



# Financial Literacy and Education: Current Scenario of Various Regulators of India.

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## ABSTRACT

The topic of Financial literacy has become more important to an individual, government agencies, organization and to many more. Financial literacy can help people develop strong personal financial management skills, enhancing them to hand stressful financial situations successfully. Without educating the populace about money, the dream of making India a cashless and digital economy can never come true. 76% of adults in India are financially ignorant, according to Standard & Poor's global survey. Given this, it is crucial for the government to intervene in enough situations to provide individuals with financial education. This paper covers programs or various initiatives taken by various regulators of India which emphasis more on increasing financial literacy and financial education. It aims to investigate the current state of financial education in India, the numerous financial literacy programs launched by various regulatory bodies and degree to which these programs have been successful in promoting financial awareness. The paper focuses on secondary data. It attempts to conclude on several policy changes which have been recommended for the effective implementation to increase the financial literacy among people.

Keywords: - Financial literacy, Financial education, Financial regulators, Financial market, Digital economy.

## INTRODUCTION:

The modern financial environment is quite complicated. Years ago, it might have been enough simply to understand how to keep a current account and a savings account at a nearby bank or savings organization. Due to the complex, rapidly evolving, internationally interconnected, and dynamic financial markets, personal financial literacy and related competences are becoming increasingly vital. Financial literacy means the capacity to make wise decisions about the use and management of money. Financial inclusion declines as financial literacy rises, therefore to enhance financial literacy, basic financial terms should be introduced in schools. If people are aware of these terms at this level, they will be more likely to make sound financial decisions later in life. If someone has financial literacy, they will be able to make wise judgements about budgeting, pension funds, saving and investing, etc.

## LITERATURE REVIEW: -

Toran Lal Verma , Dr. D.K Nema , Rahul Pandagre (2017) "An Overview of Current Financial Literacy Efforts in India" examines the present level of financial literacy. The objective was to study the current scenario of financial literacy, various initiatives by RBI, SEBI and IRDA and actions to increase level of literacy. A study was conducted using descriptive and qualitative method based on secondary data. They suggested that programmes should be undertaken by various regulators on regular basis and main focus should be rural, urban poor, students/ children, women, senior citizen.

Muhammad Rifky Winanto, Ekaningtyas Widiastuti, Najumudin (2023) in their article “Analyzing the Determinants of Financial Literacy” asserted that how financial attribute, financial knowledge and financial behaviour affects the financial literacy. Questionnaire method was used to collect the data. In this study the Solvin’s method was used, according to that 84 minimum samples were taken, 30 samples from each class. Multiple regression tool was applied for analysing the data. They concluded that student’s financial literacy will increase when there understanding towards it will increase. The higher their financial attitude will be, they will be more literate.

Dr. Pradeep Kumar Asthana and Vibhuti Shivam Dube (2019) “A study of financial literacy among college students in Lucknow “investigates the financial literacy among the college students in Lucknow. The objective was to study the socio-economic status, evaluate the financial literacy of college going students and to recommend for improving it. Primary data was collected through structured questionnaire. A total Sample of 200 students of private and government colleges in Lucknow region, Uttar Pradesh were selected for study. Analyze of variance statistical technique was use to analyze data. The finding concluded that financial education is most important

Vaishali Doshi (2016) conducted a study entitled “An analytical study on financial literacy – Myths and Realities” identified the different aspects of financial literacy and education in India. The study describes the role of regulatory authorities; its myths and realities. The objective was to study the importance, determinants, myths and realities of financial literacy. Exploratory research using secondary data was conducted. They concluded that financial education and services should be given together.

Ms. Priyanka Agrawal, Radhika Chaudhary Kureel and Dr. Suman Yadav (2017) “A Study on Future Plan for Increasing Financial Literacy Among People “in their paper identified to focus on the solution as how to increase the financial literacy. The objective was to study the initiatives by various regulators, provide the future plan to increase the financial literacy and to analyse the school curriculum on financial literacy. They concluded that the school curriculum should be wider which will increase the investment pattern of people and various literacy programmes should be conducted.

#### **OBJECTIVES OF THE STUDY: -**

- 1) To study the importance of financial literacy.
- 2) To study the current scenario taken by various financial regulators.

