



Role of Education on Financial Literacy of Rural India

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Abstract

One of the significant competencies required in contemporary scenario is an awareness or knowledge on varied financial affairs and the dexterity to handle the matters apropos of (digital) finance. Dearth of financial literacy precludes rural people from the formal financial situations of the country. An effective incorporation of financial literacy in formal education will lead to greater access to financial services. This paper tries to examine the differences in financial literacy among rural households based on the level of their education. A comprehensive approach for measuring financial literacy is developed by constructing the Financial Literacy Index (FLI) which comprises the indicators namely financial knowledge, financial behaviour and financial attitude. The study is based on the primary data with five hundred samples collected from the rural areas of Aligarh district. The results conclude that there exists a positively correlated relationship between the level of education and financial literacy. The results expose the need for a persistent and prolonged



intervention from all the stakeholders, including policymakers, to enhance and sustain the level of financial literacy to accomplish a bright financial decision making by the rural people.

Keywords: Financial Literacy Index, Financial Knowledge, Financial Behaviour, Financial Attitude.

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