CHAPTER 1
Chapter 1

INTRODUCTION

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"The Collapse of education is the collapse of the nation ".

"Successful planning for retirement requires forming expectations about a number of events, even far into the future, translating and integrating these into economic decisions. Standard economic theory offers clear prescriptions on how individuals should make financial and retirement decisions, but many individuals have only a vague idea of these prescriptions or even have quite incorrect ideas. Through this research the researcher is developing a theoretical model that treats financial knowledge as a form of human capital and the acquisition of knowledge as an investment. The researcher assumes that investment in improved financial knowledge allows households to obtain a higher expected rate of return on their assets, holding risk constant. The cost of acquiring additional knowledge depends on cognitive ability, effort, the existing stock of knowledge, and payments for financial education or advice. The benefit of additional knowledge is equal to the increase in the expected rate of return multiplied by the amount of savings that will earn the higher return. The scale economy created by this multiplicative relationship helps to explain why the fraction of wealth held in stock tends to be an increasing function of total wealth, why low wealth households often hold no stock and, in addition, shows how cognitive ability, the opportunity cost of time and the availability of advice influence portfolio decisions. "

1.1 Introduction

One of the major challenges faced by all countries globally today is Financial Literacy. In fact, Financial Literacy is very important for a nation's growth and prosperity. Studies have shown that financial illiteracy is a critical barrier to financial inclusion. Due to lack of knowledge about finance and financial products, many people especially the poor and
women are not able to access banking and financial services and are therefore kept out of financial markets.

Financial Literacy is a hot topic which first came into being in United States of America. Researchers have conducted several studies on financial literacy in the United States. A survey conducted for the National Council on Economic Education (NCEE) by Harris Interactive (National Council on Economic Education, 2005) indicated that nearly all U.S.A. adults believe that it is “important to have a good understanding of economics.” But evidences show that actual financial knowledge was sorely deficient for both working-age adults and high school students. The U.S.A may be the world’s richest country, but it ranks 14th in Financial Literacy, as per reports from The Wall Street Journal. As a concern felt by the Government of India for being Financially Literate, this concept is slowly emerging in India. In the backdrop from 2013-2016, it is not surprising, many studies and researches have been conducted on Financial Literacy. This has led to motivating researchers to explore the nature of Financial Literacy in India especially in the state of Chhattisgarh.

Financial literacy is a mix of one’s skill, knowledge and attitude towards financial matters which helps to make informed decisions and well-being of an individual. Today’s world market with complicated products requires the need for financial literacy immensely. For a country like India with increasing young population, there is a need for the government to increase the level of financial literacy for which the government and various other private institutions have taken initiatives through financial education programs. Figure 1.1 shows “the relationship among financial knowledge, education, literacy, behaviour and well-being. Financial literacy consists of both knowledge and application of human capital specific to personal finance. The level of overall endowed and attained human capital influences a person’s financial literacy. For example, if an individual struggles with arithmetic skills, this will certainly impact his/her financial literacy. However, available tools (e.g., calculators, computer software)
can compensate for these deficiencies; thus, information directly related to successfully navigating personal finances is a more appropriate focus than numeracy skills for a financial literacy measure."

Fig. 1.1 Relationship among Financial Literacy, Knowledge, Education, Behavior and Well-Being (Source: Houston, Sandra J., 2010. Measuring Financial Literacy. *Journal of Consumer Affairs*, 44 (Summer): 296-316.)

“The concept of financial literacy consists of a mix of several aspects viz. financial knowledge (ANZ, 2005; Hung et al., 2009; FINRA, 2010; Gallery, 2010; Huston, 2010; Remund, 2010; OECD, 2013); financial operations experience (Orton, 2007; FINRA, 2010; OECD, 2013); ability to communicate about different financial concepts (Remund, 2010); ability to use different financial concepts and instruments (Hung et al., 2009; Huston, 2010; Remund, 2010); ability to take adequate financial decisions (Remund, 2010; OECD 2013); attitude towards the use of financial instruments (Orton, 2007); people’s confidence in financial operations performed (Huston, 2010; Remund, 2010; OECD, 2013); real financial behavior (Orton, 2007; Huston, 2010); multiple measures (Baron-Donovan et al., 2005).”
Thus, Financial literacy is a conceptual model containing six basic components: (1) Saving Borrowings; (2) Personal Budgeting; (3) Economic Issues; (4) Financial Concepts; (5) Financial Services; (6) Investing .(Fig. ‘1.2)

**Mason and Wilson** propose a model for understanding financial literacy as shown in the diagram below. In this model, financial literacy is a process by which individuals use a combination of skills and technologies, resources and contextual information to make decisions with an awareness of the financial consequences.”
1.1.1 Financial Literacy - Definitions and Conceptual Aspects

Financial education seems to play a vital role for any nation’s progress. It is important tool to empower those who are socially and economically excluded, by providing them equal opportunities so that they can actually participate in nation building. The concept of financial literacy includes the financial behaviour, financial attitude and financial knowledge.

