STUDY ON ASSESSMENT OF FINANCIAL LITERACY IN PROGRAMMS IN INDIA

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Abstract

Financial literacy has become an essential component for ensuring financial inclusion and economic stability, particularly in a rapidly developing country like India. This research study evaluates the effectiveness of financial literacy programs implemented by major regulatory and educational institutions, primarily the National Institute of Securities Markets (NISM) and the Reserve Bank of India (RBI), in Thane and Mumbai Districts of Maharashtra. The study focuses on key determinants of financial literacy: financial knowledge, financial behaviour, financial attitude, and awareness of government-led initiatives. From a survey conducted among 101 respondents, findings indicate low awareness of NISM's educational initiatives (only 14.9%) and moderately satisfactory awareness of RBI's financial literacy campaign, "RBI Kehta Hai" (around 75%). Additionally, older respondents reflected stronger financial knowledge—aligning with national survey insights suggesting gradual improvement in financial literacy since 2013. The study concludes that financial literacy programs require modernization and wider outreach. Recommendations include leveraging digital education, collaborating with local institutions, and designing age-targeted initiatives to improve public financial well-being.

Introduction

Financial literacy is critical in empowering individuals to make informed financial decisions, manage resources efficiently, and participate meaningfully in the formal financial system. In India, regulatory institutions such as the RBI, SEBI, and NISM have launched several large-scale initiatives to enhance financial literacy, recognizing its significance for national economic development.

Mumbai and Thane districts form a major financial and commercial hub in Maharashtra — home to participants from diverse socio-economic backgrounds. However, exposure to financial services does not necessarily translate into strong financial literacy. Limited awareness of available educational initiatives can restrict optimal use of financial products,

leading to issues such as debt mismanagement, lack of savings, fraud vulnerability, and underutilization of investment opportunities.

This study aims to analyze the effectiveness of financial literacy programs operating in these districts and highlight areas requiring improvement for broader community benefit.

Literature Review

Financial literacy has been widely defined as a combination of financial awareness, knowledge, skills, attitude, and behaviour necessary to make sound financial decisions (OECD, 2016). Multiple global and Indian studies indicate that higher financial literacy correlates with better saving habits, investment planning, retirement security, and reduced financial vulnerability.

The Reserve Bank of India has introduced programs like "RBI Kehta Hai" to educate people on digital safety, banking frauds, deposits, and rights of customers. Similarly, NISM has launched structured learning modules to promote investor education. However, according to the National Centre for Financial Education (NCFE) 2019 survey, India's overall financial literacy level remains moderate, and a significant proportion of the population still lacks sufficient financial competence.

Literature also highlights generational gaps — older individuals may have limited exposure to digital finance but possess strong practical financial judgement due to experience. Younger individuals are more technology-driven but lack disciplined personal finance behaviour. These contrasting characteristics were also affirmed through observations in the present study.

Research Methodology

Objectives of the study

- To assess the financial literacy programmes.
- To determine the awareness about financial literacy programmes.
- To understand the extent of impact of financial literacy programmes by evaluating the financial literacy of the population.
- To determine whether any loopholes exist in the implementation of financial literacy programmes.

Population and Sampling

- The population consists of people residing in Thane district and Mumbai district.

- Sample consists of 101 individuals.

Data Collection

- This study is based on primary data as well as secondary data. Primary data is collected by the method questionnaire through online mode and secondary was collected from several articles, research papers, and reports issued by RBI and various other organizations.

Period Of Study

- The study duration is 2012-2024

Sample design

- The sample has been selected through random sampling method. The sample consists of different age groups like below 18years, 18-25 years, 2633years, 34- 41 years 42-49years ,50 years and above. It also consists of different profiles such as student, employee, businessperson and professional etc.

Limitations of Study

- As the sample size was too small, finding significant connections in the data was challenging.
- The trustworthiness of the primary data collected depends upon the degree of honesty with which the respondents have responded.
- Lack of adequate amount of previous research papers has limited in comprehending the research topic.
- The method used to collect data was questionnaires through online mode which has limited the access of adequate amount of information, credibility of data collected, capacity to undertake a comprehensive study of research topic. Had the data been collected through modes like offline surveys and personal interviews, it would have made the data collection more credible and precise.

Tools and techniques.

- The data was collected with the help of online questionnaire through google form and it was later analysed with the help of Pivot Table in MS excel sheet.

Data Analysis and Findings

Awareness of NISM Programs

Only **14.9%** of respondents acknowledged NISM's financial education activities as a source of improvement in their financial literacy. This highlights a major outreach gap, considering that NISM is headquartered in Navi Mumbai and expected to have high regional visibility.

Awareness of RBI's "RBI Kehta Hai" Campaign

Approximately **75%** of respondents were aware of RBI's initiative. Suggests better promotional strategies and campaign penetration compared to NISM.

Financial Knowledge and Age Factor

The study observed that:

- Older individuals (above 40 years) gave more accurate responses
- Younger individuals demonstrated weaker financial behaviour and inconsistent financial planning habits

This reinforces the national survey finding that financial literacy in India has improved steadily since 2013 but is unevenly distributed across age groups.

