INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.,
Open J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)],
The American Economic Association's electronic bibliography, EconLit, U.S.A.,
Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than **4456 Cities** in **177 countries/territories** are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

http://ijrcm.org.in/

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography: Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** ***anytime*** in ***M.S. Word format*** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website (***FOR ONLINE SUBMISSION, CLICK HERE***).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____________

THE EDITOR

IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF _______________________.**

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled '____' for possible publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to their inclusion of names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR	:
Designation	:
Institution/College/University with full address & Pin Code	:
Residential address with Pin Code	:
Mobile Number (s) with country ISD code	:
Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No)	:
Landline Number (s) with country ISD code	:
E-mail Address	:
Alternate E-mail Address	:
Nationality	:

NOTES:

a) The whole manuscript has to be in ***ONE MS WORD FILE*** only, which will start from the covering letter, inside the manuscript. ***pdf. version is liable to be rejected without any consideration***.

b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail**:

New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.

d) The total size of the file containing the manuscript is expected to be below **1000 KB**.

e) **Abstract alone will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.

f) ***The journal gives acknowledgement w.r.t. the receipt of every email within twenty four hours*** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.

g) The author (s) name or details should not appear anywhere on the body of the manuscript, except the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.

2. **MANUSCRIPT TITLE**: The title of the paper should be **bold typed**, **centered** and **fully capitalised**.

3. **AUTHOR NAME (S) & AFFILIATIONS**: Author (s) **name**, **designation**, **affiliation** (s), **address**, **mobile/landline number** (s), and **email/alternate email address** should be given underneath the title.

4. **ACKNOWLEDGMENTS**: Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.

5. **ABSTRACT**: Abstract should be in **fully italicized text**, ranging between **150** to **300 words**. The abstract must be informative and explain the background, aims, methods, results & conclusion in a **SINGLE PARA**. ***Abbreviations must be mentioned in full***.

6. **KEYWORDS**: Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations.

7. **JEL CODE**: Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aeaweb.org/econlit/jelCodes.php, however, mentioning JEL Code is not mandatory.

8. **MANUSCRIPT**: Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. *It should be free from any errors i.e.* ***grammatical, spelling*** *or* ***punctuation.*** *It must be thoroughly edited at your end*.

9. **HEADINGS**: All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

10. **SUB-HEADINGS**: All the sub-headings must be bold-faced, aligned left and fully capitalised.

11. **MAIN TEXT**:

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:

INTRODUCTION
REVIEW OF LITERATURE
NEED/IMPORTANCE OF THE STUDY
STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
CONCLUSIONS
LIMITATIONS
SCOPE FOR FURTHER RESEARCH
REFERENCES
APPENDIX/ANNEXURE

The manuscript should preferably range from ***2000 to 5000 WORDS***.

12. **FIGURES & TABLES**: These should be simple, crystal **CLEAR**, **centered**, **separately numbered** & self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. *It should be ensured that the tables/figures are referred to from the main text.*

13. **EQUATIONS/FORMULAE**: These should be consecutively numbered in parenthesis, horizontally centered with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word should be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.

14. **ACRONYMS**: These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section: Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.

15. **REFERENCES**: The list of all references should be alphabetically arranged. ***The author (s) should mention only the actually utilised references in the preparation of manuscript*** and they are supposed to follow Harvard Style of Referencing. **Also check to make sure that everything that you are including in the reference section is duly cited in the paper**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parenthesis.
- ***Headers, footers, endnotes** and **footnotes** should **not be used** in the document.* However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders after the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

FINANCIAL LITERACY: AN EMPOWERMENT FOR FINANCIAL INCLUSION

DR. MAMTA JAIN
ASSOCIATE PROFESSOR
DEPARTMENT OF ECONOMIC ADMINISTRATION & FINANCIAL MANAGEMENT
UNIVERSITY OF RAJASTHAN
JAIPUR

SHYAMA BOHRA
RESEARCH SCHOLAR
DEPARTMENT OF ECONOMIC ADMINISTRATION & FINANCIAL MANAGEMENT
UNIVERSITY OF RAJASTHAN
JAIPUR