#### **RESEARCH METHODOLOGY: -**

The research carried out here is descriptive and qualitative in nature. Data collected here is based on secondary data, collected from various secondary sources like journals, magazines, literature survey, websites and other sources available offline and online. The Reserve Bank of India (RBI), the Securities Exchange Board of India (SEBI), and the Insurance Regulatory Development Authority (IRDA), Pension Fund Regulatory and Development Authority (PFRDA) have each published information on their separate official websites on financial literacy projects they have undertaken.

#### **FINANCIAL LITERACY INICIATIVES TAKEN BY VARIOUS FINANCIAL REGULATORS**

In India, ongoing efforts are being undertaken to raise the country's financial literacy rate. The following are a few of the initiatives taken by various financial regulators of India: -

##### **A) Reserve Bank of India.**

- Reserve Bank of India (RBI) has Launched various programmes on “Project Financial literacy “. This project goal is to enlighten a variety of target audience such as school and college students’, women the underprivileged in rural and urban areas and senior, about fundamental banking ideas.
- According to Reports published by RBI considering (Report of 2022-21 to 2018-19) focused on following points to increase financial literacy, financial inclusion and financial education and many programs / initiatives has been undertaken which are as follows: -

- Center for financial literacy (CFL) Project: - RBI has launched various center for financial literacy projects in order to strengthen the system for financial digital services that will increase the financial education in school curriculum too.

The following table shows the agendas of RBI regarding the CFL project.

Table 1: Center for financial literacy projects.

	Agenda 2021-22	Agenda 20-21	Agenda 19-20	Agenda 18-19
<b><u>CENTER FOR FINANCIAL LITERACY (CFL) PROJECT</u></b>	As on March 31, 2022, a total of 1,107 CFLs were operationalised across the country.	The pilot CFL project in 100 blocks (including 20 CFLs in tribal blocks).	The Pilot Centre for Financial Literacy (CFL), which was set up across 80 blocks in 9 states coordinated manner, was extended to 20 tribal blocks across the three states of Madhya Pradesh, Jharkhand and Rajasthan.	The CFL pilot project on financial literacy was initiated by the Reserve Bank in 2017 in nine states across 80 blocks in collaboration with eight sponsor banks and six NGOs for a three-year period.

Source: - Data from Annual Reports of RBI

From the above table it has been noted that from 2018-19 to 2022-21 data there has been increase in centers for financial literacy projects. The CFL initiative was expanded nationwide as part of the Reserve Bank's focus on financial inclusion, and the NSFI (National strategy for financial inclusion) objectives were advanced by working closely with the relevant partners. So, this concluded that there has been tremendous increase in financial literacy centers.

- Financial Literacy Activities Conducted by Financial literacy centres (FLC's): - The creation of a "Train the Trainers" module for the capacity building of Business Correspondents (BCs), the expansion of the Centres for Financial Literacy to tribal blocks, and the development of the digital payment ecosystem all contributed to the sustainability of financial literacy efforts. So as to increase the financial literacy various financial literacy activities were conducted by various financial literacy centres.

Table 2: Financial literacy Activities

Activity	Agenda 2021-22	Agenda 2020-21	Agenda 2019-20	Agenda 2018-19
Financial Literacy Activities Conducted by FLC	As at the end of December 2021, there were 1,495 financial literacy centres (FLCs) in the country. A total of 73,900 financial literacy activities were conducted by the FLCs during 2021-22 (up to December 31, 2021).	As at the end of December 2020, there were 1,478 Financial Literacy Centres (FLCs) in the country. While 1,48,444 financial literacy activities were undertaken during (2019-20) a total of 45,588 financial literacy activities were conducted.	As at the end of March 2020, 1,467 Financial Literacy Centres (FLCs) were operational in the country. During 2019-20, 1,48,444 financial literacy related activities were conducted by the FLCs, up from 1,45,427 activities undertaken during the previous year.	As at end-March 2019, 1,483 FLCs were operational in the country. During 2018-19, 145,427 financial literacy related activities were conducted by the FLCs as compared to 129,280 activities during the preceding year.

Source: - Data from Annual report of Rbi

Therefore, it can be seen from the above table that there was an increase in financial literacy activities between 2018 and 2019 but a drop between 2020 and 2021 when compared to earlier years. So, various measures should be taken to increase the financial literacy activities.