**Noctor, Stoney and Stradling (1992)** introduced, conceptualized and defined the term financial literacy as “the ability to make informed judgments and to take effective decisions regarding the use and management of money”.

**Bernheim (1995, 1998)** was one of the first researchers to emphasize that most individuals lack basic financial knowledge and numeracy.

**Garman & Forgue (2000)** defines financial literacy as knowing the facts and vocabulary necessary to manage one’s personal finances successfully.

**Kim (2001)** stated that Financial literacy is a basic knowledge that people need in order to survive in a modern society.

The **OECD**, defines financial literacy as –“A combination of awareness, acquaintance, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial well-being.” Thus, Financial education includes “the process by which financial consumers/investors improve their understanding of financial products,
risks and concepts, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being" (OECD, 2005)

Fig. 1.4 Financial Literacy Assessment Framework
(Source: OECD EMPLOYER BRAND Playbook 1 PISA 2012 Students and Money Financial literacy skills 9th July 2014 Launch, www.pisa.oecd.org; created by self for study purpose)

Studies by Lusardi and Mitchell (2006) shows that many households are unfamiliar with even the most basic economic concepts needed to make saving and investment decisions.

Mandell Lewis (2006) in their study had emphasized the importance of financial literacy and measure the financial literacy of high school seniors. The researcher analyzed no connection between education and financial literacy. The researcher did two piece of analysis. Firstly on the Jumpstart Data been captured and then the observer says that just in time education
is more effective. The researcher had also analyzed that the persons who plays stock market game are more interactive, enthusiastic and have level of financial literacy scores.

According to IIMS Survey conducted (2007) in their study collected the data from 5637 respondents and purposive sampling been done, the respondents were chosen from low income households. The data reveals that formal training programmes are more informative increase awareness in comparison to informal training programmes. Lower level of literacy was observed among respondents in Rajasthan as compared to other states.

Bist Singh Rajender has emphasized on role of ICT enabled services on development of a nation how does it helps in creating employment opportunities, reducing disparities, help farmers in creating value based information. The researcher has discussed about various initiatives in regard to financial inclusion technology alternatives which like ATM, kiosk, Mobile financial services. According to analysis 70% of respondents consisted of women, who belonged to poor unbanked and had limited access to financial services and are mainly from SC/ST category.

Jump Start Coalition (2007) defined Financial Literacy as the ability to use knowledge and skills to manage financial resources effectively for lifetime financial security.

Servon and Kaestner (2008) defines Financial Literacy as “a person’s ability to understand and make use of financial concepts”.

Howlett, Kees and Kemp (2008) state that becoming financially literate refers to possessing knowledge and craft in order to handle money well.

According to the Planning Commission (2009), Financial Inclusion refers to universal access to a wide range of financial services at a reasonable
cost. These include not only banking products but also other financial services such as insurance and equity products.

**Huston (2010)**, described Financial Literacy as “measuring how well an individual can understand and use personal finance-related information”.

**Mishra (2011)**, conducted the first doctoral research in Financial Literacy in Indian context and shares views on lower Financial Literacy among the Indian middle class.

**Wachira and Kihiu (2012)** states that Financial Literacy helps consumers in being prepared for difficult times by determining risk mitigated strategies, and in using financial products effectively, most importantly in making plausible decisions.

**Visa (2012)** study of global Financial Literacy, found that women do not take part in financial decision making the reason being they don’t understand the money part much, they are not able to teach lessons to their children about saving which results in no savings for 34% of Indian women and 29% of Indian men. As per **TOI, MARCH 1,2011**, “Indian women have better financial literacy levels than their counterparts in China and Japan but are still placed at the bottom half in a ranking of 14 countries. The most populous markets in the world- India (61.4) and China (60.1) reflected a lower Financial Literacy score among women and are ranked at 11th and 12th position respectively.”

“Studies by **Marzieh et al. (2013)** revealed that the age and education are positively correlated with financial literacy and financial wellbeing. Married people and men are more financially literate. Higher financial literacy leads to greater financial well-being and less financial concerns. Finally, financial wellbeing leads to less financial concern.”

