CHAPTER- 2
CONCEPTUAL FRAMEWORK

2.1 Introduction

"Education is not the amount of information that is put into your brain and runs riot there, undigested, all your life. We must have life-building, man-making, character-building, assimilating fine ideas and making them your life and character. You have more education than any man who has got by heart a whole library."

-Swami Vivekananda

Education is a complex term, having different meanings and functions at different times. It is difficult to find a universal aim of education as education is given at different levels at different stages of life to different groups. Yet education is to be harmonized with the needs and characteristics of each stage. In general, it can be said that education has to play a very important role in building the life of the pupil. Education contributes to develop knowledge, skills, abilities, attributes and values. Education can imbue the individual with knowledge, a sense of purpose and confidence essential for a dynamic, vibrant and cohesive nation. Full education for an individual must be both for 'making a living' and for 'making a life'. Thus viewed, full education of an individual involves both 'vocational education' and cultural education. The individual must be able to earn a living for leading a civilized life.

In such a perspective, commerce education is to be looked upon as just one phase of education, not inferior or superior to any other phase or branch. Commerce education has also been conceived to be a vehicle for enhancing the quality of life of individuals and economic growth of a country. It enhances employability and work proficiency. Like other branches of education, commerce education also develops manpower for different levels of the economy. So commerce education not only leads to individual development but also to the economic development of country. By being productive citizens, every individual contributes to the economic development of the country. Irrespective of the discipline of education, every individual must possess financial knowledge that not only fosters individual development but also leads to economic development of the country.

2.2 Importance of Livelihood

There are three main modes of education namely formal education, non-formal education and informal education that help a person to earn his livelihood. In a simple sense, a livelihood comprises the capabilities, assets and activities required for a means of living. A livelihood is deemed sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities, assets and activities, both now and in the future. Potential livelihood outcomes can include improved food security, higher income, reduced vulnerability, increased well-being, protected rights of access and recovered human dignity. So, we can say that by earning livelihood at the individual level the individual satisfies his/her own needs as well his//her family needs and at the national level by earning income the individual contributes to national income.

Contribution to national income by earning income is not enough but our income should be allocated in such a manner that it contributes to the economic development of the country. For allocation of earned income the savings and investments should be actively channelized by every productive individual. Savings and investments lead to capital formation, which in turn, increase the economic development and prosperity of the country. Individuals are saving a certain proportion of their income in banks in the form of savings, fixed deposits but there are wide varieties of means for saving money. But for that we must possess the knowledge of those means that are not end in themselves. If at the individual level, we are able to manage the personal finance efficiently by savings and investment, then it automatically leads to economic development. In this endeavor, financial literacy and financial education become very essential for effective management of finance.

2.3 Importance of Finance

The word ‘finance’ first appeared in Middle French around the year 1400 and it simply meant “ending, settlement of a debt”. This usage was derived from the Middle English ‘finis’, “a payment in settlement, fine or tax”, which in turn came from the Latin finis, meaning ‘end’, the origin of the present word fine. The use of the word ‘fine’ as related to monetary matters was “to make fine”, “make one’s peace”, or “settle a matter”, which is a much more positive way of looking at one’s financial affairs. Finance plays a very important role in the day-to-day lives of each individual or corporation. Here, it would be appropriate to quote the words of Husband and Dockery, “Something must direct the flow of economic activity that facilitates its smooth operations. Finance is the agent that produces this result.” It is a very wide term and it can be said to be the study of the science of managing funds. Usually, finance includes the areas of public, personal and business finance. It includes things related to lending, spending and saving money. An important aspect of finance is that individuals and corporations deposit money in a financial institution, especially banks, which in turn, lend out money and charge an interest for their services. Finance thus, is not exclusively associated with business. It is also associated with personal life.

