. As market propels continue to grow the scope of financial items and services, consumers are being looked with progressively multifaceted decisions and choices in the management of their personal finances and introduction to a range of dangers. In this complex financial scene, it becomes critical for consumers to have enhanced access to data.

Critical changes have additionally happened in the social circle. While from one perspective, costs of education have expanded significantly, the life span levels have additionally ascended, on the other. Taken together, this suggests the elderly are presently required to accomplish a constant rebalancing of their consumption and speculation portfolios. The expanded future has likewise compelled managers to move far from impromptu



subsidized superannuation plans to characterized contribution plans. In the meantime, the advances in data innovation have brought down the costs of data procurement and handling as likewise of looking through work. This, thusly, has fundamentally raised occupation portability with orderly ramifications for family size and consumption designs.

Financial education accept significance in this changed financial condition. In considering intends to enhance the financial status of families, financial education can assume a basic part by outfitting consumers with the knowledge required to browse a horde of financial items and suppliers. Furthermore, financial education can assist furnish people with the knowledge important to make family unit spending plans, start savings designs, manage obligation, and settle on key venture choices for their retirement or for their youngsters' education. Being taught financially likewise empowers people to better value the conceivable contingencies and put something aside for a stormy day, in a suitable way. It can enable consumers to become better customers, enabling them to get merchandise and enterprises at bring down cost. This procedure, thusly, raises consumers' genuine buying power and increases the open doors for them to consume, spare, or contribute. Having these essential financial arranging skills can help families to meet their close term commitments and expand their more drawn out term financial prosperity.

Financial education is additionally an essential component of client insurance. In spite of concerted endeavors, the present condition of straightforwardness coupled with the trouble of consumers in distinguishing and understanding the fine print from the extensive volume of convoluted data, prompts a data asymmetry between the financial intermediary and the client. For instance, clients are regularly punished for minor infringement in reimbursements, in spite of the fact that they have constrained redressal instruments to correct insufficiencies in service by banks, rendering the broker client relationship one of unequals. In this relationship, the essential, is, the contributor, who is in reality far less capable than the agent, that is, the bank. The portrayals got as to imposing of nonsensically high service or client charges and improvement of client charges without appropriate and earlier insinuation, and the developing number of client complaints against the banks, likewise vouch for this reality. In this context, financial education may keep helpless consumers from falling prey to financially disturbing credit game plans.

## CONCLUSION

From the investigation it was assessed that in India the level of financial literacy is low. The whole structure of financial framework in our country is

subject to the levels of financial literacy among the masses. In this way, bestowing financial literacy ought to be on the need rundown of policy producers, government agencies, teachers and so forth. The policy making ought to be founded on BOTTOM – UP approach where field studies, evaluation reports, survey reports and so forth can be made and usage ought to be founded on the lines of TOP-DOWN approach. The chain of importance of focal government-state government-neighborhood bodies ought to be clung to in activating the policy choices.

Assessment of financial education is characteristically troublesome, and the impact of any one program can presumably never be completely disengaged. All things considered, assessing the effectiveness of financial education can and ought to be progressed. Promote development of a standard system would help. The challenges of assessment ought not be utilized as a reason not to assess. There might be some associated benefits with financial education that can never be totally demonstrated. Be that as it may, better assessment of financial education projects will enhance our comprehension of what enables people to settle on great financial choices.

In India, RBI is doing commendable employment for accomplishing the targets of financial inclusion and financial literacy. Different NGOs and SHGs are likewise contributing towards enhancing the financial education of the people. Presently, there are not very many considers on the levels of financial literacy of the people. The need of great importance is to fortify financial education activities in India and comprehensive research ought to be done on financial literacy in India.

Given the accentuation on education in India, it ought to be conceivable to upgrade the financial literacy among people. The financial literacy can be effectively enhanced through inclusion of applicable material on financial literacy in the general education program of schools and colleges. The impacts of sociological components are imperative in financial basic leadership process any mediation system must consider these sociological and behavioral perspectives. The impact of the determinants proposes that the methodology for enhancing financial prosperity of people in India ought to center the young investors.

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