

Thoughts of Rural Development through Developing Financial Skills

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Abstract

The issue of financial literacy is of greater concern in developed countries than the developing nations. Financial literacy gained far more importance after the financial distresses and become the pre-requisite with the objective to avoid financial crisis by attaining financial stability. In recent years, financial literacy has gained the attention of a wide range of major banking companies, government agencies, grass-roots consumer and community interest groups, and other organizations. Interested groups, including policymakers, are concerned that consumers residing in rural India lack a working knowledge of financial concepts and do not have the tools they need to make decisions most advantageous to their economic well-being. Such financial literacy deficiencies can affect an individual's or family's day-to-day money management and ability to save for long-term goals such as buying a home, seeking higher education, or financing retirement of rural people. Ineffective money management can also result in behaviours that make consumers vulnerable to severe financial crisis. This paper tries to explore all those major concepts and measures which can be extremely helpful in the developing not only the rural living of standard but also the mindset of common people. We can also see the extensive literature in this area which will be ultimately helpful for knowing the current phenomenon. Success in expansion of financial awareness as a part of financial literacy among individuals ensures the prevalence of financial well being and much required financial inclusion. Apex regulatory bodies in India are trying to achieve utmost level of financial inclusion. It cannot be attained without the basic requirement of Financial awareness and Literacy among common individuals.

Key Words: Financial Awareness, Financial Literacy, Rural Economic Development, Financial Inclusion, Demographic Factors.

Introduction

The financial crisis has highlighted the need for strengthened national and global financial regulation and supervision, including in the area of financial consumer protection. We should not forget that, at the epicentre of the crisis – the subprime mortgage sector in the United States – insufficient levels of financial literacy were among the major aggravating factors. If there is any consolation to be drawn from this debacle, it is that the importance and profile of financial education has been raised decisively around the world. And this is true not only for governments, but also for consumers all over the world. In his Speech, Mr. Richard Boucher, OECD Deputy Secretary

General, at the occasion of the RBI-OECD Workshop, stated, “Financial education could play an important role in enabling the most vulnerable segments of the population to use legitimate and well-governed financial services. The Organisation (OECD), therefore, concentrates its activities on the analysis and promotion of efficient programmes that are tailored to improve the financial skills and knowledge of the most vulnerable groups. Such programmes should promote their awareness of available financial services and enable them to make appropriate use and choice of these services.”

Financial Literacy enhances the ability to effectively monitoring of financial resources for