

Impact of Financial Literacy on Financial Education (With Special Reference to India)

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ABSTRACT: The word financial literacy has led to the publication of financial literacy eras in many countries. The scope and methods of parcels vary greatly from country to country. In India, they want financial literacy to grow due to low literacy rates and a large population that is excluded from formal monetary policy. This article aims is to draw sketch for the high profile of financial knowledge as well as awareness in India through various research findings and various financial training packages launched in India to increase financial literacy in India. There are also some tips to make our money education packages more effective. Financial literacy has become especially important in recent years as the literacy play crucial role in to understand the financial structures of the 21st century have evolved rapidly and become more complex and global.

Key words: Literacy, education, diversity, countries.

Introduction

The financial eco-system can be use only through proper financial inclusion so social eco-system in that different age group humankind has financial choices to changed and that will forever with dynamic and ever-changing technology. Financial services products have accelerated with the help of digital technology and different advertising methods. Statistical asymmetry is also paramount to creating informed choices, which are increasingly difficult for ordinary local people. This requires skills that can be acquired through monetary training. Financial literacy approaches different things for extraordinary people. For some, it is a mile wide concept that includes knowledge of economics and how financial situations and circumstances affect family choices. For others, money literacy focuses narrowly on basic cash management skills – budgets, savings, and investments, insurance. The Organization for Economic Cooperation and Development

(OECD) passed some guideline regarding Principles financial awareness and good Practices for Financial Education and inclusion described financial education and knowledge as "the systematic ways by which people hone their skills with advance knowledge of financial tolls and markets and the provision of statistics, guidelines. and /or goals, increase their skills and self deepened, to become extremely attentive regarding financial threats, make favorable circumstances , pick which route to go , and take various powerful steps to improve their financial status and protection" (OECD). 2005).

Financial literacy is considered a necessary complement to promote monetary policy inclusion and, in the long term, to promote monetary policy stability. The evidence collected by the industry points to alarming and serious deficiencies in the monetary economy. This evidence led to the publication of literacy kits in many countries. The scope and methods of parcels vary greatly from country to country. Most of them focus on increasing knowledge about money saving and money thoughts and practices and empowering people to make the best money choices in line with their goals.

Financial Literacy in India

With India's low literacy rate and many people outside the formal financial system, the need for financial literacy is increasing. Within this scenario, the importance knowledge of monetary tolls has increased, as it can be a determining issue which is the ability of such category to obtain credit. A large part of India's population is resource poor and lives in the suburbs. These groups are more exposed to long-term financial journalism. In addition, the poor must rely on expensive alternatives because they lack established banking relationships. Lack of knowledge or skills to make informed financial decisions can exacerbate household problems. Financial literacy can help people plan for life's necessities and handled *an unfortunate incident* without incurring outstanding debt. *A number of research studies have* been conducted particularly on this issue. According to the current Master Card Financial Literacy Index (2013), India ranks last sixteen nations among the Asia-Pacific region in terms of overall financial literacy with a score of 59. It was developed from a survey gone between April and May 2013 of 12,205 respondents aged 18 -6 in 27 countries across three main regions: Asia/Pacific, Middle East, and Africa (APMEA). The third financial literacy outlook since 2010 Bangladesh and Myanmar are two new countries in this study. Their study found that teenagers and young adults have much lower levels of literacy than adults. The study found that Indians did poorly in money management, especially keeping track of bills and

credit obligations, saving money for big expenses, and paying the minimum payment on credit cards each month miss ability.

Financial Education Programs global players

Global levels of financial literacy are unbearably low, according to research. Compared to developed countries, financial literacy is significantly lower in developing countries. People find it difficult to make confident decisions in the face of personal financial difficulties and often make mistakes (Mitchell 2011, Poterba et al. 2007). Financial literacy is also very low in India. A few public agencies, private foundations, educational systems and businesses have begun to support financial literacy programs, recognizing the importance of information in making financial decisions. Governments and organizations such as the Organization for Economic Co-operation and Development (OECD), the UK Department for International Development (DFID) and the World Bank promote financial literacy in poor countries through financial education. People with financial education can make better financial decisions. Saving, borrowing, budgeting, and using financial services are topics covered in financial education programs.

Multi-Country Financial Literacy Programs in India

The apex body of Indian financial system for bankers, required banks to undertake initiatives to bring sufficient ameliorate financial inclusion and literacy in the country, which in the past encouraged efforts to improve financial literacy in the country. India. In the decade the RBI prepared and published a draft National Financial Literacy Strategy in July 2012 (RBI 2012). *The tactic incorporates* considerations about the accountabilities of public sector financial institutions and the significance of financial planning from childhood and at schools by using different financial schemes. National strategy for financial education in the first decade of the 21st century, the importance of promoting financial literacy among the public was widely recognized. Countries around the world are implementing a variety of targeted financial literacy programs for children, teachers, research institutions and others. In addition, they have developed media campaigns/websites that provide simplified information, usually in vernacular media, to help the public learn about money and banking systems. Because it is a global problem, it needs a global solution. In 2008, the Organization for Economic Co-operation and Development (OECD) established the International Financial Education Network to promote and facilitate international cooperation on financial education among policy makers and other stakeholders. There are now more than 200 institutions from 90 countries as members of OECD/INFE. Due to the enormity of the task, it is useful for the process to be guided and managed by a strong institutional architecture.

