



RESEARCH ARTICLE

ROLE OF FINANCIAL EDUCATION IN SUSTAINABLE FINANCIAL INCLUSION

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ABSTRACT

Objective of Financial Inclusion will be achieved through opening no frill bank accounts under the ambitious Jhan Dhan Yojna. The person opening new account under the scheme will be benefited includes the all important zero balance account, debit card and special credit card. With the help of this account, bank account holder can even raise overdraft as per the capacity to repay. All these benefits are associated to motivate people for opening bank account. But if we are looking for sustainable and stable financial inclusion, people need to maintain these accounts through proper financial planning and awareness of financial instruments available in the market. Financial Education and Financial Planning envisages both short term and long term savings. A portion of the savings is invested or parked in certain assets. There are various investment options includes Bank Deposits, Government Saving, Shares, Mutual Funds, Insurance, Commodities, Bonds, Debentures, Company fixed Deposits. Study comprises SEBI's role and its participation in sustainable financial inclusion.

Key words: Resource process, Resource base, Socio-economic transformation, Basalt Quarrying.

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INTRODUCTION

Financial education and financial Planning includes a budget which organizes an individual's finances and sometimes includes a series of steps or specific goals for spending and saving in the future. Financial planning goes beyond savings. Financial Planning is the process of meeting your life goals through proper management of your finances. Life goals can include buying a house, saving for child's higher education or planning for retirement. Financial planning is must for every household. If an individual goes through the process of financial planning merely not only fulfil the objective of financial inclusion but also contributes towards the GDP of our economy.

Objective: More attention should be paid to make people aware with financial planning and make them financially literate to sustain financial inclusion.

Importance of the Study: Setting personal financial goals early is important for short-term and long-term financial health. People have different goals with their money, but they need to have an idea of what they want to do with, so they don't wind up buried in debt or living pay check to pay check their entire life.

Hypothesis: Government willing to transfer benefits (from Centre / State / Local Body) to the beneficiary's accounts and pushing the Direct Benefits Transfer (DBT) scheme of the Union Government. This is what government willing to do with Jhan Dhan Yojna bank account and linking UID with it to achieve financial inclusion. Low financial literacy and unawareness of financial planning are major concerns and a big challenge and resistance towards the success of financial inclusion.

MATERIALS AND METHODS

- Primary data is collected through the respondents.
- Secondary data is collected through various sources such as books, magazine, journals, news papers and websites.

Literature Review: The securities and exchange board of India (SEBI), is a statutory regulatory body established by an act of parliament, to protect the interest of investors in securities, to promote the development of and to regulate the securities market, SEBI endeavours to educate people, as "an educated investor is a protected investor". Apart from investor education, financial education is also considered important; financial education is an important life skill which empowers

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people to make sound financial decisions and take responsibility for the same. To outreach and widespread reach of financial education in every district of India, SEBI empanelled "Financial Education Resource Persons (RPs)" to be part of the financial education efforts of SEBI. RPs conducting large number of workshops to impart participants with a better understanding of financial products, to equip them to better manage their finances by covering the following topics:

- Introduction to Savings and Investments
- Basics of Budgeting, Inflation effects on Investments, Risk and Return, Power of Compounding and Time Value of Money
- Choosing the Right Investment Options
- Asset Allocation Strategy and various products available
- Investor Protection and Grievances Redressal Mechanism

RPs are exhorted to conduct requisite number of financial education workshops, in any host institutions/Organisations for any of the target groups, namely,

- Investment planning for retirement
- Investment planning for Executives
- Investment planning for Home Makers
- Financial Planning for Young Investors
- Financial Education for Middle Income Group
- Financial Education for School Children and
- Financial Education for Self Help Groups

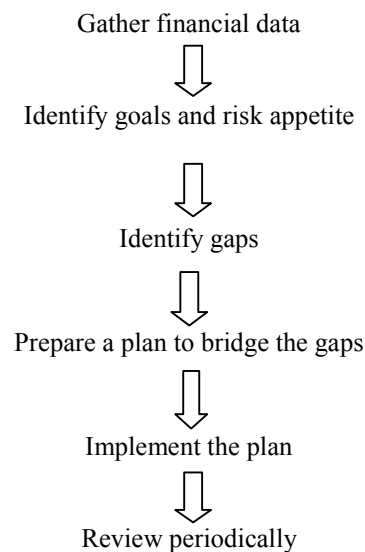
Before conducting the workshops RPs take permission from institute where in he/she wants to conduct workshop at a mutually convenient date and time, and to be intimated to SEBI at least 10 working days in advance of such workshop. The workshops are interactive in nature and usually of about 2-3 Hours.

RPs also submit a report and feedback of the workshop within 15 days of conducting such workshop. SEBI's study material are distributed free of cost to the participants. The host institution/organization are only required to provide the venue, a minimum of 50 participants and confirmation letter at the end of the workshop.

Study material of SEBI Comprises needful information regarding financial education is following.

- Financial planning process
- Basics of savings and investment
- Choosing the right investment options
- Asset allocation strategy
- Self portrait
- Savings & investment related products
- Protection related products
- Borrowing related products
- Retirement planning
- Planning of finances to become an entrepreneur
- Understanding ponzi schemes
- Tax saving options
- Purchase of financial products
- Investor protection & grievances redressal mechanism

The Financial Planning Process



Need For Financial Education

The pressing need for financial education comes from two areas. Firstly is the deterioration of personal finances. Today youngsters resort to living beyond their Means have credit card debt and making risky investments. Second is the proliferation of new and often complex, financial products that demand more financial expertise of consumers. Turbulent market conditions and changing tax laws Compound the need for sound financial education. Even Government servants are moving to defined contribution regimes from the earlier schemes with defined benefits on retirement. Therefore, retirement planning becomes very important.

Advantages of Financial Education

- Provides safe and secure financial future. Assure family's ability to achieve for long-term goals and make them vulnerable to severe financial crisis.
- Prepared for financial emergencies.
- People who are financially literate are reluctant to buy financial products cannot be misguided by market forces.
- Feeling a sense of financially included. Financial education is effective at moving people closer to their dreams.
- Makes a more responsible individual with a disciplined approach to money. Helps people
- People become more aware of questionable lending practices adopted by banks and other Lenders to sell their products
- People feel like they are setting a good example for their family
- Money management skills somehow help towards increasing our GDP.

Conclusion

The efforts to include the financially excluded segments of the society into formal financial system are the top most priorities of government and financial institution. The Securities and Exchange Board of India making sustained efforts to spread financial education and educate people to take informed

decisions. With the development of financial market it is required to increase the participation of retail investors, SEBI in this regard launched an investor education program through TV and radio advertisement, delivery of workshop for the program through resource persons, around 1036 resource persons in India are empanelled and more than 50 workshops are allowed for each RP. Study material also distributed in the workshop in over six languages for various target groups as young investors, home makers, retirement, school children, executives and middle income group for free.

Suggestion

- More institutions should come forward for financial education program.
- Though there are more institutions apart from SEBI are working for financial education, but in terms of delivery of neutral information they are not that transparent as SEBI. Financial Education should be clearly distinguished from commercial advice.
- Most of the asset management companies are conducting investor awareness programs with the help of investor awareness fund, but advertising only their products.

- Television advertising is not that beneficial as direct interaction with people. In the rural areas people cannot access this advertisement. So more number of financial education workshop should be conducted in rural areas.
- Undoubtedly SEBI's effort for the financial inclusion is on top most priorities and appreciable, to be more effective SEBI can maximize number of workshops through its resource persons.

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