- **Financial literacy week (FLW):** - The Reserve Bank created the Financial Literacy Week (FLW) as an annual attempt to raise awareness of important issues among the general public and diverse segments of the community. Along with various themes RBI is conducted financial literacy week in order to increase financial literacy.

Table 3: Financial literacy week

	Agenda 2021-22	Agenda 2020-21	Agenda 2019-20	Agenda 2018-19
Financial literacy week (FLW)	During February 14 - 18, 2022 on the theme of "Go Digital, Go Secure", with focus on convenience of digital transactions,	During February 8-12, 2021 on the theme of "Credit Discipline and Credit from Formal Institutions"	During February 10-14, 2020 on the theme of "MSMEs"	During June 3-7 2019, theme "Farmers"

Source: - Data from annual report of Rbi

- Financial literacy week 2023 has been observed from February 13-17 ,2023 on the theme of "Good financial behaviour- your saviour "focusing on saving, budgeting and planning
- In order to enhance financial education, financial literacy, and financial inclusion, the RBI has adopted some of these initiatives.

## B) **Securities Exchange Board of India (SEBI)**

- The Securities Exchange Board of India (SEBI) has launched a national campaign to promote financial literacy. To educate different groups, including school children, college students, working executives, middle-class families, stay-at-home moms, and retired people, SEBI has appointed resource people across the country.
- In order to advance literacy and thematic education in the community, SEBI participated in the celebration of National Financial Literacy Week 2022 from February 14–18. The topics of "Strengthening Digital Financial literacy - The Way Forward" and "Leveraging technology for enhancing Investor Education and Protection" were covered in a series of financial education webinars for various target audiences, including students, youth, etc.
- Since June 2010, SEBI has been promoting financial literacy by holding workshops on the subject as a prelude to and facilitator for its investor education initiatives. These workshops' main goals have been to familiarize the general public with the fundamental ideas behind the banking, insurance, capital market, and pension sectors as well as to educate people about Ponzi schemes and other schemes. To conduct these financial education initiatives for various selected target groups across the nation, SEBI appoints individuals as resource persons (RPs).
- To improve investor education and awareness, the School for Investor Education and Financial Literacy (SIEFL) played a key role in developing and implementing SEBI's SMARTs (Securities Market Trainers) programmed. Below is the table considering the financial literacy sessions conducted by SIEFL.

Table 4: Kona Kona siksha programmes

Particulars	2021-22
Total resource person listed for project	126
Total number of programs completed	679
Number of student's attendees	54,212

Source: - Data from annual report of SEBI

- The FSDC-SC's (Financial stability development council), Technical Group of Financial Inclusion and Financial Literacy (TGFIFL) was established to coordinate the activities on financial inclusion and literacy at the policy level. Representatives from each financial sector regulator, including the RBI, SEBI, IRDAI PFRDA, and the Government of India, are included in the group.

**C) Insurance Regulatory and Development Authority of India (IRDAI)**

- Insurance Regulatory Development authority of India (IRDAI) has taken various steps to increase the financial literacy.
- In an effort to enhance its approach for raising insurance knowledge, IRDAI has contracted with the NCAER (National council for applied economic research) to conduct a nationwide survey on insurance awareness levels. A post-launch survey was also conducted to evaluate the effectiveness of IRDAI's activities.
- IRDAI has also brought out publications of 'policy holder hand books' as well as a comic book series on Insurance.
- Making the general public aware of the idea of insurance, different types of insurance plans, risks covered, benefits provided, limitations and conditions, etc., is the only surefire approach to reduce mis-selling. This is intended to be accomplished through various initiatives to increase financial literacy.
- As a member of the Technical Group of Financial Inclusion and Financial Literacy (TGFIFL) and Core Committee of the National Centre for Financial Education (NCFE), which were established for direction and execution of the National Strategy for Financial Education, IRDAI is playing a crucial role. For their meetings, the CW officers work with the TGFIFL and Core Committee of NCFE delegates.
- The IRDAI's public relations and consumer education approach has included both internal initiatives and supporting/sponsoring external programmes, as well as urging other stakeholders to increase their efforts to educate the public about insurance.