DR. T. N. MATHUR
PROFESSOR
DEPARTMENT OF ECONOMIC ADMINISTRATION & FINANCIAL MANAGEMENT
UNIVERSITY OF RAJASTHAN
JAIPUR

ABSTRACT

Financial literacy is nothing but knowledge about finance. Financial literacy involves imparting knowledge about the risk and return of financial products to the users and providers of these products. India is ranked number two in the list of highest financial literacy countries in the world. The methodology used in the article is both primary and secondary data in nature. Primary data was collected from 100 respondents through interview schedule in the Jaipur and secondary data was collected from articles and journals.By analyzing&interpreting the data conclusion has been drawn that because of the lack of knowledge people are not able to utilize the financial services in an effective manner. Now, financial literacy in India is on the positive side. Without financial literacy financial inclusion cannot be attained. The Reserve bank of India, has been actively participating in the field of eradicating financial literacy through awareness, financial literacy centres and others in the country..

KEYWORDS

financial literacy, financial attitude, financial knowledge, financial product.

INTRODUCTION

Financial deepening is the new buzzword in the corridorsof financial world today, especially in a country like Indiawhere over 50 per cent of the population has no access to banking. The regulators, policy-makers and plannersstrongly believe that financial deepening is the firstthing for inclusive growth in India where about 260million adults are under-banked, 80 percent of thembeing in rural areas. More than 25 million no frills savingsaccounts have been opened by banks in the last fouryears since 2006 through various branchless bankingchannels (Business Correspondents - BC), but accordingto a study done by Skoch Foundation only around 12%are active. The major reason for this is the lack of financialliteracy among masses at bottom of the pyramid.Financial deepening is a term used often byeconomists, experts of economic planning anddevelopment. It refers to the increased provision of services in the financial firmament with a wider choiceof services geared to all levels of society. It also refers tothe macro effects of financial spreading on the largereconomy. The focus of the policy makers today is to bringthe 50 per cent of the under serviced population underthe fold of financial inclusion which would be aboutproviding them access to various financial instrumentslike insurance and investment which will not only helpthe individuals and bring them closer to the benefits ofconvergence but also propel economic growth. The greatneed today is institutional deepening for improving theeconomic governance of a country.

With less than half of India's 1.2 billion-strong population having access to organized financial services, the urgency in implementing financial inclusion activities begs no second-thoughts. However, the push of financial inclusion activities (increasing availability of financial services infrastructure) alone is not enough to bring more people under the fold. Financial literacy programmes need to go hand-in-hand with financial inclusion initiatives to create the pull for accessing formal channels of finance. Further, these programmes need to be tailored to take into account the demographic profile and regional differences of the target population for a stronger impact.

REVIEW OF LITERATURE

Dr. Y. V. Reddy, Governor, RBI addressed 'The Role of Financial Education: The Indian Case', helps us to know that Financial education can broadly be defined as the capacity to have familiarity with and understanding of financial market products, especially rewards and risks in order to make informed choices. Financial education primarily relates to personal financial education to enable individuals to take effective actions to improve overall well-being and avoid distress in matters that are financial. Financial education assumes importance in this changed financial environment. In considering means to improve the financial status of families, financial education can play a critical role by equipping consumers with the knowledge required to choose from a myriad of financial products and providers. In addition, financial education can help provide individuals with the knowledge necessary to create household budgets, initiate savings plans, manage debt, and make strategic investment decisions for their retirement or for their children's education

Ms.Gopinath Shyamala, Deputy Governor, Reserve Bank of India, "Inclusive growth – role of financial education" helps us to know ledged that financial education is only one pillar of an adequate financial policy to improve financial literacy and expand access to financial services. It can complement, but not replace other pillars such as greater transparency, policies on consumer protection and regulation of financial institutions. There is a need for banks and other agencies striving to extend financial education to the masses to appreciate that financial inclusion is a continuous process. Efforts to extend literacy to make the common man enabled by being aware of the evolving functional, legal and technical issues cannot be a one-time effort.