2.3.1 Importance of Personal Finance

Personal finance budgeting is an important part of our long-term plans to gain financial stability, especially after retirement. We need to have a clear idea of what we want in future such as the amount of money we need after retirement, the location of a place we live in, etc. We need to have a plan and goal of translating these ideas into reality. We also need to consider the things we have purchased in the past and the kind of things which we will purchase later on. This is an important step as this reflects that we will come up with a retirement plan for the future. We must be capable of identifying the good as well as bad choices we make. While thinking of a long-term plan, budgeting our savings becomes an important part of personal finance. Savings would help us to make investments in the future so that we have a secure life. Having said that, we also need to take care to keep our expenses to the minimum, which is one of the most important personal finance tips which we should follow. For managing personal finance individuals must be aware of the concept of allocating his//her finance in proper financial products. Individuals require the knowledge of managing his finance in terms of not only acquisition but also allocation and utilization of finance in a proper way. All these aspects are related with financial literacy. The higher the financial literacy, the better the allocation and utilization of the finance.

2.4 Concept of Finance Literacy

The role played by the government and employers in managing investments, on behalf of individuals, has shrunk significantly in the recent past. This is mostly due to the reforms in the financial markets and changes in the social support structure across the world. The reduced role of the government and employers has heightened individual's responsibility in managing their own finances and securing their financial future.

Market forces continue to increase the range and complexity of financial products presented to the investors. Individuals are given an increased role in managing their finances on the assumption that they are capable of a nuanced understanding of the risk-return characteristics of the investment opportunities and are able to optimally choose from among them. These abilities are collectively referred to as 'financial literacy' around the world. Financial literacy is nothing but knowledge about finance.

In this context of increasing role and complexity, any lack of awareness about the available choices and their characteristics and the consequently inability to choose products optimally, could significantly affect individual's financial outcomes. Research from different countries has documented a certain degree of association between financial literacy and outcomes which could adversely influence the household well-being. For instance, the financially less literate are found to be associated with high interest rate borrowing, less participation in financial markets and poor retirement planning.

2.4.1 Meaning of Financial Literacy

Financial literacy encompasses both knowing about money matters and being equipped to utilize that knowledge by applying it across a range of contexts. What a person needs to know to be financially literate will vary depending upon their circumstances and needs. Generally, however, it will involve an understanding of the following:

- Person's own values and priorities

- Budgeting, savings and how to manage money
- Credit
- Importance of insurance and protecting against risk
- Investment basics
- Superannuation
- Retirement planning
- Benefits of shopping around and how to compare products
- Knowledge about where to go for advice and additional information, guidance and support;
- Awareness about recognizing a potential conflicts of interest and
- Skills to recognize and avoid scams.

2.4.2 Definition of Financial Literacy

- The Organization of Economic Co-operation and Development (OECD) International Network of Financial Education (INFE) has defined financial literacy as follows:

'A combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieved individual financial wellbeing.'

- Financial literacy may be defined as the ability to make informed judgments and to take effective decisions regarding the use and management of money. This definition places emphasis on the skills and areas of knowledge that are likely to be necessary to make informed judgments. A framework of these skills was developed as part of the ANZ Survey of Adult Financial Literacy in Australia.

2.4.3 The ANZ Financial Literacy Framework

The ANZ financial literacy framework consists of the following key skills and areas of knowledge.

Mathematical Literacy and Standard Literacy can be defined as under.

- Essential mathematical, reading and comprehension skills.

Financial Understanding can be defined as under.

- An understanding of what money is and how it is exchanged and
- An understanding of where money comes from and goes to.

Financial Competence can be defined as under.

- Understanding the main features of basic financial services
- Understanding financial records and appreciating the importance of reading and retaining them
- Attitudes to spending money and savings and
- An awareness of the risks associated with some financial products and an appreciation of the relationship between risk and return.

Financial Responsibility can be defined as under.

- The ability to make appropriate personal life choices about financial issues
- Understanding consumer rights and responsibilities and
- The ability and confidence to access assistance when things go wrong.

