



A STUDY ON IMPACT OF FINANCIAL LITERACY AMONG DEPRIVED CLASS IN RAJASTHAN

KIRTI RAMAN

(research scholar)

UNIVERSITY OF RAJASTHAN, JAIPUR

Abstract: *financial literacy* has assumed an increasingly pivot role in today's financial system and also a developing role in life of each and every section of society. It has become an imperative due to its crucial advantages offer to all sectors such as individual households at micro level and economy as a whole at macro level. There is just few causal impacts of financial literacy found which hampering the improved financial outcome on deprived class in India (special reference to Rajasthan). Financial literacy is an important for people who belong to vulnerable group for better financial management in their day to day life. Previous research shows that financial literacy plays an important role in women **entrepreneurs** for better use of financial products offer by government. This study uses a qualitative approach with a case study method that aims to focus on explaining the events that occur in a case. Data collection techniques using structured interviews, observations, documentation (available on official websites). Thus the study will be showing the impact of financial literacy among the section who belongs to **deprived** area of Rajasthan. This research is theoretically useful, especially in adding reference to economic studies and in practices in helping the economies of deprived and vulnerable families.

Index Terms - deprived, entrepreneurs financial literacy,

INTRODUCTION

Financial Literacy is defined as a combination of financial awareness, knowledge, skills, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial well-being (OECD, 2012). The achievement of Financial Literacy empowers the users to make sound financial decisions which result in financial well-being of the individual. Deprived class defines as people individual belonging to some community who disconnected from the larger society which result in putting them far away from available opportunity. They may be women, children and senior citizen. The social deprivation is a broad and somewhat poorly defined term that refers to the combination of factor that prevents a person from having easy and frequent access to many different aspects of their culture and society. Yes, there is an issue not even in developing nation like India but even in industrialized and developed nation like America where 57% of adults are financially literate(as per Milken institute survey). In India educating women about financial aspects is one of important way through which government can break debt cycle. Due to lack of microfinance scheme and proper awareness program there is less than a third population is financial literate in India besides that social backwardness and education system is also not up to the mark.

Research Objectives:

The present study is an effort

- to identify the need which accruing in Indian society of deprived class in modern world
- determining the methods chosen by government to distribute the financial literacy to the under privilege population
- Findings out the effect of variance actions that conducted by regulatory organization in India to strengthen financial literacy among those group.

Review of literature:

A number of studies have been attempted most recently covering various aspects of financial literacy.

Shobesh agarwal in his demographic research for employed people in urban india and the ways which raise the financial literacy among working age Indian youth. He gave a thorough analysis of a study on the effects of many Socio economic and demographic factors on various aspects of financial literacy, particularly for employed people in urban India. He also examined the intricate relationships between different aspects of financial literacy. He ties together the expanding empirical understanding of financial literacy across many nations; the study has significantly contributed to the development of an analytical foundation for the formulation of strategies to raise the level of financial literacy among working-age Indian youth.

Bhushan puneet evaluated by his questionnaire method his respondents having moderate degree of financial literacy. He also found out that the factors such as age, income, gender, type of employment do have noteworthy impact on their financial literacy. However, he mentioned in his study that compared to private sector employees, government sector employees have lower financial literacy.

According to **West Jason**, he studied about the people who are financial literate doesn't always behave according to their literacy level of managing finance in both ways. He accentuated on the consumer behavior and its psychology as well.

Mark taylor he found by his study that age factor and work position has the greatest impact on their financial literacy. He identified several important financial literacy determinants by using a panel data model. Age, health, household size and composition, length of residence, work status of the person and other household members were some of these elements. The most financially capable age groups are those with a spouse who works full-time and employed men and women. Despite the fact that several of these traits have a major influence on financial capabilities, the results showed that the age factor and work position had the greatest impact.

Lusardi Mitchel discovered that people having low level of financial literacy are more prone to financial issues such as financial debt and also show less interest in stock trading and investing mutual fund etc.

Tullio jappeli studied various groups from 55 countries such as executive managers experts etc and used regression analysis to evaluate financial literacy and results shown as it has great dependence on determinants such as education achievement, social interaction and also urge to save money for security purposes in future and concluded at the end that financial understanding dependence on cognitive capacity that his mental action or understanding.

Research methodology

The present study is descriptive and analytical in nature. It is based on secondary data which is collected from the websites of RBI, OECD and other research papers, journals, books, newspapers etc. Secondary data have been used from various online and offline sources such as online journals, websites and newspapers etc

Need of financial literacy

Financial literacy is, in other words, the capacity to manage finances. The accomplishment of many life goals, including retirement, study, and even travel, can become easier with well-managed financial planning. It aims to aid individuals in comprehending economic ideas that will improve their ability to manage their finances. One needs to master it to live a financially sound existence. The ability to manage money properly is made possible by having a solid understanding of **finance**. Without financial literacy, one's actions and decisions about savings and investments would be weak and unsupported. One can manage their finances effectively by learning financial principles. Additionally, it facilitates sound financial decision-making, financial management, and stability. Also, financial literacy offers an in-depth understanding of **financial education** as well as a variety of tactics that are essential for successful financial growth.

It plays pivot role in inclusive growth and financial inclusion, both the terms financial literacy and financial inclusion are two important pillars. Both works parallel without one another is body without financial soul. With the help of financial literacy government can boost entrepreneurship and break the vicious cycle by making less over indebtedness.