FOCUS ON FINANCIAL LITERACY

Financial literacy refers to the ability to make informed judgments and to take effective decisions regarding the use and management of money. Financial literacy is regarded as an important requirement for functioning effectively in modern society and trends in retirement income policies, work patterns and demography suggest its importance can only increase in the years ahead. When we talk about financial literacy, we are usually referring to a set of skills that allow people to manage their money wisely along with some understanding of essential financial concepts, not least an appreciation of the trade-off between risk and return. Financial Literacy is not just about markets and investing, but also savings, budgeting, financial planning, basics of banking and most importantly, about being "Financially Smart". To understand financial planning, a person should be financially literate and be able to understand the importance of preparing household budgets, cash-flow management and asset allocation to meet financial goals.

Financial literacy can broadly be defined as the capacity to have familiarity with and understanding of financial market products, especially rewards and risks in order to make informed choices. Viewed from this standpoint, financial literacy primarily relates to personal financial literacy to enable individuals to take effective actions to improve overall well-being and avoid distress in matters that are financial. The need for financial literacy is felt in the developed and the developing countries alike. In the developed countries, the increasing number and complexity of financial products, the continuing shift in responsibility for providing social security from governments and financial institutions to individuals, and the growing importance of individual retirement planning make it imperative that financial literacy be provided to all. Financial literacy involves imparting knowledge about the risk and return of financial products to the users and providers of these products.

In the developing countries also, the increasing participation of a growing number of consumers in newly developing financial markets will necessitate the provision of financial literacy - if these markets are to expand and operate efficiently. In addition, the substantial growth of international transactions during the last decade, resulting from new technologies and the growing international mobilityof individuals, makes the improvement in financial literacy, increasingly, an international concern. Financialliteracy empowers the person and reduces the burden of protecting the person from the elements of market failure. Financial literacy can make a difference not onlyin the quality of life that individuals can afford,but also the integrity, effectively, and quality of markets. It can provide individuals with basic tools for budgeting,help them to acquire the discipline to save and thus, ensure that they can enjoy a dignified lifeafter retirement. Financially educated consumers can benefit the economy by encouraginggenuine competition, forcing the service providers to innovate and improve their levels of efficiency.So, financial literacy is the process by which investorsimprove their understanding of financial markets,products, concepts and risks. Through informationand objective advice, they develop the skills andconfidence to become more aware of financial risksand opportunities and make informed choices to improve their financial position.Thus, financial literacy efforts are closely interlinked with our financial inclusion strategy.

IMPORTANCE OF FINANCIAL LITERACY

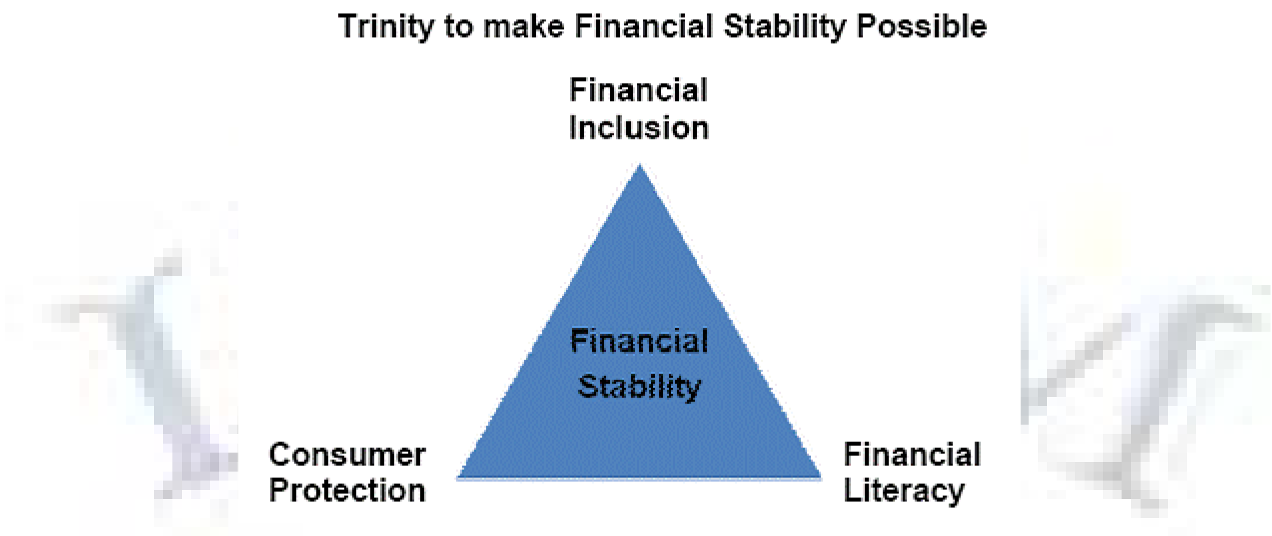
Financial literacy assumes importance in thischanged financial environment arising out of the synthesis of the processes of liberalization, globalization and reforms leading to increased competition. Inconsidering means to improve the financial statusof families, financial literacy can play a criticalrole by equipping consumers with the knowledgerequired to choose from a basket of financialproducts and providers. In addition, financial literacycan help provide individuals with the knowledgenecessary to create household budgets, initiatesavings plans, manage debt, and make strategic investment decisions for their retirement or for their children’s education.