- **Components of Financial Literacy**

Financial literacy is rapidly being recognized as a core skill, essential for consumer operating in an increasing complex financial landscape. There are three main components to measure financial literacy effectively namely.

- **Financial Knowledge**

A financially literate person will have some basic knowledge of the key financial concepts and the ability to apply numerical skills in financial situations.

- **Financial Behaviour**

Behaviour is an essential element of financial literacy and arguably the most important. Positive outcomes from being financially literate are driven by behavior such as planning expenditure and building up a financial safety net; conversely, certain behaviors, such as over-using credit, can reduce financial wellbeing.

- **Financial Attitude**

Attitudes and preferences are considered to be an important element of financial literacy. If people have a rather negative attitude towards saving for their future, for example, it is argued that they will be less inclined to undertake such behavior. Similarly, if they prefer to prioritise short term wants over longer term security then they are unlikely to provide themselves with emergency savings or to make long term financial plans.

2.5.1 Financial Knowledge, Behaviour and Attitude: Inter- Linkages

It is likely that the different dimensions of the financial literacy could be related to each other. For instance, high financial knowledge could influence both the financial behavior and attitude. Alternatively, poor financial attitude could lead to less desirable behavior. These relationships are examined to gain more insights about how the different aspects of financial literacy influence each other.

Figure2.1 Financial Knowledge, Behaviour and Attitude: Inter-Linkages

These insights could be helpful as the financial literacy literature has not so far evolved any distinct or reliable explanatory model about how individuals obtain high financial literacy. Such a model could be helpful to formulate effective financial literacy as well as financial education policies and delivery methods.

2.6 Objectives of Financial Literacy

Broadly speaking, the purpose of financial literacy is to teach people concepts of money and how to manage it wisely. The aim is to enable individuals to become more informed financial decision makers, develop awareness of personal financial issues and choices and learn basic skills related to earning, spending, budgeting, saving, borrowing and investing money. Financial literacy can help individuals to set financial goals and optimize their financial options.

Financial literacy can cover a wide range of topics, from managing cash flows, to building assets, to managing risks, to planning ahead for the future. The relevance of topics for any given course will depend on the financial circumstances and needs of individual or groups involved, their financial landscape, their life cycle stage and other factors related to the context in which they live and work.

2.7 Financial Literacy contributes to personal financial management.

The word financial management is not coined only for the business world. It also refers to managing our own finances i.e. personal finance. When an individual is financially literate he/she is able to manage his/her finance or funds efficiently. Financial management includes the effective and efficient acquisition, allocation and utilization of finance.

Acquisition of Finance

In general, an individual by earning livelihood acquires finance. Even finance in childhood is acquired in the form of pocket money. Acquisition of finance is done by a number of income vehicles like earning profit from business, salary earned by doing a job, wages earned through labour etc.

Allocation of Finance

Acquisition of finance is not sufficient with regard to our future security, for that we need to allocate our finance in different means i.e. savings and investments. Allocation means effective distribution of the acquired finance in different financial products so that the finance is secure, and further, individuals get return on their investment.

Utilization of Finance

The allocation of finance is done so that finance is available whenever the need of finance arises to meet small or huge expenses. It proves to be a boon in times of adversity.

2.8 Financial Literacy leads to better inter-linkages between savings, investments and capital formation

Financial literacy acts as one of the important element in the process of savings to capital formation in long terms.

- **Savings**

Savings refers to the portion of disposable income not spent on consumption of consumer goods but accumulated or invested directly in capital equipment or in paying of a home mortgage or indirectly through purchase of securities.

- **Investments**

An investment is an asset or item that is purchased with the hope that it will generate income or appreciate in future. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or appreciate and be sold at higher prices.

- **Capital Formation**

A term used to describe net capital accumulation during an accounting period. Capital formation refers to net additions of capital stock such as equipment, buildings and other intermediate goods. A nation uses capital stock in combination with labour to provide services and produce goods. An increase in this capital stock is known as capital formation.

