

# Initiative for Financial Literacy: An Overview

Aryan<sup>1</sup>, Mrs. Pooja Bector<sup>2</sup>

<sup>1</sup>Student, B.P.R. College, Kurukshetra University

<sup>2</sup>Assistant Professor, B.P.R. College, Kurukshetra University

**Abstract - Financial literacy occupies an important place in the economy. The more people become aware of this. Only then a developing country will be able to progress. When people are aware of financial literacy, then they will be able to invest their money well. Due to this, the money will flow. In this way when investments will increase. So a developing country will be able to make good progress. There are important issues in a developing country like India. The paper on the central government's Central Bank, SEBI, and IRDA how to increase financial literacy are trying. In this, we will know how these efforts are being made. Because this is an important issue and in a developing country like India, there must be talk and effort on this issue. As many people will be aware of this. The more that country and its people will progress. All these efforts will help it to become a developed country from a developing country. This paper is a mirror of all the efforts that have been made so far. This paper will also make investors and common people aware of financial literacy.**

**Index Terms - Importance of Financial Literacy, Financial Literacy, Financial Regulators.**

## I. INTRODUCTION

The knowledge of how to manage your finances is called financial literacy. It helps you to plan for the future and protect you from financial fraud. Financial literacy provides us with the necessary knowledge and skills to choose the right option in the financial market and invest in it. The importance of financial literacy has increased a lot in these few years. Markets are getting bigger slowly, but without information this market is incomplete. This information gap between the market and the common man creates a complication. India is a well-regulated country. People of India like to save. The savings rate here is very high. People here promote savings, but they do not know where to invest these savings. Even today the people here do not understand modern financial products properly. People are not using modern methods today.

When an ordinary person becomes aware of the financial markets of India, he will save himself as well as the country from the economic crisis. We need that we should make the savers financially literate and skillful. So that that savings can be converted into investment. All these will make India's economy prosperous and stable. This will happen only if people have financial literacy.

## II. OBJECTIVES

1. To Knowing the Meaning of Financial Literacy.
2. To trace the efforts made by financial regulators in India.
3. To suggest ways to increase financial literacy

## III. MEANING OF FINANCIAL LITERACY

Researchers have tried to define financial literacy in recent years. Everyone's thinking is different, some have a very big concept in which they think that this is the understanding of economics. Understanding this affects our financial decisions. Whereas another class does not consider it so big. They believe that this is just how we manage money, how to save it, where to invest it and how to make a budget. All this is included in financial literacy.

The Organization for Economic Co-operation and Development (OECD) has defined financial education as 1 'the process by which financial consumers/ investors improve their understanding of financial products, concepts and risks, and through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being.

According to RBI, Financial literacy can broadly be defined as 2 "Providing familiarity with and

understanding of financial market products, especially rewards and risks, in order making informed choices”  
World bank 3

Essentially, it is the ability to use one’s knowledge and skills to effectively manage financial resources, ideally for a lifetime of financial well-being. Indeed, financial literacy is something we all have to work on each day—it’s part of our ongoing education. Essentially, it is the ability to use one’s knowledge and skills to effectively manage financial resources, ideally for a lifetime of financial well-being. Indeed, financial literacy is something we all have to work on each day—it’s part of our ongoing education.

Danes & Hira, 1987 4 Another study takes into account the different dimensions of financial literacy and education in India i.e. financial education, its relevance, determinants, and, the role of regulatory authorities in India. The study concludes that the strategy for improving the financial well-being of individuals in India should be focused on the young investor.

#### IV. INITIATIVES BY FINANCIAL REGULATORY

##### 1.The Organization for Economic Co-operation and Development (OECD)

Following are the suggestions to increase literacy

- Financial Literacy should be implemented in schools. So that more and more people can be educated.
- Financial Literacy should be part of good governance and the org. It is the responsibility of their accountability to be fixed.
- There should be a code of conduct for the employees of the financial institutions.
- The government needs that financial try to increase literacy

##### 2. The Securities and Exchange Board of India (SEBI) Many efforts have also been made by SEBI which are as follows.

- 'Financial Education Book', which contains the basics of concepts like financial planning, insurance caution towards pension, etc., grievance redressal, etc.

- SEBI started a student program in its office. In which all the students You can easily understand the work of SEBI.
- Investor awareness programs have been started by reg. broker.
- Seminars have been conducted in conjunction with the Exchange.
- Mass media campaign launched in 2012 TV, Radio and SMS, etc. \_ made aware by.
- SEBI has released a toll-free helpline number on 30 Dec 2011.
- SEBI has done more than 4500 workshops on financial education so far.

##### 3. Insurance Regulatory and Development Authority (IRDA)

Following efforts have been made to increase literacy:

- IRDA has seminars And Quiz competitions Got it done so that people can learn by playing sports.
- " Policy Holder Handbook " IRDA has taken published action. In which all the basic rules are there.
- Mass media campaigns which included TV, radio, newspaper . etc. \_ are made aware.
- An 'Integrated Grievance System' has been set up for grievance redressal.
- Financial Awareness in a Comic Book Series for Languages About literacy.
- Financial investment safe, there is an order to link all the policies with the PAN card.

##### 4. Reserve Bank of India (RBI)

Following efforts have been made to increase literacy

- RBI has financial Literacy guide released.
- RBI has financial Articles that are also being put on their website on literacy. In which all the things are described and this website is in the Hindi language as well as others.
- Those who are new RBI in collaboration with NCFE has issued a special booklet for them in which simple Description of interest, Compound interest, etc.
- RBI has spread a lot of awareness through advertisements on TV.
- RBI started 'Project Financial Literacy ' in which school, college, and senior citizens would be made aware.

#### V. SUGGESTIONS FOR IMPROVEMENT

1. Financial Literacy should be taught in school. CBSE should consider it as the main subject instead of considering it as a separate subject.
2. University And in the college also a financial institution for the students of all the fields. Literacy should be the subject.
3. Launch TV, radio channels separately in regional languages. So that financial Even illiterate people could understand literacy. This can be understood through stories.
4. The government should make a single helpline number for the whole country so that everyone can get information from there.
5. Self-help group which has been formed. NBFCs should make those people aware when they go to take their meeting. All this knowledge should also be given in that meeting.
6. The government can use film stars to make our youth aware. Because we are youth, she follows these people a lot.
7. Today's era is the digital age, so we can do financial services through social media. Can increase literacy. In this we are Facebook, Instagram, WhatsApp, etc. can take recourse to.
8. The government should create a 'financial system' for the children who pass 12th in school. Include literacy paper in the syllabus. Make it necessary to pass this paper and until you pass it, they should not be given a degree.

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#### VII. CONCLUSION

When Country financially literate. It will touch new heights. financial Literacy is not only important for anyone person but it is important for the whole country. When the youth and other people of our country are financially literate, only then they will be able to work for the country. Thus we can say that financial Literacy is very important. The Government of India and other organizations of our country are also trying to increase it. It is working to take it to every single person.

We know here how efforts are being made and how they work. We again suggested how these efforts could be made successful.

#### REFERENCES