Being educated financially also enables individuals to better appreciate the possible contingenciesand save in an appropriate manner This process, in turn, raises consumers ‘real purchasing power and multiplies the opportunities for them to consume, save, or invest. Having these basic financial planning skills, can help families to meet their near-term obligations and maximizetheir longer-term financial well-being.

Financial Literacy is considered an important adjunct for promoting financial inclusion, consumer protection and ultimately, financial stability. Financial Inclusion and Financial Literacy need to go hand in hand to enable the common man to understand the needs and benefits of the products and services offered by the formal financial institutions. Financial inclusion as ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups, such as weaker sections and low income groups in particular, at an affordable cost, in a fair and transparent manner by regulated mainstream institutional players. So, from the financial inclusion perspective, it essentially involves two elements, one of access and the other of literacy.

Financial literacy is also an integral component of customer protection. Despite concerted efforts, the current state of transparency coupled with thedifficulty of consumers in identifying and understanding the fine print from the large volume of convoluted information, leads to an information asymmetrybetween the financial intermediary and the customer. For example, customers are often penalized forminor violations in repayments, although they have limitedredresses mechanisms to rectify deficienciesin service by banks, rendering the banker-customer relationship one of unequals. In this relationship, it is the principal, that is, the depositor, who is actually far less powerful than the agent, that is, the bank. The representations received in regard to levying of unreasonably high service or user charges andenhancement of user charges without proper and prior intimation, and the growing number of customercomplaints against the banks, also testify to this fact. In this context, financial literacy may help toprevent vulnerable consumers from falling prey to financially disquieting credit arrangements.

FIG. 1



OBJECTIVE OF THE STUDY

1. To study the importance and present scenario of Financial Literacy withreference to theeconomic development of the country.
2. To bring out the steps taken by RBI and other banks toincrease the financial literacy.
3. To identify the extent to which the efforts of the bankstowards financial literacy.

HYPOTHESIS

1. Financial literacy /education help to attain the long term financial stability and act as an intermediary between customer and financial institutions.
2. Financial literacy raises consumer purchasing power and helps in procurement.
3. Financial literacy is the positive effort to meet the contingency and to increase the level of financial inclusion.

GLOBAL SCENARIO

The **US** Treasury established its Office of FinancialEducation in 2002. The Office works to promoteaccess to the financial literacy tools that can helpall US citizens make wiser choices in all areas of personal financial management, with a special emphasis on saving, credit management, home ownership andretirement planning. A survey in the US found that four out of ten American workers are not saving for retirementThe Financial Literacy andEducation Commission (FLEC), established by theCongress in 2003 through the passage of the Financial Literacy and Education Improvement Act, was createdwith the purpose of improving the financial literacyand education of persons in the United States throughdevelopment of a national strategy to promote financialliteracy and education. The Federal Reserve, alongwith numerous other federal government agencies, is amember of this commission, which is supported by the Office of Financial Education.In the **UK**, the Financial Services Authority (FSA) haslaunched the biggest ever campaign to improve thefinancial skills of the population and imparting educationto enable a better appreciation of the risks and rewardsinherent in financial instruments.

In **Australia,** the Government established a NationalConsumer and Financial Literacy Taskforce in 2002,which recommended the institution of the FinancialLiteracy Foundation in 2005. Working closely withstates and territories, the Foundation has produceda National Curriculum Framework for FinancialLiteracy to provide benchmarks for teaching theschool children the importance of managing theirmoney.