Generally, the higher the capital formation of an economy, the faster an economy can grow its aggregate income. Increasing an economy's capital stock also increases its capacity for production, which means an economy can produce more goods and services can lead to an increase in income levels, which in turn, foster the economic development.

The present scenario does not show strong investments in financial products that have high risk bearing with high returns, this leads to hurdles in the process of capital formation. As many individuals simply keep their money at home or invest in gold or at most have savings and fixed deposits. A strong financial market with broad participation is essential for a developed economy. With India's growth story unfolding, there is a need to raise resources for companies to fuel the capital needs of the economy and also ensure that the benefits of growth percolate to the bottom of the socio-economic pyramid. India's household savings, one of the highest in the world at 30%, can be channelised through equities, bonds and other instruments to achieve greater financial inclusion and improve the financial markets in India.

Of about the 7,800 scrips listed on the Indian stock markets, less than 3,000 are actively traded. Since the entire structure has a speculative culture, it exposes investors to greater risks and restricts real capital formation. Investors pay a very high cost of transaction, which can definitely be pruned by 50%.

At another front, the markets for other forms of financial instruments, such as bonds and interest-rate futures, have not developed adequately. The equity segment currently accounts for more than 75% of market activity in India. In developed countries, the trend is the reverse, with bonds accounting for more than 80% of trading in some markets.

There is clearly a lack of broad participation. Of a population of over one billion, barely 18 million invest in equity markets. According to SEBI data, 10 cities contributed over 80% of trading volume in 2010. Of a population of over a billion, only 18 million are investing in equities.

For the better inter-linkages between savings, investments and capital formation financial literacy should be encouraged and imparted from the school education itself.

2.9 Importance of Financial Literacy

Individuals and households must have the tools to cope with the increasingly complex world of financial instruments. Understanding the financial world is crucial as people assume more responsibility for their own retirement security because public and private pensions face pressure that threatens their solvency. So, financial literacy as well as financial education are important to both the security of individuals and nations.

Enlightened societies today strive to ensure social cohesion as an integral part of economic progress. Interesting and well-paid jobs are central pillars of social cohesion, but so are savings and the building of capital to provide individuals with financial security.

- Particular factors contributing to the importance of financial literacy include the following.
    - The growing complexity and range of financial products available;

    - The increased interaction with financial issues, be they dealing with mobile phone bills or choosing their first superannuation account;
    - Changes in demography; and
    - Consumers having greater responsibility for their own financial decisions on topics such as superannuation and retirement incomes.
- Deregulation of financial markets with deregulation of the banking sectors has led to the increased range and complexity of financial products and services available to consumers. Developments in information technology have also significantly contributed to the number and types of products on offer.
- Many retirees will need to rely more heavily on personal savings and retirement income, and be more competent in a range of financial management strategies (such as asset management, tax and estate planning, and insurance) than previous generation have needed to.
- Financially illiterate consumers may be
    - Unable to budget appropriately to meet expenses;
    - Unable to indentify financial products or services that meet their needs;
    - Unsure how to get and assess independent financial advice; and
    - More likely to fall victims to abusive practices and scams.
- The costs of financial illiteracy are enormous and difficult to quantify. Australian Securities and Investment Commission's (ASIC) investigations into prospectuses and scams alone have revealed losses to consumers of up to $ 800 million. ASIC is confident that these figures represent significant under reporting as many people feel too embarrassed or guilty to complain about instances where they have lost money.
- Several studies show that many people have been left behind in their financial knowledge and lack the capability to take advantage of opportunities or avoid the risks that come with greater choice.
- Financial literacy is for the upliftment of individuals and nation by allocating and mobilizing the finance.

This crisis clearly highlights the importance of financial literacy and the need to reinforce core financial literacy concepts such as budgeting and savings, living within ones means, responsible use of credit, diversification and investing only in products that are understood.

