



BUILDING A FINANCIALLY EMPOWERED SOCIETY: ECONOMIC SIGNIFICANCE AND EMERGING TRENDS IN FINANCIAL LITERACY AND GOVERNMENT INITIATIVES IN INDIA..

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ABSTRACT

The paper delves into seven key elements if financial expertise essential for making informed and practical financial decisions. It specifically concentrates on acquiring a comprehensive understanding about financial literacy. The study aims to uncover the economic significance of possessing robust financial literacy, explore trends in financial literacy, and examine actions carried out by the Indian government to foster financial literacy. Utilizing secondary data, the research reveals a substantial impact of financial behaviour, knowledge, and attitude on making sound financial decisions, contributing to a more secure and prosperous financial future. Recognizing the government's function of encouraging financial literacy through various initiatives, the study underscores the significance of empowering individuals in India to maximize the benefits of their hard-earned money.

Keywords- Financial Literacy, Government Initiatives, Trends in Financial Literacy.

INTRODUCTION

Financial literacy encompasses a combination of skills, behaviours, attitudes, and knowledge related to finance, crucial for making well-informed financial decisions and achieving financial well-being. It is vital for individuals to efficiently manage their personal finances, make prudent choices, and plan for both short and long-term financial goals. The crucial components of financial literacy are comprehending the advantages of financial services offered by government and private organizations. Its impact extends to personal financial decisions, behaviours, savings, retirement planning, investments, financial risk tolerance, business, and the national economy. However, achieving financial literacy faces challenges due to structural inequalities, financial reforms, and the complexity of financial assets

In order to tackle this issue, the government must put policies into place that encourage and advance financial literacy among Indians. Evaluating young people's financial literacy offers important insights into their decision-making and financial knowledge. Financial behaviour, financial attitude, and financial knowledge are the three main pillars of financial literacy.

FINANCIAL KNOWLEDGE- Financial knowledge involves the comprehensive understanding of financial definitions, concepts and terminology. Additionally, financial skills evaluate a person's ability to apply this knowledge appropriately in order to make prudent and well-informed financial decision.

FINANCIAL BEHAVIOUR-A person's financial behaviour is artificial aspect of their existences, encompassing how they handle their money, make financial decision, and address financial matters.

FINANCIAL ATTITUDE- Financial attitude is a mindset, judgement and opinion an individual towards it personal finance.

Knowledge of above three component makes a robust financial literacy foundation and is imperative for ensuring a prosperous and wealthy financial future.

A strong foundation in these three components is crucial for ensuring a prosperous and wealthy financial future. Financial literacy covers various aspects such as saving, budgeting, debt management, and investment. Recognizing these components as essential for making fruitful financial decisions, including those related to retirement benefits, pension plans, investment strategies, and debt management.

Through educational initiatives and interventions, the Indian government has implemented a number of policies aimed at fostering and improving financial literacy among its citizens. These initiatives aim to empower Indian citizens to make better financial choices, contributing to a sustainable and secure financial future.

LITERATURE REVIEW

- Mubarakah bunyamin, nor shaipah abdul Wahab (2022)-said that financial literacy exerts a huge influence on financial decision like behaviour. Investment, savings, retirement planning, financial risk tolerance and national economy. Author emphasizes on the vitality of financial literacy in the nation.
- Umamaheshwari K, Dhanavel Pandi v, Vijay C.R highlights the association between financial literacy and various financial management skills such a daily financial management retirement planning investment in stocks and wealth.
- Neha Goyal (2022) proposed that given India's relatively low level of financial literacy, there is a great deal of room for research in the field of financial education in India.

OBJECTIVES

- Determining the economic significance of financial literacy is the aim of the study.
- To examine the developments that have occurred in India's financial literacy field.
- To research the steps the Indian government has made to encourage financial literacy.

RESEARCH METHODOLOGY

This study is of descriptive nature. The data has been collected from secondary source government official websites, newspapers and research paper etc.

RESULTS AND DISCUSSION

THE FINANCIAL LITERACY'S ECONOMIC SIGNIFICANCE.