In **Malaysia**, the Financial Sector Master Plan,launched in 2001, includes a 10-year consumereducation program. This agenda includes infrastructureand institutional capacity development in theareas of financial literacy, advisory services, distressmanagement and rehabilitation. For this purpose,the Bank Negara Malaysia in partnership with thefinancial industry and other government agencies,has introduced the Financial Mediation Bureau,Deposit Insurance Scheme, Basic Banking ServicesFramework as well as created a new class of licensedFinancial Advisers. Savings and literacy programsare also being promoted in schools. A one-stop centre has recently been established within the centralbank for the public to obtain information aboutfinancial services in Malaysia and to provide face-to-facecustomer service on general enquiries andcomplaints. These initiatives have been reinforcedby high levels of transparency and disclosure.In collaboration with the government agencies, Monetary Authority of **Singapore** launched a national financial education programme (Money SENSE)to enhance financial literacy and self-reliance ofconsumers. The programme covers three tiers offinancial literacy: basic money management coversskills in budgeting and saving as also tips onresponsible use of credit (Tier-I); equipping citizenswith the skills and knowledge to plan for theirlong-term financial needs (Tier-II); and impartingknowledge about different investment products andskills for investing (Tier-III).

WHY FINANCIAL LITERACY IS A MUST FOR INDIA?

India has one of the world's most efficient financial markets in terms of technology and systems.

Significantly, India also has one of the highest savings rate in the world - our gross household savings rate, which averaged 19% of GDP during1996-97 to 1999-2000, increased to about 23% in 2003-04, and has been growing ever since. While Indians, as a whole, are saving more, where they are investing these savings is a cause for concern. Investments by households have increasingly moved either to risk-free, government-backed, fixed-return, low-yielding instruments or in non-financial assets. According to a survey, by Invest India Dataworks in 2007 - the year in which the capital markets reached the peak in recent years, it was found that among those Indians who earn and save, an overwhelming proportion keeps the money at home or in a bank: as a result, only 5.3 million of the 321 - million paid workers invest in mutual funds and barely 4.3 million of these 321 - million paid workers have invested in equities. A survey, conducted by Visa, revealed that 43% of Indian women do not discuss matters of money management with their children, due in large part to their own lack of understanding. It is no surprise that in a society where women are less likely than their male counterparts to engage in paid work, and are therefore not expected to undertake decision related to family budget, they do not educate their children in these matters. . A majority of our households are not using modern financial markets. Low knowledge among households of financial markets, concepts and products has a direct impact on mass-scale utilization of financial markets. Financial literacy also plays a significant role in efficient allocation of household savings and the ability of individuals to meet their financial goals. Financial literacy also means the ability to seek sound financial advice.

FINANCIAL LITERACY - AN ADJUNCT FOR FINANCIAL INCLUSION

Financial literacy is the ability to understand finance. More specifically, it refers to the set of skills and knowledge that allows an individual to make informed and effective decisions through their understanding of finances. Financial literacy is considered as an important adjunctfor promoting financial inclusion and ultimatelyfinancial stability. Both developed and developingcountries, therefore, are focusing on programmes for financial literacy / education. In India, the needfor financial literacy is even greater consideringthe low levels of literacy and the large section ofthe population, which still remains out of the formalfinancial set-up.In the context of 'financial inclusion', the scope offinancial literacy is relatively broader and it acquiresgreater significance since it could be an importantfactor in the very access of such excluded groups tofinance. Further, the process of educating may invariablyinvolve addressing deep entrenched behavioral andpsychological factors that could be major barriers.

In countries with diverse social and economic profile likeIndia, financial literacy is particularly relevant for peoplewho are resource-poor and who operate at the margin andare vulnerable to persistent downward financial pressures.With no established banking relationship, the un-bankedpoor are pushed towards expensive alternatives. Thechallenges of household cash management under difficultcircumstances with few resources to fall back on couldbe accentuated by the lack of skills or knowledge tomake well informed financial decisions. Financial literacycan help them prepare ahead of time for life cycle needsand deal with unexpected emergencies without assumingunnecessary debt.