2.10 Importance of Financial Literacy among the Teaching Staff

"The greatest job of teachers is to cultivate talent until it ripens for the public to reap its bounty." *-Jascha Heifetz*

The teacher at every level of education needs to impart those knowledge and skills that help the learner to live with a practical approach in real life situations. For imparting the required knowledge and skills, teacher him/herself needs to be equipped with those knowledge and skills. In this modern era, paved with the number of changes in every walk of life, teachers need to be well- informed with new trends so that teachers can direct the learner to a right path. Today, financial literacy has become one of the core skills to live a better life in terms of finance. For making learners to learn about finances at any level and irrespective of any discipline, the teachers need to be financially literate. Financial literacy among the teachers will lead to development and implementation of financial literacy programme for schools, colleges and even for the community at large. Savings and investments made by teachers (productive citizens) in different financial products lead to capital formation which in turn will lead to economic development and prosperity, of the society at large.

2.11 Benefits of Financial Literacy for Different Groups of People

In the context of developing countries, financial literacy is particularly relevant for people who are resource poor and who operate at the margin and are vulnerable to persistent downward financial pressures. Women, in particular, often assume responsibilities for household, cash management under difficult and unstable circumstances and with few resources to fall back on. They often lack the skills or knowledge to make well informed financial decisions. Financial literacy can increase their decision making power and prepare them to cope with the financial demands of daily life. It can help them prepare ahead of time for life cycle needs and deal with unexpected emergencies without assuming unnecessary debt. Financial planning can help people position themselves to take advantages of new opportunities when they present themselves.

Financial literacy can play a special role for young people in developing countries by helping them prepare for productive and secure futures. Adolescence is a critical time for learning basic skills related to earning, spending, saving and investing money. However, most adolescents learn these skills through trial and error. While money management is an important dimension of day-to-day life for everyone, money management skills can help young people grow more independent, self-confident and prepared for the future. Financial knowledge can open up new opportunities to work, to build assets and to expand horizons.

In the context of families and communities affected by HIV/AIDS, effective budgeting and management of household financial resources is a critical coping strategy (Barnes 2002; Donahue et al, 2001; Parker 2000). Management of financial resources to cope with long-term illness, loss of income and funeral costs associated with HIV/AIDS directly affects the well being of surviving household members in affected households.

2.12 Factors that have a bearing upon the level of Financial Literacy

Financial literacy is a relative concept. It is relative to the complexity of the financial system and products in a society and individual's needs and circumstances. Somebody who was financially literate 50 years ago may not be considered financially literate today. In our society we require individual's financial literacy to be constantly improving to cope with the changing financial and social environment. The following factors have an impact on the financial literacy levels required today.

- Greater consumer participation in investment markets due to privatization, demutualization and baby boomers with money to spend;
- Increased expectations on consumers to manage financial matters for retirement (for example: superannuation, insurance);
- Changes to consumers' working patterns – there is no job for life anymore and therefore consumers have less stability and face different risks;
- Increasing complexity of financial products and services;
- Increased access to credit and expansion of credit sources;

- The impact of technology on financial products and services (for example: increased privacy and security risks for consumers); and
- An increase in the volatility of markets after a long period of investment growth and double figure returns.

2.13 Current Scenario of Financial Literacy across the World

Evidence from around the world presents alarming and widespread deficiencies in financial literacy. This evidence has led to the launch of financial literacy programmes in many countries. Largely, these are targeted to raise the understanding about the principles and conventions of savings and money and to enable individuals to take optimal financial decisions consistent with their goals. The programmes vary widely in their scope and approach across countries.