RBI's initiative to Financial Education

The Reserve Bank of India has launched a financial literacy scheme. The attempt to provide guidance on general principles of central banking and banking to a wide range of primary target groups, in which school and college students, women, rural and urban poor, military personnel and the elderly. Multiple approaches adopted for to plan for financial literacy. The project is divided into two parts, one keeping the economy in consideration, the Reserve Bank, and its operations, and the other on general banking. English, Hindi, and regional languages are used for content development. It would be distributed to the target group with the help of banks and municipalities, among others. Presentations, brochures, pamphlets and films and the bank's website are used to reach schools and universities. On 31 January 2013, the Reserve Bank of India published on its website a detailed financial literacy guide that was used by banks. SEBI Initiatives to Empower Investors

The Reserve Bank of India has launched a project called "Financial Literacy Project". The project aims to educate a wide audience about central banking and general principles of banking, including high school and college students, women, rural and the urban poor, the military, and the elderly. The project adopts a multilateral approach. The project is divided into two parts, one on the economy and the operations of the Reserve Bank, and the other on general banking. The content is developed in English, Hindi, and regional languages. Among other things, it would be distributed to the target group with the help of banks and municipalities. The bank uses colleges and universities to reach out through presentations, brochures, flyers and films, as well as the bank's website. On January 31, 2013, the Reserve Bank of India published a comprehensive guide to financial literacy on its website. SEBI has approved awareness programs for mutual funds. SEBI has also created materials for school and college students and households, especially the middle class and the elderly.

Organizational Initiatives on Financial Education

The Insurance Regulatory Authority and the Development Agency have launched several financial literacy projects. Information programs were aired on television and radio and simple messages were distributed through television, radio and print media on rights and responsibilities of politicians, dispute resolution channels and other issues in English, Hindi and 11 other Indian languages. IRDA organizes an annual seminar on protection and welfare of policyholders and partially supports insurance seminars by consumer organizations. To strengthen its approach to increase awareness in the insurance sector, IRDA commissioned an all-India survey on insurance

awareness levels by NCAER. IRDA has also published "Policyholder Handbooks" and a comic book series on insurance. The Insurance Consumer Education website will be launched soon. IRDA's Integrated Grievance Management System

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Market players in Financial Education

Schedule commercial banks (SCB) are taking steps to make aware to the own customer. They are ignoring a significant portion of financially illiterate and marginalized potential customers. In addition, commercial banks, considering the national focus on electronic benefit transfers, have launched several initiatives to create financial literacy awareness through financial literacy programmes and counseling to bank account holder in centers and rural self-employment training institutions. The purpose of these centers is to enhance people awareness with information about accessing the financial system, including banks, to raise public awareness of financial management, to advise those struggling with repayment obligations and to help solve debt problems, and to help e.g., in the rehabilitation of distressed borrowers. Some of these credit counseling agencies even offer training to their clients. women farmers/organizations to help people develop their own income generating businesses and earn a decent living. Even top managers of commercial banks make overseas visits to villages. Establishment of Village Information Centers (VKC): This is a project of UBI to empower farmers. It is a small institution attached to the rural branches of Union Bank. Computers with internet connection are available in VKCs. This center offers the following information: Provides guidance on banking products, many banking systems and financial knowledge. These centers not only provide financial information,

but also provide information about crops and weather conditions in specific areas and encourage local residents to send their children to school. Andhra Bank has also intensified efforts to promote financial literacy. Andhra Bank has initiated and developed a Financial Literacy and Credit Counseling Center following RBI guidelines for the regions where it is the lead bank. Commercial banks, insurance companies and investment fund companies, such as the state bank, also participate.

Collective Initiatives

Financial literacy by governments and NGOs can make vital contribution towards increasing banking inclusion and consumer empowerment in India. Since, population of India is so large and the government alone cannot ensure maximum financial literacy, the government is taking effective measures as evidenced by the actions of the Reserve Bank of India, SEBI, and others. Making it successful while private sector banks, insurance companies and mutual funds are engaged in investor education, these organizations should focus more on financial literacy to achieve the goal of 100% financial literacy. Financial education, banking studies and investment knowledge should be inducing in the school curriculum to avoid the need for financial education programs in the future. Governments, public and private sector organizations, NGOs, and microfinance institutions must work together to properly launch all financial literacy programs and generate beneficial results.

Supplementary Measures

Apart from the Reserve Bank and other commercial banks, many non-governmental organizations of the country have been able to spread financial literacy. Among them is Sanchayan, a non-profit organization dedicated to teaching financial literacy and awareness exclusively to underprivileged children and adults. The NGO does this by organizing free courses on topics like financial basics, credit cards and PAN cards. In addition, they include investment decisions in stocks and mutual funds. The main objective of these courses is to help these young people and adults understand and participate in the mainstream banking and financial services industry. Santayana's main goal is to make India economically literate. With this goal in mind, the NGO has developed valuable programs. Financial literacy and counseling for the urban poor such as maids, rickshaw pullers and drivers

Need for Financial Education in Schools

The most successful is the inclusion of money matter education and awareness in the regular school curriculum. For instance, compound interest knowledge gains through arithmetic education as an abstract concept where A lends to B at a fixed annual rate. Conceivably woven a financial education opportunity in a situation where company take money from financial institutions or a bank customer opens an accumulation deposit account instead of a regular deposit. There are also opportunities in social sciences, moral sciences, and other curricula. Although several measures have been implemented and are being implemented throughout the country, there is still much to be done considering the scale of the company. In addition to the state and regulatory organizations, civil society and all other parties must be involved in spreading financial literacy. Suggestions the most successful is the inclusion of financial education in the regular curriculum. For example, compound interest is taught in arithmetic as an abstract concept where A lends to B at a fixed annual rate. This can be woven into a financial education opportunity in a situation where a company borrows money from a bank, or a bank customer opens a savings account instead of an actual deposit. There are also opportunities in social sciences, moral sciences, and other curricula. Although several measures have been implemented and are being implemented in different parts of the country, there is still much to be done considering the scale of the company. In addition to the state and regulatory organizations, civil society and all other parties must be involved in spreading financial literacy.

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