There is a need for banks and other agencies strivingto extend financial literacy to the masses to appreciatethat financial inclusion is a continuous process. Effortsto extend literacy to make the common man enabledby being aware of the evolving functional, legal andtechnical issues cannot be a one-time effort. A commoneffort of the educational programmes typically focuses other 'supply' side that stresses on attracting customersin the financial fold. However, what is needed is to havean 'auto pilot' concept, where the prospective customeris empowered to make / demand the desired services.This could create a qualitative 'demand' situation of thefinancial services. The philosophy of Financial Inclusion has gainedmomentum in India, with the realization that the benefits of growth and development witnessed byIndia in the post-liberalized economic regime have notbeen apportioned equitably with the common man.

Financial Inclusion offers economic opportunitiesnot only for the common man but also for financialinstitutions. In building savings, availing credit andmaking investments, the philosophy is a guiding mantra for the 'aamaadmi'. Counselling and financial literacy efforts initiated and carried out by commercialbanks is the most significant empowerment tool.This empowerment will help the underprivileged torelieve themselves from the clutches of middlemenand moneylenders and associate with the formalfinancial system. It will also facilitate the bringing in thesavings of people.Financial inclusion and the initiatives around it in India have largely been about geographic penetration and outreach in the hinterland. In comparison, the focus on educating people in handling financial resources to achieve their goals has been relatively low. While financial inclusion initiatives give people access to organized financial services, the lack of knowledge has resulted in sub-optimal impact in using this opportunity and in some cases proven counterproductive with the creation of debt traps. I believe that the solution to this problem lies in creating.

The objective of financial literacy is to protectthe customer at the bottom of the pyramid. It helpscustomers to better understand and manage financialrisk and deal with complexities of the market placeand take advantage of increased competition andchoice in the financial sector. The RBI, on its part,intends to advance the cause of financial literacy inthe country as part of an overall strategy. Currently,a process of credit counseling is being encouragedto help all borrowers, particularly those in distress to overcome current financial problems and gainaccess to the structured financial system.

INITIATIVES TAKEN BY RBI

Reserve Bank of India has undertaken a projecttitled 'Project Financial Literacy'. The objective ofthe project is to disseminate information regardingthe central bank and general banking concepts tovarious target groups, such as, school and collegegoing children, women, rural and urban poor, defence personnel and senior citizens. It is disseminatedto the target audience with the help, among others, ofbanks, local government machinery, NGOs, schools, andcolleges through presentations, pamphlets, brochures,films, as also through Reserve Bank's website. ReserveBank of India has already created a link on its web site forthe common person to give him / her ease of accessto financial information in English and Hindi, and 12 Indian regional languages.A financial education site was launched on November14, 2007 commemorating the Children's Day. Mainlyaimed at teaching basics of banking, finance andcentral banking to children in different age groups, thesite will also eventually have information useful to othertarget groups, such as, women, rural and urban poor, defence personnel and senior citizens. The comic booksformat has been used to explain complexities of banking,finance and central banking in a simple and interestingway for children. The RBI has released on its website on January 31, 2013, a comprehensive Financial Literacy Guide, which, banks have been advised to use as a standard curriculum to impart basic conceptual understanding of financial products and services. Reserve Bank of India also launched'RBI Young Scholars Award' Scheme amongst studentsundergoing undergraduate studies to generate interestin and create awareness about the banking sector and the Reserve Bank. Under the scheme, up to 150 youngscholars are selected through country-wide competitiveexamination and awarded scholarships to work on shortduration projects at Reserve Bank.