- In Japan, a survey found that 71% of respondents lack knowledge about equities and bonds; 57% lack knowledge about financial products in general; and 29% lack knowledge of insurance and pensions.
- A survey in the United States found that four out of ten American workers are not saving for retirement.
- In Australia, a survey found that 37% of those with investments can fluctuate in value. In the same survey, 67% of respondents indicated that they understood the concept of compound interest. Yet, when asked to solve a problem using this concept, only 28% demonstrated a good level of understanding.
- Several studies have attempted to examine the level of financial literacy in India. Most of them report that the level of financial literacy in India is poor. For Instance, the VISA (2012) study ranks India at the 23rd position among the 28 countries surveyed. Their study found that children and young people have significantly lower levels of literacy compared to adults.

2.14 Steps taken to enhance Financial Literacy in India

In India, a variety of steps have been taken by various agencies in order to enhance financial literacy. The following section focuses on them.

Initiatives taken by the Reserve Bank of India

The Reserve Bank of India, which is the Central Bank, has been actively participating in the field of eradicating financial literacy in the country. In this context, a project called 'Project Financial Literacy' has already been implemented. The main objective of this project is to disseminate information regarding the Central Bank and general banking concepts to the various target groups including school and college going children, women, rural folk, rural and urban poor, defense personnel and senior citizens. Information is distributed to the target audience through presentations, pamphlets, brochures, films, websites etc. For doing this the Reserve Bank has actively engaged other agencies like commercial banks, government machinery, NGOs, schools, colleges etc.

It has launched a financial education site from November 2007 commemorating Children's Day. The site was mainly created to teach the basics of banking, finance and central banking to children in different age groups. The site also has other valuable information for other target groups like women, rural and urban poor, defense personnel and senior citizens. It contains films on security of currency notes and also has a game section. This is to familiarize school children with India's various currency notes.

Other than this, the Reserve Bank of India has been conducting essay competitions to promote financial awareness among school children on topics related to banking and finance. The bank is also actively engaged in conducting exhibitions in different parts of the country. Recently, the bank launched the "RBI Young Scholars' Award" scheme for outstanding students in order to generate interest in creating awareness of the banking sector of the country.

The Reserve Bank has asked the lead banks in each district to draw a road map for ensuring that all villages having a population of more than 2000 will have access to the financial services through a banking outlet and this outlet need not be a banking branch. Secondly, all commercial banks inclusive of public sector banks, private banks and foreign banks should come forward with their specific board approved plans for financial literacy by 2010 with an intention to roll out these plans during the next three years. In this context, the Reserve Bank has refrained itself from deliberately imposing a uniform model on the banks. The Reserve Bank wants each bank to build its own strategy in line with its business model and comparative advantage. This would ensure better ownership. In this regard the Reserve Bank has also consulted the Indians Banks Association. The Reserve Bank is also insisting to include the criteria of financial education in performance evaluation of all bank staff.

Moreover, the Reserve Bank's outreach programme for Indian villages aims at connecting senior staff of the Reserve Bank to the villages in India. Given the state that India has nearly six lakh villages, the Reserve Bank staff have been able to visit all these villages as part of imparting financial education. In another great development, the Reserve Bank has tied up with the government of Karnataka to include financial literacy in the syllabus for classes 5, 7, 8 and 9. The new revised syllabus has already been implemented from 2010-11.

Credit Counseling Initiatives

Credit counseling is a process in which the consumers are educated about how to avoid incurring debts that cannot be repaid. It normally involves negotiating with creditors to establish a debt management plan for the consumer. In India due to the recent transformations in the retail banking sector, the need for credit among the ordinary consumers' has increased drastically. There has been rapid growth in the areas of consumer loans, housing loans, credit cards, personal loans etc. This had lead to the emergence of credit counseling in the country. In this scenario a few banks working in the public and private sectors have taken initiative in this regard. The 'ABHAY' counseling center in various parts of the state of Maharashtra was started by the Bank of India. The 'Disha Trust'is another organization initiated by the ICICI Bank and 'Grameen Paramarsh Kendras' started by the Bank of Baroda are already in operation. These counseling centers assist people on face to face basis as well as on telephone, e-mail or through letters. Consumers facing problems related to credit cards, personal loans, housing loans approach these centers to get efficient advice to solve their problems. Major features of such centers are that the services are provided free of cost and the centers are manned by retired bank personnel who are experts in this area. Training and awareness camps are organized by such centers to educate people regarding the need to save as well as to familiarize them with the concept of credit cards, impact of minimum charges etc.