**Jariwala (2013)** expressed disappointment over the lower Financial Literacy in the state of Gujarat, India. Her point on Financial Literacy is to
understand basic financial concepts, principles, skills followed by an awareness on key financial products for making good financial decisions.

**Lusardi and Mitchell (2014)** define Financial Literacy as "people's ability to process economic information and make informed decisions about financial planning, wealth accumulation, debt, and pensions".

**Mundra (2015)**, "The Deputy Governor of RBI, mentioned four types of financial illiterates in India namely the Wise illiterates, Greed driven illiterates, Information deprived illiterates, Kindergarten illiterates and Illiterate illiterates."

**Purohit (2015)** has conceptualized Bhartiya Model of Financial Literacy and defined it as "a small subset of Purusharth which though cannot be understood in isolation yet it deals with the financial knowledge, behaviour, attitude, approach, choice pattern, emotions, mindset and lifestyle keeping in view that Moksh (oneness with God) and not the material wealth is the top priority, for overall happiness of self and everyone".

It has been believed that financial literacy in India is low, but never any attempt was made to measure financial literacy in context of Indian culture and ethos. Financial Literacy is used in connection with financial matters. It involves knowledge about proper decision making investing, tax planning and retirement. With the changing time span there are variety of financial products available, the need is to understand its importance. Research around the world depicts low financial literacy especially in developing nations because of which there is a strict need to have increased financial literacy to secure financial well being of a nation. OECD has implemented various financial literacy programmes. Our Indian Economy has witnessed various structural changes and Financial Literacy is an important tool for promoting financial stability, therefore various initiatives have been taken
in this regard by Indian Government especially for the state of Chhattisgarh.

Researches have shown that gender, race, background, behavior and attitudes have an impact on retirement planning. Furthermore, studies have shown that education plays an important part in all of the categories mentioned above. “Literacy is a reasonably good indicator of development in a society. World Bank studies have established the direct and functional relationship between literacy and productivity on one hand and literacy and the overall quality of human life on the other. Financial Literacy helps individuals to improve their level of understanding of financial matters which enables them to process financial information and make informed decisions about personal finance.”

![Determinants of Financial Behaviors](image)

**Fig. 1.5 Determinants of Financial Behavior**

Research findings suggest “that those with low levels of financial literacy face problems with issues relating to personal finance such as savings, investments, borrowings, retirement planning etc. Over the years, financial landscape has become complex with the introduction of many
new financial products making it very difficult for common man to understand the risks associated with these financial products. To understand risks and returns associated with these products, a minimum level of financial literacy is a must. Thus, Financially literate individuals can make effective use of these financial products and services” thereby contributing towards economic growth and development of a country.

1.2 Indian Culture and Financial Literacy in Indian Context

“Indian culture is one of the most ancient cultures of the world. The values of spirituality, praying nature, faith in karma and reincarnation, non-violence, truth, non-stealing, Chastity, Non-Acquisitiveness, etc. inspire people of this nation, today also. Traditional Indian culture, in its overall thrust towards the spiritual, promotes moral values and the attitudes of generosity, simplicity and frugality. Indian culture balances and seeks to synthesize the material and the spiritual, as aptly illustrated by the concept of Purushartha.”

The “concept of Karma (action) and Reincarnation have special importance in Indian culture. It is believed that one gains virtue during good action and takes birth in higher order in his next birth and spends a comfortable life. The one doing bad action takes birth in lower order in his next birth and suffers pain and leads a miserable life. Upanishads say that the Principle of fruits of action is correct. A man gets the fruits as per the action he does. “

“By fulfilling duties, a person can follow his religion while living in physical comforts and thus can gain salvation. Fulfilling ones duties is a characteristic of Indian culture. In this, in a person’s life, four basis are considered- Dharma(religion), Arth (money), Kama(lust) and Moksha (salvation). Religion is related to the fulfillment of moral duties. Money is related to the fulfillment of all needs. Lust is associated with pleasures in
life. Salvation is the last goal. All these inspire an individual to fulfill his duties and to live in a disciplined way in society.”

To “be spiritually oriented and to live in a society, we need money and we need to generate wealth through hard work which is not a sin. To live better money is as essential as water. Bhagavad Gita helps us by showing us how to create wealth, for which the brain has to be challenged every moment. We have to make use of it for family, market, society and in business deals. To be precise, we need to perform our Karmas and face realities of life.”

