PREFACE

The process of economic growth of India, especially when it is on high growth trajectory, must strive to encompass participation from all sections of society. Lack of access to finance by weaker sections of the society has been recognised as a serious threat to economic progress. Prolonged and persistent deprivation of formal financial services to a large segment of the population leads to fuel social tensions. Personal finance is the application of the principles of finance function to the monetary decisions of an individual or family. Components of personal finance include mobilising money, saving in suitable avenues, spending for consumables and other assets, borrowing and investing or asset building. Personal financial literacy is the ability to read, analyse, manage and communicate about the personal financial conditions that affect material well being.

Financial literacy skills enable individuals to navigate the financial world, make informed decisions about their money and minimize their chances of being misled on financial matters. Having financial literacy skills is an essential base for both avoiding and solving financial problems, which in turn, are crucial for living a prosperous, healthy and happy life. Financial literacy is first and foremost about empowering and educating people so that they are knowledgeable about finance in a way that is relevant to their lives and enables them to use this knowledge for their wellbeing.

Financial literacy of an individual is the reflection of financial behaviour which is the outcome of financial knowledge and financial action. Financial education and training can promote financial literacy of the marginalised people leading to increased demand for welfare enhancing financial services which ultimately results in financial wellbeing of households. Financial literacy of the marginalised people is positively correlated to education and income.