ABSTRACT

Financial literacy is the ability to make informed judgements and to take effective decisions regarding the use and management of money. A financially literate person must be proficient in the core competencies, having financial knowledge, ability, skill and experience supported by positive attitudes towards money. Financial literacy is understood by the link from knowledge to skills, to attitudes, to behaviour. This link is important, because financial knowledge influences attitudes, which then manifests into positive financial behaviour. In order to improve financial literacy, it needs to be measured and tracked using both knowledge and action metrics. Financial literacy enables participation in economic life by the marginalised people and it helps them attain financial wellbeing which is the ultimate outcome of financial inclusion. Inclusive growth is possible only through deliberate interventions for changing the bad financial behaviours of economically marginalised people as inclusive growth requires the participation of everyone, rich or poor, in the growth process and sharing the growing prosperity. The higher level of financial literacy of the marginalised people in Kerala can be attributed to the presence of Self Help Groups in Kerala and also the highest general literacy level 93.91%. There is geographical difference in financial literacy and it is positively correlated to education and income. In families where joint decisions are made regarding financial matters, it is proved that financial literacy is high.

**Key words:** - Financial Literacy, Financial Literacy Measurement, Financial behaviour, Financial inclusion, Saving literacy, Spending literacy, Borrowing literacy, Investment literacy.