The Bhagavad Gita says: -Work done with selfish motives is inferior by far to the selfless service or Karma-yoga. Therefore be a Karma-yogi, O Arjuna. Those who seek (to enjoy) the fruits of their work are verily unhappy (because one has no control over the results).

“Doorena hy Avaram karma, Buddhi -Yogaad Dhananjaya Buddhau Saranam anviccha, Kripanaah phala-hetavah”

“This means that we shouldn’t work for results but rather work with an ideal (Buddhi-Yoga) or a vision because if we work for result, then our work will culminate once we achieve the result. However, when we work with an ideal or vision and keep it so high, we keep on striving to reach it so that in the process of delivering our Karma we grow. Hence, working for results is far inferior to working with an ideal, a vision.”

Mishra. L (2011) in his “first doctoral research on personal financial planning carried at Banasthali Vidyapith, mentions that the financial planning is important for everyone irrespective of the age, income, background etc. and it should be running in all the stages of life. He mentioned six steps for financial planning, firstly which helps in establishing the short term, medium term and long term goals of the life and once these goals are established, the current financial position should
be considered and then the best alternative plan for achieving those goals should be selected. Then evaluation of the effects of the implemented plan is done with finally the plan being reviewed at regular intervals is done.

Sadhan Kumar Chattopadhyay in a “working paper for RBI on Financial Inclusion in India: A case-study of West Bengal (2011), has examined the extent of financial inclusion in West Bengal. According to the study there has been an improvement in outreach activity in the banking sector, but the achievement is not significant. An index of financial inclusion (IFI) has been developed in the study using data on three dimensions of financial inclusion via banking Financial Inclusion For Inclusive Growth of India- A Study of Indian States 149 penetration (BP), availability of the banking services (BS) and usage of the banking system (BU). The paper provides a comparable picture between different states on the basis of IFI rankings”.

As per Agarwalla et al (2013), “the level of financial literacy among the working youth in Urban India is similar to the level of groups prevailing in other countries. The study talks that the influence of socio-demographic factors on financial literacy in India is similar to that recorded in other studies. It says that the respondents with high education level, do not have adequate financial literacy. The study shows that it is possible to enhance financial literacy among the youngsters in India by providing them relevant material on financial literacy in their general education program of schools and colleges”.

Dixit and Ghosh (2013) state that “Inclusive growth attainment depends upon equitable distribution of growth opportunities and benefits. The percentage of financial inclusion in different states varies differently. Some states like Kerala, Maharashtra and Karnataka have high rate of financial inclusion and some states like Gujarat, Manipur, Assam, Bihar, etc. have low financial inclusion. Financial literacy and its awareness is still an issue
with regards to financial products and services. The efforts should be taken by banks, government, NGOs, etc. to achieve the objective of financial inclusion”.

**Jariwala (2013)**, in her “research on financial literacy in Gujarat reveals that financial education is very important for an individual as it helps in taking better financial decisions in terms of selecting the investment avenues according to their needs, gives them more realistic opportunity in terms of investment which results into better product selection and financial well being of an individual. The study also reveals the importance of financial literacy in the nation’s development and also shows the relationship between financial education and financial investment decisions. Financial literacy helps people to prioritize their financial goals and makes them aware of the benefits and risks associated with financial products. This study also focuses on the point that financial literacy can change India as nation of savers to nation of investors”.

“**Purohit, H (2015)** in his new model of financial literacy (The BMFL MODEL) in Indian context said that Financial literacy can be defined as a small subset of Purusharth which though cannot be understood in isolation yet it deals with the financial knowledge, behavior, attitude, approach choice pattern, emotions, mindset and lifestyle keeping in view that Moksh (oneness with God) and not the material wealth is the top priority, for overall happiness of self, family, society, nation, world and the universe. This is the first definition of financial literacy in Indian context .”

“**NCFE (2015)** of India carried the “very first baseline survey carried out for assessing the level of financial inclusion and financial literacy in India. The survey has been carried out by Mott MacDonald, a global management and development consultancy organization. The survey estimated the present level of financial literacy and financial inclusion in terms of key
socio-demographic groups. The survey did the inter-country and intra-country comparison of levels of financial literacy and financial inclusion.”