**D) Pension Fund Regulatory and Development Authority (PFRDA)**

- In 2018, the PFRDA unveiled the "Pension Sanchay" website. PFRDA hopes to address the demand for financial literacy from the standpoint of retirement planning with this website.
- PFRDA runs subscriber awareness campaigns through its central record-keeping organizations in various locations across India.
- Additionally, PFRDA has hired a specialized training organization to enhance subscriber understanding of the NPS (National pension system) and APY (Atal pension Yojna).
- In coordination with NPS Trust and Annuity Service Providers, PFRDA also runs an Annuity Literacy Programme to educate subscribers on the various annuities that are available to them.
- PFRDA's website offers a database of frequently asked questions (FAQ) on pension-related subjects. PFRDA has partnered with numerous NGO's in India to provide pension services to the underprivileged population. It is simultaneously carrying out the dual roles of promotion and regulation.
- PFRDA has started direct interactions with the public on NPS on two levels: first, at the individual level, which is activated by the POP model, and second, at the group level, through aggregators.

**E) National Council of Financial Education (NCFE) – A Collective Effort Of RBI, SEBI, IRDAI, PFRDA.**

- To improve financial literacy and financial inclusion in India, the National Centre for Financial Education (NCFE) was established with the support of the financial sector regulators, including the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority (IRDAI), and additional support from Pension Fund Regulatory and Development Authority (PFRDA).
- NCFE focuses on 5 approaches / actions to develop financial literacy which are content, capacity, community and communication.
- Every year, NCFE administers the National Financial Literacy Assessment Test (NFLAT), which is intended for students in Classes VIII through X. This exam aids students in developing their financial literacy during the academic year.
- Students are encouraged to develop their financial literacy as a crucial life skill and apply it in their daily lives through the NCFE's Money Smart School Programme. All programmes aimed at educating pupils about money should incorporate real-world applications through multiple iterations to guarantee that the various ideas are retained.
- The most effective instruments for teaching digital financial literacy have been shown to be multi-media formats including audio-visuals, digital vans (digital financial literacy on wheels), digital display systems, kiosks, etc. Individual instruction and group instruction were shown to be efficient ways to spread financial literacy messages with regard to mode of delivery.
- Industry Associations, Self-Regulatory Organizations (SROs), and other intermediaries of the financial sector to be entrusted upon the role of conducting financial education programmes. NCFE to explore strategic partnerships among government bodies involved in providing financial education.

Table: 5 Programs conducted by NCFE under various states

States	No. of programs conducted
Arunachal Pradesh	32
Goa	5
Gujarat	604
Chhattisgarh	65
Haryana	891
Jammu Kashmir	1123
Ladakh	2
Kerala	79
Maharashtra	801
Meghalaya	8
Nagaland	22
Punjab	235
Rajasthan	488
Tamil nadu	521
Tripura	10
Uttarakhand	911
Andhra Pradesh	244
Assam	302
Chandigarh	7
Delhi	150
Himachal Pradesh	197
Jharkhand	639
Karnataka	175
Madhya Pradesh	850
Manipur	19
Mizoram	5
Odisha	1196
Pondicherry	27
Sikkim	6
Telangana	46
Uttar Pradesh	4362
West Bengal	430
Andaman nicobar	2
Bihar	823

So, above is the list of programmes conducted by NCFE to increase financial literacy and along with that NCFE report 2020-25 has given various strategic goals and milestones in order to strengthen the financial education and financial literacy.

### **CONCLUSION/ SUGGESTIONS: -**

According to the study, it is clear that the various regulators like RBI, SEBI, IRDAI, PFRDA AND NCFE has been consistently taking innovative steps to increase financial literacy in India. So, from these studies it can be concluded that despite of various efforts still more initiatives should be taken to increase it. This low literacy rate is a significant barrier to India's transition to a cashless and digital economy. This low literacy rate is a significant barrier to India's transition to a cashless and digital economy. In order for the next generation to understand about finances from the very beginning, it is necessary to incorporate financial education into school curricula. It is also recommended that these programmes be closely watched to ensure their efficiency and maximize their impact. By making wise decisions, increased knowledge, comprehension, and competency will enable people to better their financial situation.

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