CREDIT COUNSELLING
Credit Counselling can be defined as 'counselling that explores the possibility of repaying debts outsidebankruptcy and educates the debtor about credit, budgeting, and financial management'. It serves three purposes. First, it examines the ways to solvecurrent financial problems. Second, by educating aboutthe costs of misusing a credit, it improves financialmanagement. Third, it encourages the distressed peopleto access the formal financial system.Credit counselling (known in the United Kingdom's debt counselling) is a process of offering education to consumers about how to avoid incurring debtsthat cannot be repaid. Credit counselling often involves negotiating with creditors to establish a DebtManagement Plan (DMP) for a consumer. A DMP mayhelp the debtor repay his or her debt by working outa repayment plan with the creditor. DMPs, set up by credit counsellors, usually offer reduced payments, fees and interest rates to the client. Credit counselors refer to the terms dictated by the creditors to determinepayments or interest reductions offered to consumers in a Debt Management Plan. Thus, credit counsellors help their clients find realistic solutions to their problems and agree on repayments that are achievable. Credit counselling is kept confidential. Counselling services are generally offered free or for avery nominal charge, so that no undue additional burdenis put on the already indebted customer. Some of the common features of these centers are as under:
- The counseling centres are mainly funded trusts set up by banks or funded by the banks themselves.
- The counsellors manning the centres are retired or serving bank employees.
- Counselling is provided free of cost.
- The counselling presently provided by most of theaters is mainly curative in nature, being given after a crisis event had occurred.

INITIATIVES TAKEN BY SOME BANKS
A few banks have already taken initiatives in opening credit counseling centres in the country. An InternalGroup constituted by Reserve Bank of India to study credit counselling initiatives, visited some of the counseling centre's in the state of Maharashtra viz.,'ABHAY' counseling centre (an initiative of Bank of India); Disha Trust (an initiative of ICICI Bank Ltd.) and Grameen Paramarsh Kendras (an initiative of Bank of Baroda). The counsellors at these centres assist people ona face to face basis as well as those who approach themover telephone, email, or by means of letters. Customersfacing credit problems arising out of multiple creditcards, personal loans, housing loans and loans from societies approach the counseling centres for advice and guidance. The counsellors guide their customers and help them to take up with the banks concerned forrescheduling / restructuring of loans. The Financial Literacy Centres have been set up by banks as per Reserve Bank of India Model Scheme with the objective of disseminating information regarding central bank and general banking concepts to various target groups including school and college going children, women, rural &urban poor, defence personnel and senior citizen with special attention to financially excluded people. Banks have established 718 Financial Literacy Centres as of March 31, 2013 mainly in district headquarters. A total of 2.2 million people were made aware through awareness camps during 2012-13.

DATA ANALYSIS & INTERPRETATION
A detailed survey is organized among 100 respondents. An interview schedule is based on financial literacy and an analysis ismade. Respondents are villagers and their per annum salary is 2, 50,000. Employment statuses of respondents are farmers, marginal workers and artisans. Out of the 100 respondents surveyed so far 50% are below 25 years of age and 40% are in the age group of 26-35 years, 6% are in the age group of 36-45 years and 4% are above 45 years of age. Gender wise 70% of the respondents are male and the remaining 30% are female. Only 23% of them deposit their surplus funds in banks. 26% of them keep the funds idle at home. Only 2/5 of the respondents are aware of the purpose of different types of accounts. The awareness of features, benefits and usage of cheques is known only to 47% of the respondents. The awareness of features, benefits and usage of demand drafts is known only to 44% of the respondents. Less than 45% are aware about the overdraft facility. Only half of the respondents are aware about the lists of documents necessary to avail a loan. More than half of the respondents (60%) do not have an idea about the interest rates charged for their respective category. Financial literacy primarily relates to personal finance, which enables individuals to take effective action to improve overall well-being and avoid distress in financial matters. Financial literacy goes beyond the provision of financial information and advice. It is the ability to know, monitor, and effectively use financial resources to enhance the well-being and economic security of oneself, one's family, and one's business.

Only a third of the respondents are aware that there are few concessions given to a girl while availing an education loan. More than 60% are aware about the features and benefits of debit cards. Around 60% of the population is aware about the features and benefits of credit cards. More than 2/3 is aware that the Government is taking efforts to increase financial literacy. Only 25% feel that the steps taken by Government are adequate, others feel that the Government needs to take more efforts to increase financial literacy operations.

FINDINGS
The most important and glaring finding is that aconsiderable number of people do not even have anaccount to deposit their surplus funds. The surplusamount is kept idle at home where it is also very unsafe, the main reason being lack of knowledge of the variousprocesses that is involved in opening an account. Individuals are under the same impression that Cheque and DD are one and the same. Theknowledge about loans provided for different purposesis lacking with a major chunk of the population.Knowledge about the basic requirements for availinga loan is known only to half the number. Most ofthe people are not aware of various concessionsgiven to a girl child while availing education loan.Majority of the people feel that the RBI and banksmust improve their efforts towards financial literacyas a chunk of the rural population is unreached yet.