Other Measures

Other than the Reserve Bank and other commercial banks, various NGOs in the country are entrusted with the task of spreading financial literacy in the country. Prominent among them is the NGO named ‘Sanchayan’ which is dedicated exclusively to spreading financial literacy and awareness among the youth and adults who come from low income background. For this, the NGO conducts free workshops on topics ranging from the basics of banking, credit cards and PAN cards. Moreover, they also cover investment decisions in shares and mutual funds. The main objective of these workshops is to enable these youth and adults to become aware and become part of mainstream banking and financial services industry. The main mission of ‘Sanchayan’ is to create a financially literate India. The NGO has been launching very useful programmes with this objective. The Financial Literacy and Counseling programme for urban poor like maids, rickshaw wallahs, auto drivers etc was the first of this kind. The organization has also tied up with the National Stock Exchange for introducing literacy programmes in stock market knowledge. It has also developed the financial literacy program for young adults named ‘FUN’ in increasing awareness among them. It has also helped many youths to open bank accounts in public sector commercial banks (Sanchayan annual report 2009-10).

Another NGO named Citi India (A branch of the Citi group international) has been in the arena of spreading financial awareness among Indian masses. The group has launched a pilot programme on women empowerment through financial literacy in participation with the SEWA Bank. This program was developed to teach the women how to employ the money they have borrowed and how to use the profits earned by them. The programme aims to advice the women how to invest these funds in insurance or pension schemes. The Citi center of financial literacy, a key department within the organization, focuses on imparting training programmes for the trainers of financial literacy and for the field workers. Moreover, the group has also partnered with a premier business school in Hyderabad for doing comprehensive research in eradicating financial literacy. The group has also partnered with another NGO ‘Meljol’ in implementing financial education programs titled ‘Aflatoon’ among school children across India.

The Indian school of microfinance for women, started in 2003 for empowering the lives of women, is also undertaking efforts in increasing financial literacy in the country. It has taken initiative to celebrate October 14 as the Financial Literacy Day every year. The institution through its ‘Citi’ center of financial literacy has formed a network of partner organizations named National alliance for financial literacy to take up financial literacy as a mass movement across the country. The national financial literacy drive was launched in 2008 which aimed to reach one million women in the year 2009. The event proved to be a grand success. It is also engaged in knowledge sharing network on financial literacy at the national level. It is also proposed to set up coordinating centers at the state as well as district levels. Moreover, the group is also organizing financial counseling centers, financial camps, portals and certified courses on the topic.

CRY is an NGO working for the underprivileged children of India. It partnered with the Citi group to promote economic empowerment in India during 2011.

2.15 Conclusion

The need of the hour is to boost the level of financial literacy among the productive citizens as well as the young generation to cope with the financial mismanagement and insecurity. On one hand at the individual level, people will be able to manage, save and invest in a channelized way in different financial products as well as they can commensurate their expenses with their incomes. On the other hand, at the national level collective savings and investments will lead to capital formation, which in turn, will increase economic development and prosperity. But to achieve these goals we need to get the accurate results of the level of financial literacy among the different groups especially productive citizens. Knowing the level of financial literacy among the teaching staff has two-fold benefits. Firstly, if the teachers are on the positive side then they will be able to provide proper training to students in concepts of financial literacy. But if the teachers are on the negative side then the training programmes for teachers need to be developed and implemented for the improvement among teachers as well as learners. Secondly, if the level of financial literacy among the teachers in terms of savings and investments is relatively high then they can be considered as efficient and effective contributors to capital formation but if it is relatively low then it is a matter of a grave concern.