Financial literate is more about making well informed and wise decision about their saving, investing and managing their finance which will eventually lead to financial and overall wellbeing.

Poor financial decision-making results from low financial literacy and poor financial wellbeing and lead to financial difficulties and debt.

Financial illiterate individual can be more vulnerable to predatory lending practice and high-interest loans, which can later convert into financial leadership.

Knowledge of financial literacy have a lot of impact on managing the personal finance of a individual. Financial literacy holds a positive relationship with financial decision making, if the knowledge is good it will direct to a wise financial decision and a prosperous financial future and if the financial literacy is not up to the mark, then it will take to a bad financial decision which results in to debt or financial losses. Well financial literate people of any country is the biggest achievement of any particular nation, as it is directly and positively related to the nation's economic growth. Good financial literacy leads to ease of borrowing and easy business transactions. According to the RBI around 42.9% of the people in India borrowed loan from informal sources which lead them to pay higher rate of interest, which is negatively impact borrowers and their businesses.

A Rising degree of financial literacy can aid in the nation's development and expansion.

TRENDS

Financial literacy plays a significant role in shaping financial decisions, with researchers identifying various trends followed by investors. Factors such as gender, education, age, and financial knowledge have proven to influence financial literacy, impacting decisions related to retirement planning, return on investment, debt management, and risk diversification. Specifically, retirement planning holds significant importance as it establishes a connection between financial literacy and the prudent saving and investment of personal finances to ensure a secure future post-retirement.

The gender and youth perspectives have emerged as relevant trends in financial literacy. Research indicates differences in the financial attitudes, behaviours, and knowledge between female and male investors, with studies suggesting that female investors tend to have comparatively lower financial literacy than their male counterparts.

Financial inclusion is a prominent topic in the research area of financial literacy, exploring how it can enhance access to financial services. The growing trend of digital finance is also under scrutiny, analysing how technology-driven financial solutions impact the level of financial literacy and decision-making. Numerous financial literacy applications, such as World of Money, Zogo, Rooster Money, Investmate, Famzoo, Savings Spree, and Penny-Master Your Money, are providing financial education. These applications, designed by financial experts, offer knowledge on saving, investment, and budgeting through audio and video lectures, as well as theoretical explanations of finance-related matters.

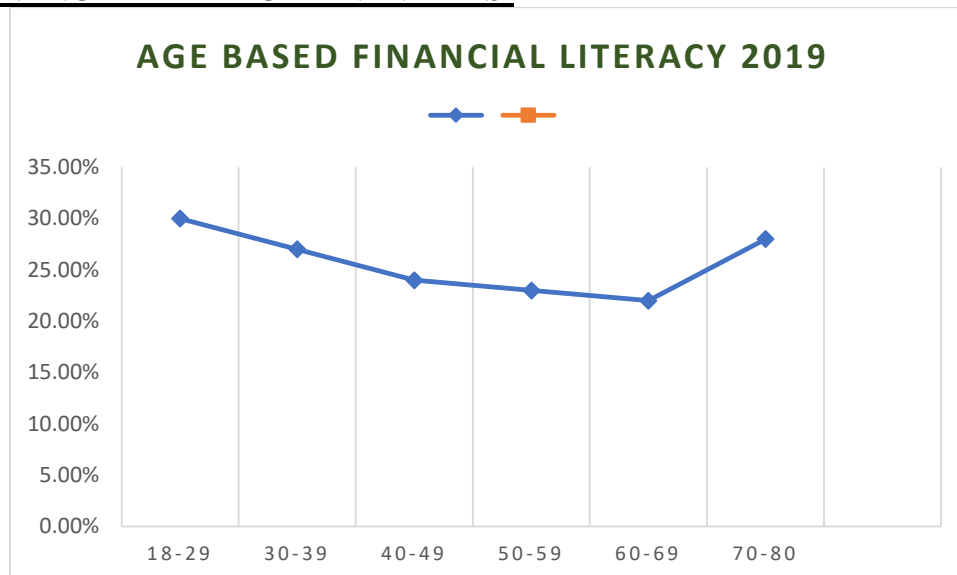
THE INDIAN GOVERNMENT'S ACTIONS TO SUPPORT FINANCIAL LITERACY.

As it is obvious by now that how important financial literacy is, hence government is also encouraging financial literacy by educating population about finance.

The National Centre for Financial Education (NCFE) is a non-profit organization supported by key regulatory bodies in India, including the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), Insurance Regulatory and Development Authority of India (IRDAI), and Pension Fund Regulatory and Development Authority (PFRDA). Its primary goal is to disseminate financial education and enhance financial awareness among the Indian population, equipping them with the necessary knowledge to elevate their financial literacy. This education is delivered through various channels such as training programs, seminars, conclaves, workshops, and discussion forums, aiming to empower investors with expertise and competence in the field of finance.

The NCFE organizes events like World Investors Week and mass media campaigns for the investor community, along with dedicated websites like Pension Sanchay, aimed at educating individuals for better retirement planning. According to the Securities and Exchange Board of India, 27% of the nation's population is considered financially literate. Given that India boasts the largest number of young people globally, there is significant potential for the country to become a leader in financial education. The age group of 10-19 years constitutes 21.8% of Indian population, while the age group of 25-44 years comprises 27.6%. Educating the younger population on financial management has the potential to transform India into a well-informed and financially literate nation on the global stage.

The motive of providing education related to Finance is so that the investors make wise financial decision and have a safe and stable financial future, and raise the living standard of people.

AGE WISE FINANCIAL LITERACY IN INDIA IS-**INDIAN GOVERNMENT HAS TAKEN VARIOUS INITIATIVES TO ENHANCE FINANCIAL LITERACY IN INDIA AND THEY ARE-**

1. **FINANCIAL EDUCATION TRAINING PROGRAMME (FETP)**- Is an initiative taken by government to educate school teachers with finance education, it covers teachers which handles classes from 6standard to 10 standards, so that they can impart their knowledge to students.
2. **MONEY SMART SCHOOL PROGRAMME (MSSP)**- This initiative is launched to educate school children with financial literacy, as it is a very important skill to future generation.
3. **FINANCIAL AWARENESS AND CONSUMER TRAINING (FACT)**- This initiative programme is for graduates and post graduate students to make make them financially responsible generation.
4. **FINANCIAL EDUCATION PROGRAM FOR ADULTS (FEPA)**- To create awareness about financial matters among adults of India.

In annual report of National Centre for Financial Education-

- School teachers 6500+ trained and certified through FETP
- SCHOOL STUDENTS 44800+ covered through MSSP
- College students 16240+ reached through FACT
- Women 150000+ covered through FEPA
- Farmers FPO's 41700+ covered through FEPA
- Migrant labourer 4800+ covered through FEPA
- Potential entrepreneur, industrial workshop, skill development trainees 6580 covered through FEPA.

The financial education programs that NCFE implemented to educate different segments of society for the fiscal year 2022-2023 are represented by the following numbers-

- Farmers-1183 FEP
- Women's groups/household people 987 FEP
- Self-help group-671 FEP
- Rural folks- 929 FEP
- Anganwadi workers-0149 FEP
- Asha workers-029 FEP
- MNREGA Beneficiary 178 FEP
- Migrant labours 139FEP
- Employee of any organisation- 65 FEP
- Skill development trainees- 200 FEP
- College students 232 FEP
- School students 112 FEP
- School teachers- 187 FEP

FEP- Financial Education Programmes.

CONCLUSIONS

In the current inflationary environment where the living cost of is soaring, financial wellbeing becomes a paramount concern. Evaluating financial wellbeing involves measuring the individuals standard of living. Achieving financial wellbeing is simplified by managing personal finance through strong financial literacy, by having sound financial knowledge, attitude, and behaviour. Indian government has also taken many initiatives to educate people about finance to make them competent enough to take sound financial decisions. Enhanced financial literacy through education programs and interventions would help individuals to make good financial choices, improve their financial wellbeing and reduce economic inequality

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