1.4 The Bhartiya Model of Financial Literacy

The Financial Literacy in Indian context introduced by Purohit H (2015) can be understood in detail in the following manner:

i. “Subset of Purushartha: It comprises of four key aspects, first remains Dharm which means obligatory duty of a person as stated in Vedas, second is Arth reflecting the joy of material wealth for benefit of everyone around, third is Kaam that pertains to desire, fourth which also remains the most prominent is Moksh referring to oneness with God. Though FL as a result seems to be a part of Kaam and Arth, but it would not be a relevant to think so as FL has a deep connectivity with Dharm, with the ultimate objective of attaining the Moksh”.

ii. “Comprehensive Understanding, But Not In Isolation: Though FL has some association with Arth and Kaam also, But as the three subsets of Purushartha are ultimately directed towards attaining the Moksh, FL can never be comprehensively understood in isolation”.

iii. “Financial Knowledge, Attitude & Behavior: This concept is already explained in the generally accepted viewpoints of experts, OECD definition etc.”

iv. “Dharmic Approach: The approach may comprise several aspects like Motivation following the ‘Basket of needs’ recommended by Indian management Guru, Prof. Subhash Sharma, in place of Hierarchy of needs prescribed by Maslow; Room for ethics emanating from ‘How to Earn’ (Shubh-Labh), Managing Expenses,
‘How to Donate’ (regularly, even if less) and Accumulation of wealth (primarily for the society, but working as a custodian for accumulated wealth following the Dharm path and remembering that in general, one should accumulate lesser wealth)”.

v. **Choice Pattern:** Refers to the way in which the suitable alternative is chosen after self-analysis, consulting family members and the expert, but assigning top priority to the Agya (order) by the Guru (Holistic Teacher & Learning Facilitator).”

vi. **Emotions:** “Honoring money as Devi Lakshmi and donating without any publicity that refers to Saatvik Daan (giving selflessly) are the two unique ways to describe this term”.

vii. **Mindset:** “Determined by the purity (Shudhhta) of thought and liberation from Kaam (desires), Krodh (Anger), Mad (Pride), Lobh (Greed) and Bhay (Fear)”.

viii. **Lifestyle:** Keeping oneself detached that Mahatma Gandhi described beautifully as being desire-less except for greed to serve others.

ix. **Moksh and not the Material Wealth is the Top Priority:** It is universally accepted fact that irrespective of how much wealth one keeps accumulating, but the truth remains that one can only live till his/her lifetime, that is already defined. And when the time comes, wealth built over the years would not go along with the one. Therefore, it is essentially wise to not make material wealth as the top priority. Moksh (oneness with the God) should to be the top priority as it is a unique opportunity for us to get birth as a human being”.

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x. “Overall Happiness of Everyone: Morally speaking, one can
never be happy if others are sad, and therefore Financially Literate
individuals strive to extend all possible help and kindness to all the
creatures of the Universe. The term universe is used as ancient
Indian texts depict life other than only on Earth”.

Financial literacy is comparatively lower in rural areas and minimum of
financial literacy is needed for effective decision making. Financial literacy
provides an aid in improving the quality of services and products.

In order to measure the level of financial literacy in Indian context, he
suggested the following new sapt-prashn on a five point Likert scale,
judging the extent to which an individual agrees to:

I. For meeting needs for self, society and the nation, should one earn
money from any source?

II. Is the money management decision should be taken after self-
analysish, consulting family members and experts, yet assigning top
consideration to the Guru Agya?

III. Is the kind acts of donation should be immediately forgotten by an
individual?

IV. Is money management being done by excluding Kaam, Krodh, 
Mad, Lobh and Bhay form the mindset?

V. If one have accumulated huge wealth, should one live very lavishly?

VI. Is the top priority in life should be material wealth?

VII. Are the world, society and family having right in suitable proportion
on the income and wealth of an individual?

In addition from the known issues about the financial literacy, some more
statements can be used that are as under:
Should an individual stock preferred over a mutual fund in view of the return?

Would wealth of and individual get affected if return on investment is lower than the inflation rate?

Would it be fair to say that a sum of Rs.100 growing at 8% per annum would be more than Rs.124 after 5 years of time?”

(The last 3 questions are adapted based on Mitchell and Lusardi framework).

1.5 Initiatives by Banks and Financial Institutions, RBI, SEBI,NABARD etc. towards improving Financial Literacy

“The Reserve Bank of India (RBI), Securities Exchange Board of India (SEBI) and Insurance Regulatory and Development Authority (IRDA) are working actively towards promoting financial literacy in state of Chhattisgarh. RBI has developed various strategies and adopted programmes to develop a smooth process of financial literacy.”