Causes of financial illiteracy

- Lack of income surplus
- Lack of trust in system

- Social backwardness
- Lack of reliability among intuition
- Lack of literacy rate
- Regional imbalance development growth
- Lack of awareness programs
- Low execution rate of program
- Faulty programs
- Faulty education system
- Remoteness of service provider
- Redtapism

Channels of distributing the financial literacy

There are steps through which government tries to distribute and create awareness among people starts with the basic platform

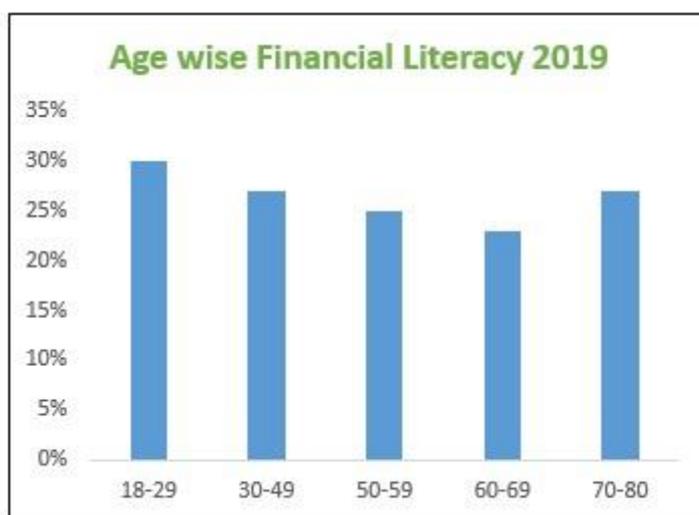
- School curricula by building habits of saving and introduce use of bank accounts. Schemes such as PEHLA KADAM PEHLI UDAN came into existence.
- Self help groups which are connected to numbers of bank so that they can raise awareness among the members about the generating loan even with low income, micro credit, with or without collateral. Prominent example comes here is Dr. Ruma devi from barmer.
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Besides the already existing delivery channels for disseminating financial education messages, newer modes of delivery channels such as social media platforms, community radios, technology kiosks, chat bots etc. shall be effectively deployed. Institution such as RBI tries to contribute to develop the financial literacy by guides, diaries, posters, ponzi schemes, financial awareness messages. SEBI and IRDA create brochures, handbook. PFRDA dedicated a website “PENSION SANCHAY” in 2018. But not having the digital literacy is another disease which prevails in deprived class in Rajasthan as well as in India.

Analysis and findings

If we see according to economic survey 2022 of Rajasthan there is 10 banking offices per lakh population, 62,777 per capita bank deposits, and 47,002 per capita bank credit. Literacy rate of Rajasthan has increasing from 1997 to 2011 (38.55% to 66.11 %). We can conclude by the following aspects studied in this paper as there are enough of steps have been taken by state and central government to raise the financial literacy among deprived class but due to conservative behavior and psychology of the describes group results to relatively poor degree of financial literacy. As we have already been through that need of financial literacy is very important to develop the financial condition but due to barriers such as cultural illiteracy, digital illiteracy poverty comes in between of being financial fluent.

India’s financial literacy rate among its young and adult population has been growing due to various factors including the recent advancement in technology and media coverage. The government of India and various regulators are constantly working towards growth by implementing financial literacy courses, workshops and schemes. From mobile banking to online payments and insurance; the country has a huge number of online financial services users. This helped improve India’s financial literacy as the awareness and ease of insurance and banking increased. Number of transactions with respect to digital payments in India grew 5x from 1,004 crores (10.04 billion) in 2016-17 to 5,554 crores (55.54 billion) in 2020-21. Furthermore, the value of fintech transactions is expected to rise at a CAGR of 20% to US\$ 138 billion in 2023 from US\$ 66 billion in 2019.



The graph depicts as there is decent amount of literacy in senior citizen and emerging adulthood as compared to other age group. India has made great progress in improving financial inclusion by making loans and other financial services available to low income borrower through support from the government of india, microfinance institution and non government organisation. In 2014 the government launched *Pradhan Mantri Jan-Dhan Yojana*, a program aimed at providing a bank account for every household. The program generated a record 443 million accounts for India's households since its August 2014 launch through to early January 2022.

In 2016, RBL Bank launched *Unnati*, a blended virtual and in-person customer education program, to customers in Bihar state. These programs were coupled with the innovation of the *Swadhaar Saathi* mobile application, which enables clients to digitally record their financial activities and allocate funds for household expenditures, children's education, savings, and emergencies

Suggestion

Despite having a population of 1.3 billion people, about 76% of the adult population are yet to improve upon their understanding about basic financial concepts. There is 75% of Rajasthan is rural based and about 66% literacy found in those area which is comparatively low if we compare to urban area. India has the potential to be among the top financial literate country in the world as 27.6% of its people between the age group 25-44 continue participating in the financial inclusion program through financial education. This rate could expand by more than 20% in the next two decades, if the youngsters within the age group 10-19 are also provided proper financial education. This group constitute about 21.8% of India's population. Financial abilities could lead to general economic growth and increase the standard of living. India's work force combined with strong financial education can take the country to great levels. A financially savvy India would be a big global influence. There has to be community participation in enhancing financial literacy among backward area so bank has to play active role.

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