Behavioural and Attitudinal Insights

- Many respondents showed basic awareness of savings and banking services
- But interest in long-term investments, risk management, and insurance remained low
- Evidence of ad-hoc financial behaviour rather than planned and informed decision-making

Challenges Identified

Limited access or exposure to structured financial education

- Dependence on informal and unreliable information sources
- Low motivation among younger groups to engage in learning programs

Discussion

The findings of this study highlight important insights into the state of financial literacy in Thane and Mumbai Districts of Maharashtra. Although India has taken multiple steps to improve financial inclusion and financial education, the reach and effectiveness of these initiatives still remain limited at the ground level.

A significant observation is that only 14.9% of respondents recognized NISM's initiatives as a source of their financial literacy. This indicates that programs conducted by NISM are not sufficiently visible or accessible to the public, especially younger individuals and those not connected to financial fields. In contrast, around 75% of participants were aware of the RBI's "RBI Kehta Hai" campaign, showing that mass-media campaigns tend to be more effective in spreading awareness.

However, the study also shows that mere awareness does not necessarily lead to improvements in financial behaviour. Many respondents still lack confidence in financial decision making and do not actively practice budgeting, investing, or protecting themselves through insurance. This gap suggests the need to shift the focus from just providing information to helping individuals develop practical financial capability.

The study further revealed a notable generational difference. Older respondents displayed more accurate knowledge and a positive financial attitude, which aligns with national survey findings that financial literacy has grown since 2013. Their personal experience with savings and banking practices likely contributes to this strong understanding. Meanwhile, younger individuals, although exposed to digital finance and fintech platforms, lack depth in their knowledge of formal financial systems and regulatory aspects.

Overall, the results indicate that while financial literacy has improved over the years, there is still a long journey ahead to ensure that citizens can fully benefit from financial inclusion efforts. Outreach methods must be strengthened by using modern communication tools, integrating financial education in academic curricula, and designing easy-to-understand content for diverse audiences. If such enhancements are made, programs can become more effective in building a financially knowledgeable and responsible society, not just in Maharashtra but across India.

Recommendations

Based on the findings and analysis, it is evident that the current financial literacy initiatives need strategic improvements in outreach, content delivery, and behavioural effectiveness. The following recommendations are proposed to strengthen the impact and ensure long-term financial empowerment among citizens:

Integration of Financial Literacy in Formal Education

Financial education should be introduced at school and college levels as a compulsory subject. Students must learn:

- Budgeting and household financial management
- Saving and investment principles
- Risk awareness and insurance fundamentals
- Cybersecurity and responsible digital payments

This early intervention will ensure that future generations develop disciplined financial behaviour from a young age.

Enhanced Accessibility through Digital Platforms

Digital literacy and financial literacy should go hand in hand. Government and financial institutions should:

- Develop multilingual mobile-friendly financial learning apps
- Conduct online certification programs with rewards or discounts
- Use short videos, animations, and gamification to engage youth

Utilizing platforms like WhatsApp, YouTube, and Instagram can significantly increase information reach.

Localized and Community-Driven Awareness Campaigns

Grassroot-level efforts such as:

- Workshops in housing societies, community halls, and workplaces
- Street plays and awareness drives in local markets
- Financial literacy kiosks in banks and public offices help eliminate hesitation, particularly among older and less-educated groups.

Behavioural Training and Personalized Advisory Support

Simply learning concepts does not guarantee change, these should be integrated through behavioural nudges built into programs for example automatic savings reminders. Additionally, guided counselling sessions for first-time investors and borrowers is important. Financial goalsetting activities to encourage real-life application. Together these will help bridge the gap between knowledge and action.

Strengthening Campaign Visibility for NISM and Similar Bodies

Given the low recognition of NISM programs, the following steps are needed:

- Wider advertisement in local languages
- Community sessions focusing on investor rights and fraud protection
- Free introductory modules targeted at non-market participants

Monitoring and Evaluation of Program Outcomes

Institutions must track:

- Changes in user behaviour over time
- Growth in investment and savings habits
- Reduction in fraud incidents and credit misuse

Annual impact reports should be published to ensure transparency and accountability.

Focus on High-Risk and Vulnerable Groups

Custom literacy modules should be designed for:

- Low-income individuals
- First-generation banking users
- Young borrowers and students

These groups often face the highest risks of debt traps and misinformation.

Conclusion

This study concludes that while financial literacy has witnessed growth in India since 2013, significant progress is still needed in metropolitan regions like Mumbai and Thane. The limited awareness of NISM's initiatives and only moderately satisfactory knowledge of RBI programs highlight the necessity of more visible, relatable, and interactive financial education efforts.

Older individuals appear to possess better financial understanding, whereas younger respondents need specialized strategies to cultivate stronger financial discipline and informed behaviour. With the growing digitalization of the Indian financial ecosystem, ensuring widespread financial literacy becomes even more crucial to protect consumers and empower economic participation.

By implementing the recommendations proposed, policymakers and regulatory institutions can significantly enhance the impact and reach of financial literacy initiatives, leading to more financially responsible and economically secure citizens.

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