SEBI’s Initiatives on Financial Education: Securities Exchange Board of India has constituted “Sanchayan” which is an investor’ association to conduct financial literacy programs. “SEBI is conducting programs at pan India level to promote financial education through campaigns, multiple programs, activities etc to impart knowledge to school students, college students, employed executives, SHGs, working professionals, retired personnel etc. SEBI has created a panel of Resource Persons throughout India who impart training on various aspects of finance thus equipping people with the knowledge of financial markets, modus operandi, risks associated, right issues etc. These SEBI Certified Resource Persons organize timely workshops to target intended audience and teach them various aspects of savings, investment, financial planning, banking, insurance, retirement planning etc. These programs are three tiered, planned and implemented at national level, state level and local level.
SEBI has also launched investor awareness programs through short films, audio jingles and commercials on TV and radios in multiple languages. “

“IRDA’S Initiatives on Financial Education: Insurance Regulatory and Development Authority (IRDA) is also making serious efforts to enhance the levels of financial literacy in India. Many campaigns are operational through TV and Radio. Huge chunks of financial information have been decoded concerning the rights and duties of policyholders. Available channels and helplines which are available for customer grievance redressal are being popularized through various media platforms in more than 11 languages. “

National Centre for Financial Education (NCFE) conducted Financial Literacy & Inclusion Survey in Chhattisgarh in the year 2014. It conducted 2211 face-to-face personal interviews in the age-group of 18-80 Years in 4 districts of Chhattisgarh. The geographic distribution of sample size into urban and rural areas was 33:67 while the gender mix of the total sample size into male and female was 53:47. From the survey the financial literacy status of the state is summarized below:

- 27% of the respondents think about future before spending money. 26% respondents are used to save for future and 39% plan their earnings.
- Respondents in Chhattisgarh have a behavior of keeping close watch on financial affairs, paying bills on time and buying products within their affordability.
- While determining the Financial knowledge of the people it was found that more than 80% of the people were not aware of the calculation of time value of money and even compound interest.
- The Financial Inclusion status of the state as surveyed by NCFE shows that the awareness with respect of banking, insurance and pension products is comparatively higher than that of capital market
and commodity derivative products. Among all the financial products, the respondents in Chhattisgarh have preference towards savings related Banking Products and Insurance, followed by Other Savings Related Products, Pension and Capital Market.

- The overall financial literacy and financial inclusion in Chhattisgarh is estimated to be 4% which is comparatively lesser than the central zone and national level rate.

The State of Chhattisgarh offers good models to propagate Financial Literacy and enhance sustained inclusion. The various programs run in the state for financial literacy and inclusion are tabulated below.

<table>
<thead>
<tr>
<th>S.No</th>
<th>Name of Programme</th>
<th>Institution</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Financial Literacy Programme</td>
<td>Evangelical Social Action Forum (ESAF)</td>
<td>To provide basic financial knowledge to SHG members and train staff.</td>
</tr>
<tr>
<td>2.</td>
<td>Dena Mitra</td>
<td>Dena Bank (Mahasamund &amp; Dhamtari)</td>
<td>To provide awareness related to saving, credit and Insurance.</td>
</tr>
<tr>
<td>3.</td>
<td>SHG and Microfinance Programme (informal programme)</td>
<td>Sakhi credit Cooperative Society Maryadit</td>
<td>To employ rural poor women, provide small scale loans, deposit saving of women, develop entrepreneurship among rural women</td>
</tr>
<tr>
<td>4.</td>
<td>SHG and Microfinance informal programme.</td>
<td>SPROUT Korba</td>
<td>To enhance saving habits at SHG level, provide marketing support, credit facility and to create linkage with banks.</td>
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</tbody>
</table>

(Resource: UNDP 2012)

Table 1.1 Programs Run in Chhattisgarh for Financial Literacy
“Project Financial Literacy” has been initiated by “Reserve bank of India” to propagate information regarding the general banking concepts to various target groups, including school and college students, women, rural and urban poor, defence personnel and senior citizens. The project has been designed to be implemented in two modules, one module focusing on the economy, RBI and its activities, and the other module on general banking. The material is created in English and other vernacular languages.”

A total of 18.20 lakh bank accounts have been opened by 26 public sector banks in Chhattisgarh under the Pradhan Mantri Jan-Dhan Yojna. The bank accounts of as many as 2,59,4515 people have been opened by 40 banks including public and private sector banks in the State within a period of three and a half months(Dec-14).This shows the trend of increasing saving habit.

“On 30th October,2013, HDFC Bank Ltd had launched its rural Financial Literacy Initiative in Jamgaon, Chhattisgarh under the aegis of the Reserve Bank of India (RBI).Through this initiative, the bank conducted a series of two literacy camps in each of its rural branches in Chhattisgarh. This was the first programme to be organized by the bank in the state in the presence of Nirmal Chand, General Manager of the RBI and other senior officials of the bank. The bank extended its Financial Literacy initiative to 22 villages. HDFC Bank now has more than 37 branches in Chhattisgarh, of which 24 are located in rural or Semi-urban areas. The officials added that these camps will give participants a conceptual understanding of financial products and services, using material provided by the RBI. The material is currently available in Hindi and English, allowing participants to learn the material in the language they are most comfortable with. The Financial Literacy Guide is a comprehensive document that contains a note for trainers and guidelines on how to conduct the camps, and financial literacy material. The statement added that the guide also contains a Financial Diary to track expenditure and a
set of 17 posters. The purpose of this guide was to create financial awareness and educate the common man on a number of topics such as management of money, importance of savings, advantages of saving with banks, other facilities provided by banks and benefits of borrowing from banks. HDFC Bank had a board mandated objective to bring 10 million families (50 million Indians) into the banking fold.”

**In Feb, 2014 , ICICI Bank Limited**, India’s largest private sector bank, launched its ‘Branch on Wheels’ in Chhattisgarh, as part of its financial inclusion plan that aims at providing banking services in villages which are so far devoid of banking facilities. The ‘Branch on Wheels’ is a first of its kind initiative by any private sector bank in India. It was inaugurated at Raipur, Chhattisgarh by Dr. Raman Singh, Hon’ble Chief Minister of Chhattisgarh and Executive Director of ICICI Bank, Mr. Rajiv Sabharwal.

The ‘Branch on Wheels’ is a mobile branch with an ATM offering a wide range of banking products and services such as savings accounts, loans, cash deposit/withdrawal, account balance enquiries, statement printing and funds transfer/DD/PO collections, among others. The ‘Branch on Wheels’ operates on a van. It is stationed at specific timings of the day in pre-identified, unbanked villages at specified locations. It is equipped with a GPS tracking system, laptops with 3G connections, LED TV, a safe, a printer, public announcement system, an UV Lamp that detects forged cheques, a note counting-cum authentication machine that identifies fake currency notes and a unique low weight ATM. Two ICICI Bank officials and a guard manage the ‘Branch on Wheels’. The nearest branch of the Bank acts as the parent branch of the ‘Branch on Wheels’, routing all the cash and transactions for it. The ‘Branch on Wheels’ which was launched in Raipur is mapped to the parent branch at Champa (Janjigir-Champa district) and Chirmiri (Korea district). It covers eight unbanked villages namely Pachori, Afrid, Sonthi and Hathnewra (Janjigir Champa district) and Barkapara, Dubchola, Sarbhoka, Sendha-Morga (Korea district).
01st April ’14 to 30th April’14, SBI has taken some initiatives for publicity of Financial Literacy as under:

1. Financial Literacy was canvassed by way of show of “Nukkad Natak” by one out sourced agency “Lok Kala Manch”, and thereafter some printed material / pamphlets were distributed. This activity was run in 150 Villages of 16 districts.

2. Printed material / pamphlets printed with the help of NABARD were distributed in villages.

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Fig.1.6 Government Initiatives in India for Financial Literacy from 1960’s onwards(Source: Central Bank of India FI Initiatives :http://119.82.71.21/)
Apart from above mentioned, NITI Aayog has launched the schemes Lucky Grahak Yojana (for consumers) and the Digi-धन Vyapar Yojana (for merchants) to give cash awards to consumers and merchants who utilize digital payment instruments for personal consumption expenditures. The scheme specially focuses on bringing the poor, lower middle class and small businesses into the digital payment fold. The primary aim of these schemes is to incentivize digital transactions so that electronic payments are adopted by all sections of the society, especially the poor and the middle class. It has been designed keeping in mind all sections of the society and their usage patterns. The scheme became operational with the first draw on 25th December, 2016 (as a Christmas gift to the nation) leading up to a Mega Draw on Babasaheb Ambedkar Jayanti on 14th April 2017. “To promote digital mode of payment and transactions in locals of Chhattisgarh state, first, Digi-Dhan Mela was organized in the capital city of Raipur on 2nd January, 2017. The second Digi dhan fair of Chhattisgarh was organized in Bhilai on January 9 and third in Bilaspur on January 13. The state government also organized slogan, poster and jingle competitions to promote digital payment in Chhattisgarh. First prize for each category of competitions of Rs. 15,000 each and second prize of Rs. 10,000 each were distributed in the Digi-Dhan Mela. (Source: Business Standard, January 2017)”

RBI has come up with a scheme called DEAF i.e Depositor Education and Awareness Fund Scheme, 2014. All Banks need to deposit the amount with RBI in this scheme. Any type of balance under the following types of accounts:

- Savings bank deposit account
- fixed or term deposits
- cumulative/recurring deposit accounts
- current deposit accounts
- other form of deposit account in any form and with any name
- cash credit accounts
- loan accounts after due appropriation with banks
- margin money against issue of letter of Credit/Guarantee etc. or any security deposit
- outstanding telegraphic transfer
- DDs, pay orders, bankers cheques, sundry deposit account
- unadjusted NEFT credit balances or other such transactions
- unreconciled credit balances on account of ATM transactions
- undrawn balance in any prepaid card

if remain idle for ten or more years with bank will be transferred to this scheme. Such collected amount will be invested by RBI and used for spreading the depositor education and awareness about dealing with such issues.

Under Chief Minister Vasundhara Raje’s flagship Bhamashah financial inclusion-cum-service delivery scheme is based on the biometric authentication like Aadhaar and has the family, instead of the individual, as the central beneficiary. The card is linked to a bank account and is opened in the name of a female member of the family, thereby, recognizing her as the head of the household, unlike the traditional male-headed PDS/ration card systems. Using the Bhamashah card, the state government intends to deliver financial as well as non-financial services, including cashless health cover for over 4.5 crore Rajasthanis.

1.5 Significance of The Study

Financial literacy is must for a better life because the most important contribution of financial services businesses in the lives of their investors is not return, risk or funding of financial goals. It is customer empowerment that leads to better financial lives. Though Financial literacy initiatives
remain grand in vision but are limited in efficacy, because personal finance is an applied science and art.

Financial literacy involves both concepts and application but bringing these two ends together is very tough in reality. If we want the investors to understand that buying equity shares is equivalent to taking a stake in a business, this idea may be lost on an investor who can buy and sell in a matter of seconds on an electronic screen.

A simple awareness drive about equity investing is easy to design. It falls through only because funding it serves no one's business interest, and because its target audience is seeking immediate action points. Regulators and other policy makers try to centralize the investor education drives, by allocating central funds. But these resources end up funding initiatives that fall short in content, efficacy and quality. Thus, the researcher here wants to convey that:

1. Financial Literacy constitutes an important part of Indian economy. It has been observed that financial knowledge in India is very low.

2. There is strict need for initiatives to be taken by government authorities so that in accordance to it action will be taken.

3. Government is in process of setting up Financial Stability and Development Council which will focus on two key aspects that is Financial Literacy and Financial Inclusion.

4. The proposed study is first of its kind in India aiming to measure the financial capability of educated persons in Chhattisgarh Region.

5. This study has discussed the new BMFL model to understand financial literacy enabling comparison of BMFL to other existing models.
6. The study is promoting an opportunity for further research by new researchers about BMFL model to identify financial literacy in Indian context.

7. The research work carried out by the researcher is thus enabling the policymakers and stakeholders to formulate plans according to the actual condition of financial literacy and personal finance management of people of Chhattisgarh.

Research Gaps have been also identified. Studies on financial literacy have been conducted more in western world and very less work has been done in Indian context and lesser comprehensive research at doctoral research level has been carried in Chhattisgarh state though many developments have taken place in banking sector in this region as well. Attitude of bank employees towards various innovative products and services is also very relevant as they deal with the customers and know the exact reality of banking operations which has been taken up in this study which till now has not been covered by a descent number of researchers. Studies related to customers and bank employees’ attitude towards NEFT and RTGS are also now been observed especially in India. Factors like ease of handling ATMs, simplicity in operations, impact of knowledge about computers and mobiles, cost, accessibility in regions, ease of understanding and availability have not been studied much in composite manner. Various promotional activities like advertising, public awareness programmes; bank assurance, coins dispenser machines, etc. have also been studied in this research which have not been studied much. Furthermore, it has been believed that FL in India is low, but is it the real position? One can know only after exploring using the BMFL. Few attempts have been made for studying financial literacy level among the investors in Raipur, Mahasamund, Bemetra, Baloda Bazaar, Gariyabandh, Dhamtari and Raigarh. Determining the relationship of socio-economic factors on the level of financial literacy among the investors and the impact of financial literacy on personal finance has also
witnessed little research. Stakeholders have taken initiatives to promote FL, but are they really helping in boosting FL in Indian context? This is another unexplored area.
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