CONCLUSION AND SUGGESTIONS
The process of financial literacy should start fromthe schools with the help of education departmentof respective State Governments. The Governmentshould allocate more funds to improve financial literacy.Financial literacy programs require trained instructors.To be more effective, these instructors or counselorsmust be available to the clients at the time of makingimportant decisions.Financial education has always been important forconsumers in helping them budget and managetheir income, save and invest efficiently, and avoidbecoming victims of fraud. As financial marketsbecome increasingly sophisticated and as householdsassume more of the responsibility and risk for financialdecisions, financial education is increasingly necessaryfor individuals, not only to ensure their own financialwell-being but also to ensure the smooth functioningof financial markets and the economy.Financial literacy has assumed greater importancein the recent years, as financial markets have becomeincreasingly complex and as there is informationasymmetry between markets and the common person,leading to the latter finding it increasingly difficult tomake informed choices.Financial literacy goes beyond the provision offinancial information and advice. The focus of anydiscussion on financial literacy is primarily on theindividual, who usually has limited resources andskills to appreciate the complexities of

financialdealings with financial intermediaries on a day-todaybasis. Financial literacy is the ability to understand which investment is good for us and helps us to compare the productivity of two investment proposals. Financial literacy has a futuristic approach which is beneficial for individual as well as nation also.Organization for Economic Co-operation and Development(OECD) has rightly defined financial education as 'theprocess by which financial consumers / investors improvetheir understanding of financial products, concepts andrisks, and through information, instruction and / orobjective advice, develop the skills and confidence tobecome more aware of financial risks and opportunities,to make informed choices, to know where to go forhelp, and to take other effective actions to improve theirfinancial well-being'.Prosperity can only come by properly balancingthe four key personal finance components i.e. earning,spending, saving and investing. To achieve thisfinancial literacy is very important and should bemade mandatory. Financial inclusion and financial literacy form two sides of a coin with inclusion activities giving the push and literacy programmes creating the pull for financial services. To achieve this financial literacy is very important and should be made mandatory.

REFERENCES

1. Dr. Y. V. Reddy, Governor, RBI (2006):'The Role of Financial Education : The Indian Case' – Inaugural address at the International Conference on Financial Education organized by OECD and co-hosted by Pension Fund Regulatory and Development Authority at New Delhi
2. Dr. Y. V. Reddy, Governor, Reserve Bank of India (2006) address on Credit Counselling : An Indian Perspective : at the Foundation Day Function of Bank of India, Mumbai
3. Monique Cohen, & Candace Nelson, (2011):" Financial literacy: A Step for Clients towards Financial Inclusion", Global Micro credit Summit, Spain
4. OECD,(2005), "Recommendation of the Council on Principles and Good Practices for Financial Education and Awareness", Decisions, Recommendations and other Instruments of the Organization for Economic Co-Operation and Development, 22 June 2005.
5. R. Radhakrishna,,Chairman.(2007) Credit counselling - Report of the Expert Group on Agricultural Indebtedness, Banking Division, Dept. of Economic Affairs, Govt. of India
6. RavikumarThangaraj (2012): "Perception towards Financial Literacy in India" Research Journal of Social Science and Management
7. Reserve Bank of India, (2008) "Financial Literacy and Credit Counseling Centres", Concept Paper, RBI, April, 2008.
8. Sumit Agarwal (2011), "Financial literacy and Financial planning: Evidence from India", India knowledge @Wharton, 24th March, 2011.
9. Thorat, Usha, (2007) "Financial Inclusion – the Indian Experience", speech delivered at the HMT-DFID Financial Inclusion Conference, London, 19 June, 2007.
10. Trivedi Pratima & Trivedi Saumya (2014):"Financial Literacy an Essential Prerequisite for Financial Inclusion" Global Research Journals

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you tosupply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail**infoijrcm@gmail.com** for further improvements in the interest of research.

If youhave any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-
Co-ordinator

DISCLAIMER

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals