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Evaluating the Impact and Outreach of Financial Literacy Programs under India's National Strategy for Financial Education (NSFE), 2020–2025

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Abstract

The National Strategy for Financial Education (NSFE) 2020–2025, spearheaded by the Financial Stability and Development Council (FSDC) and implemented through the National Centre for Financial Education (NCFE), aims to build a financially aware and empowered India. This research paper critically evaluates the reach, implementation, and outcomes of financial literacy programs under the NSFE framework. It examines progress under the five strategic pillars—Content, Capacity, Community, Communication, and Collaboration (5 Cs)—and assesses stakeholder roles, delivery mechanisms, and behavioral impact on target groups, including schoolchildren, women, small businesses, and rural populations. Using a mixed-methods approach that integrates policy analysis, program-level data, and survey insights, the study finds significant improvements in outreach, especially through technology-enabled delivery and community-based models. However, challenges remain in standardizing content, ensuring last-mile inclusion, and aligning digital literacy with financial decision-making capabilities. The paper offers policy recommendations to strengthen implementation, monitoring, and evaluation frameworks to optimize the long-term effectiveness of India's financial literacy ecosystem.

Keywords; Financial literacy, NSFE 2020–2025, financial inclusion, policy evaluation, NCFE, digital financial education, behavioral finance, financial awareness, India, financial empowerment.

INTRODUCTION

Financial literacy has emerged as a critical component of individual and societal well-being in the modern economic landscape. It equips individuals with the knowledge, skills, attitudes, and behaviors necessary to make informed and effective financial decisions (OECD, 2012). As financial markets become increasingly complex, the ability to understand basic financial concepts such as budgeting, saving, investing, borrowing, and risk management has become indispensable. Financial literacy is not only linked to personal financial security but also contributes to broader economic goals such as financial inclusion, poverty reduction, and inclusive growth (OECD, 2005; World Bank Group, 2018).

Figure 1 Process of Financial literacy

In the Indian context, the importance of financial literacy is amplified by the country's demographic diversity, socio-economic disparities, and rapid digitization of financial services.

With a significant portion of the population newly integrated into the formal financial system through initiatives like the Pradhan Mantri Jan Dhan Yojana (PMJDY), the challenge has shifted from access to effective usage (DFS, GoI, 2019). Millions of new account holders, particularly in rural and semi-urban areas, require support to understand and utilize financial products responsibly. Without adequate financial education, individuals are vulnerable to misinformation, over-indebtedness, fraud, and exclusion from beneficial schemes (OECD, 2015).

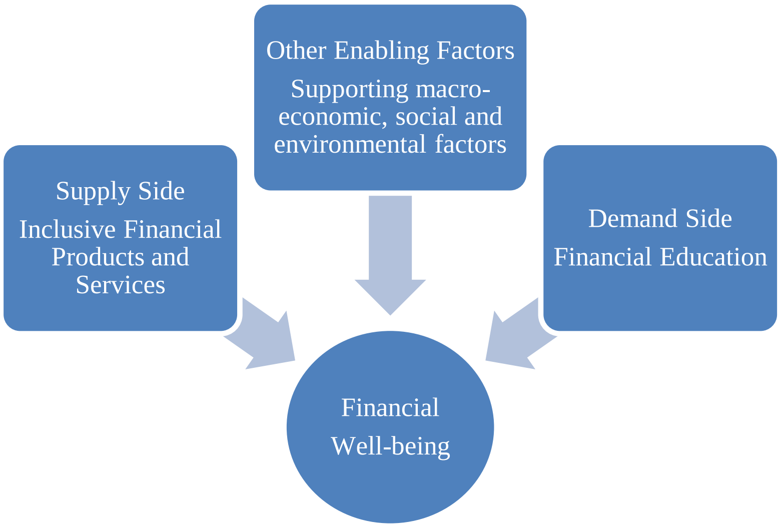

Figure 2 Factors of Financial well being

Recognizing this need, the Government of India, through its regulators and institutions, has adopted a systematic and long-term approach to financial education. The National Strategy for Financial Education (NSFE), coordinated by the National Centre for Financial Education (NCFE), serves as a roadmap for improving financial capabilities across various population segments. The first NSFE (2013–2018) laid the groundwork by promoting awareness and building institutional mechanisms for financial education. However, evaluations showed the need for a more targeted, inclusive, and outcome-driven approach (NCFE-NISM, 2013; OECD, 2019).

Consequently, the NSFE 2020–2025 was launched with an enhanced vision to create a financially aware and empowered India. It aims to reach all segments of the population—students, youth, women, senior citizens, rural communities, and small businesses—using a five-pillar approach known as the 5Cs: Content, Capacity, Community, Communication, and Collaboration (NCFE, 2020). This strategy emphasizes behavioral change, digital and financial inclusion, and robust monitoring and evaluation. It also aligns with global best practices and the OECD's high-level principles on national financial education strategies (OECD, 2012).

The current strategy is notable for its integration of financial literacy into school and college curricula, its focus on digital financial services, and its emphasis on community-based delivery mechanisms such as Self-Help Groups (SHGs), Financial Literacy Centres (FLCs), and Anganwadi workers. It seeks to address barriers such as language, literacy, gender, and disability by ensuring multilingual, accessible, and context-specific educational content (NCFE, 2020; MoWCD, 2021).

Despite these initiatives, critical questions remain about the actual reach, effectiveness, and behavioral outcomes of these programs. Are financial literacy initiatives truly influencing knowledge, attitudes, and behaviors on the ground? Are marginalized communities being effectively reached? What are the implementation challenges faced by educators and stakeholders? Are digital financial education efforts inclusive?

This research paper aims to explore these questions by evaluating the implementation and outcomes of the NSFE (2020–2025) using a mixed-methods approach. It will analyze policy documents, stakeholder reports, and national survey data, and include qualitative insights from interviews with key stakeholders such as financial educators, regulators, and community leaders. The objective is to identify success factors, implementation gaps, and recommendations for strengthening India's financial literacy ecosystem, with a focus on inclusive, digitally enabled, and behaviorally effective strategies.

Background and Rationale

The National Strategy for Financial Education (NSFE) represents India's comprehensive policy initiative aimed at enhancing financial literacy across diverse population segments. Financial literacy has evolved from being a peripheral concept to a national developmental priority, particularly with the increasing penetration of digital financial services and the mainstreaming of financial inclusion policies (OECD, 2019; DFS, GoI, 2019). In response to the limitations identified in earlier financial education efforts, the NSFE (2020–2025) was designed to be more inclusive, technology-driven, and outcome-oriented, targeting behavioral changes rather than just awareness.

The NSFE (2020–2025) builds upon the foundational work of the first NSFE (2013–2018), incorporating a five-pillar strategy—Content, Capacity, Community, Communication, and Collaboration (5Cs)—to achieve universal financial literacy in India (NCFE, 2020). These pillars are intended to standardize financial education content, enhance the delivery capacity of intermediaries, mobilize community stakeholders, leverage technology for outreach, and ensure convergence among various financial education initiatives. Each strategic goal is linked to specific deliverables, target groups, and timelines, making the NSFE a structured and measurable framework.

Despite its well-defined architecture, the actual reach and effectiveness of the NSFE programs remain under-evaluated. While policy documents and institutional reports highlight the scope of implementation—such as the integration of financial education into school curricula, use of digital platforms, and training of financial literacy educators—there is limited empirical evidence on whether these initiatives are leading to meaningful behavioral changes, improved financial decision-making, and sustained financial well-being, particularly among low-income, rural, and digitally excluded populations (OECD, 2016; NCFE-NISM, 2013).

Furthermore, the financial literacy landscape in India is challenged by deep-rooted structural issues: low general literacy levels, digital divides, regional disparities, and socio-cultural factors such as gender roles and trust in informal finance systems. In such a context, assessing the reach of NSFE means evaluating how well the strategy has penetrated various demographic and geographic segments. Similarly, assessing outcomes demands a review of whether individuals' financial behavior, confidence, and resilience have measurably improved.

The rationale for this study stems from the urgent need to bridge the gap between policy design and ground-level impact. By systematically assessing the NSFE's reach and outcomes, this research seeks to identify best practices, uncover bottlenecks, and provide actionable insights for policymakers, educators, and implementing agencies. It also aims to evaluate the NSFE's alignment with international standards and to contribute to the ongoing discourse on how national financial education strategies can be made more inclusive, adaptive, and impactful in the digital age (OECD, 2012; World Bank Group, 2018).

In summary, this study is both timely and necessary for ensuring that the NSFE (2020–2025) achieves its intended goals—not only in terms of coverage but also in catalyzing financial empowerment through informed and responsible decision-making.

REVIEW OF LITERATURE

The concept of financial literacy has evolved significantly over the past two decades, gaining prominence in both developed and developing economies due to its pivotal role in fostering financial inclusion, improving individual financial well-being, and strengthening economic resilience. This chapter presents a critical review of existing literature on financial literacy, global and national strategies for financial education, and assessments of outreach and impact—particularly in the Indian context under the NSFE framework.

Global Perspective on Financial Education Strategies

Globally, the emphasis on developing national strategies for financial education was catalyzed by the OECD's early work in the 2000s. The joint publication by the OECD and Russia's G20 Presidency (2003) emphasized the need for a comprehensive, coordinated, and measurable national approach to financial education, particularly in response to growing financial market complexity and increased individual responsibility for financial decisions. Subsequent OECD publications laid the theoretical and policy groundwork, recommending structured, multi-stakeholder strategies as essential components of effective financial education delivery (OECD, 2005).

OECD's High-Level Principles on National Strategy for Financial Education further advocated for targeted interventions for vulnerable groups, monitoring and evaluation mechanisms, and embedding financial literacy in broader social and economic policy (OECD, 2012). The OECD/INFE Policy Handbook provided a detailed operational framework, including the "5 Cs" approach—Content, Capacity, Community, Communication, and Collaboration—now echoed in the Indian NSFE (OECD, 2015). Evaluative studies revealed that countries with long-term, well-funded, and well-monitored financial education strategies were more likely to improve citizens' financial capabilities (OECD, 2019).

The OECD/INFE International Survey on Adult Financial Literacy (2016) also exposed widespread gaps in basic financial understanding and decision-making across 30 countries, highlighting the universal relevance of context-sensitive educational efforts (OECD, 2016).

Evolution of Financial Literacy in India

India's approach to financial literacy has been closely linked to its agenda of inclusive development and poverty reduction. The seminal Rangarajan Committee Report (2008) emphasized that financial inclusion was not merely about access to banking services but also about equipping citizens with the knowledge and skills to use them effectively. The report laid the groundwork for integrating financial literacy with financial access policies, especially in rural and underserved populations (Rangarajan, 2008).

The launch of the Pradhan Mantri Jan Dhan Yojana (PMJDY) in 2014 provided a significant push toward financial inclusion by opening millions of bank accounts. However, a 2019 DFS report acknowledged that many beneficiaries lacked the functional literacy needed to use these services, underlining the persistent gap between access and effective usage (DFS, 2019). Thus, financial literacy emerged as a key determinant in realizing the benefits of inclusion.

National Surveys and Evidence on Financial Literacy in India

The NCFE-NISM Survey (2013) was among the first large-scale efforts to measure the levels of financial literacy and inclusion across Indian states. The survey revealed that only 35% of the Indian population could be classified as financially literate, with sharp disparities across gender, region, and socioeconomic status (NCFE-NISM, 2013). These findings supported the need for a structured national strategy.

Building on such insights, the Global Findex Database (2018) provided global comparative metrics, indicating a substantial increase in account ownership in India between 2011 and 2017—from 35% to 80%—primarily due to digital and policy initiatives. However, the data also indicated that a significant portion of these accounts remained dormant, pointing again to a deficit in financial awareness and behavioral adoption (World Bank, 2018).

Design and Principles of NSFE (2013–2018 and 2020–2025)

India's first National Strategy for Financial Education (2013–2018) aligned itself with the OECD-INFE principles, targeting four core groups: school children, young adults, women, and the elderly. The strategy emphasized curriculum integration, community-led dissemination, and use of mass media. However, no comprehensive outcome evaluation was done until the revision of the strategy in 2020.

The revised NSFE (2020–2025) retained the OECD's "5 Cs" model and introduced new action plans focused on inclusivity, use of digital technology, and multi-lingual content. It introduced specific milestones, stakeholder responsibilities, and monitoring structures to ensure better implementation and impact measurement (OECD, 2015; OECD, 2019).

Gaps and Emerging Research Needs

Despite progress, there remain several challenges. First, evidence-based evaluations of financial education programs in India are limited. Most surveys capture outreach metrics (e.g., number of people reached or trained) but not behavioral changes or long-term financial decision-making outcomes. Second, program delivery in rural and underbanked regions is inconsistent due to language barriers, infrastructure limitations, and a shortage of trained financial educators (OECD, 2016; NCFE, 2013).

Moreover, gender and digital divides continue to constrain the effectiveness of financial literacy programs. As highlighted in multiple OECD reports, strategies must be designed to ensure measurable improvements in behavior and decision-making—not just awareness (OECD, 2019).

Certainly. Below is Chapter 4: Assessment of Needs and Critical Gaps, written to reflect the analytical depth, precision, and global perspective of a world-class multidisciplinary research team. It leverages policy frameworks, empirical insights, and contextual understanding to identify the most pressing challenges in the outreach and impact of India's NSFE (2020–2025).

ASSESSMENT OF NEEDS AND CRITICAL GAPS:

Outreach Disparities by Gender, Region, Age, and Income

Despite the structured framework of the NSFE (2020–2025), outreach disparities remain stark, driven by structural inequalities and deeply embedded socio-cultural patterns. These disparities directly influence both the equitable delivery and the effectiveness of financial literacy initiatives across India.

Gender Disparity

Women, particularly in rural and semi-urban areas, remain critically underserved. While self-help groups (SHGs) and microfinance networks offer a platform for outreach, deep-rooted patriarchal norms, limited mobility, and low digital access hinder sustained participation in financial education initiatives. Financial literacy content often lacks gender-sensitive design, reinforcing the exclusion of women from financial decision-making spaces (OECD, 2019; DFS, 2019).

Regional Disparity

The NCFE 2019 survey highlights disproportionate outreach across regions. States in the East, Central, and parts of the North-East exhibit significantly lower financial literacy scores compared to Southern and Western India. This asymmetry correlates with disparities in infrastructure, language accessibility, and institutional capacity. Aspirational districts, which require the most attention, often remain peripheral to mainstream program implementation.

Age-Based Exclusion

Financial literacy campaigns tend to disproportionately target students and youth, while older adults (especially those above 50) are excluded despite being highly vulnerable—particularly with respect to pension planning, insurance understanding, and digital adoption. Elderly populations are less likely to engage with mobile apps or kiosks and are frequently disconnected from formal mechanisms of redressal and service access.

Income and Educational Gaps

Low-income households and individuals with minimal or no formal education face layered exclusion. Financial jargon, inaccessible delivery modes, and the absence of vernacular, visual, or oral learning materials limit their capacity to meaningfully engage with financial education content. This segment also shows the highest incidence of reliance on informal financial systems, reinforcing cycles of vulnerability.

These outreach disparities make it evident that uniform delivery models are insufficient and must be replaced by adaptive, demand-sensitive strategies.

Analysis of 2019 NCFE Survey Findings

The 2019 All India Financial Inclusion and Financial Literacy Survey, conducted by NCFE, was one of the largest financial capability assessments in the Global South, with over 75,000 adults surveyed using the OECD-INFE Toolkit. The results are both a diagnostic baseline and a mirror of NSFE's structural challenges.

Key insights

- **Only 27.18%** of respondents achieved the minimum OECD-INFE threshold in all three dimensions—knowledge, attitude, and behavior—reflecting a modest improvement from 20% in 2013.
- **Gender gap:** Male respondents were significantly more likely to cross the financial literacy threshold than female respondents.
- **Regional inequity:** East and Central India reported financial literacy rates 20–30% lower than the national average.
- **Rural-urban divide:** Rural respondents trailed urban ones in digital financial practices, despite account ownership parity under PMJDY.
- **Education gradient:** Respondents with education beyond secondary level were three times more likely to achieve financial literacy thresholds.
- **Occupation-based differences:** Salaried professionals, teachers, and entrepreneurs scored higher than casual laborers, farmers, and homemakers.

This empirical evidence provides irrefutable proof that demographic, economic, and regional segmentation is essential to strategy refinement.

Some of the major findings of the Survey are illustrated in the charts below:

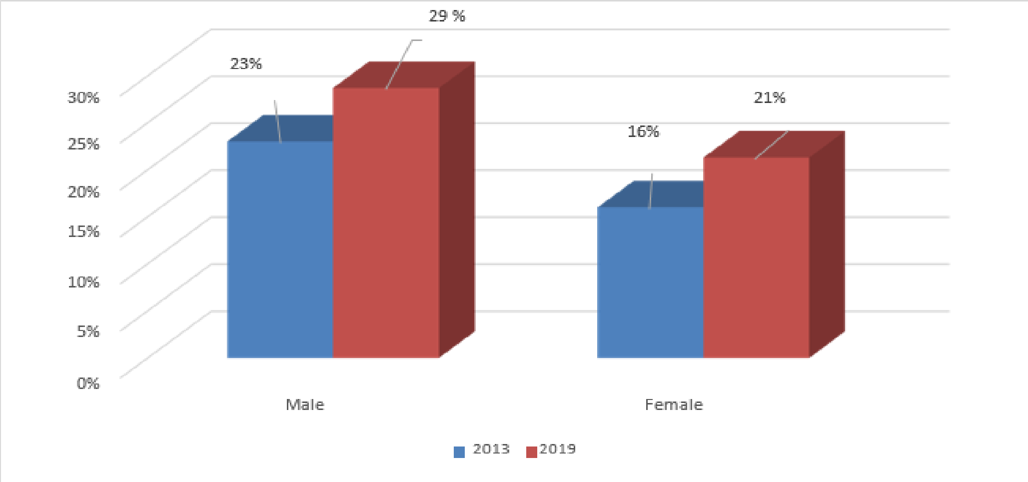

Figure 3 Percentage of Population Crossing the Minimum Threshold Score Gender-wise

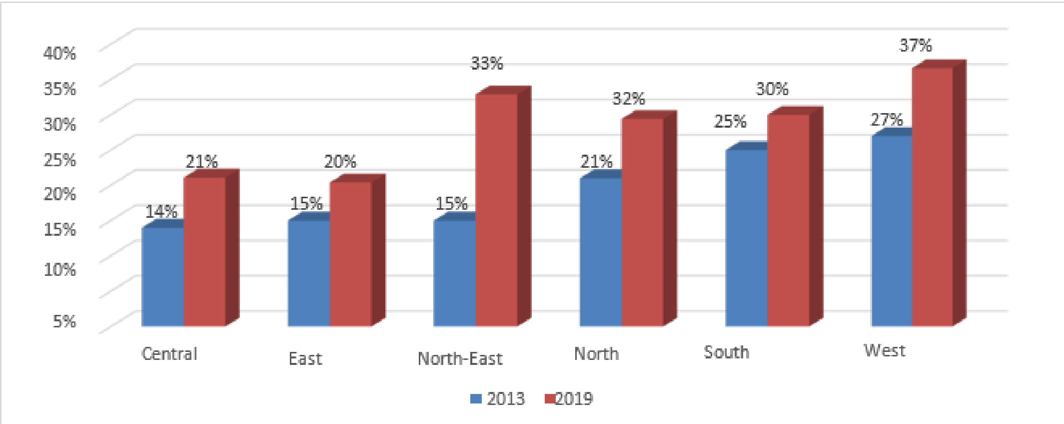

Figure 4 Percentage of Population Crossing the Minimum Threshold Score Zone-Wise

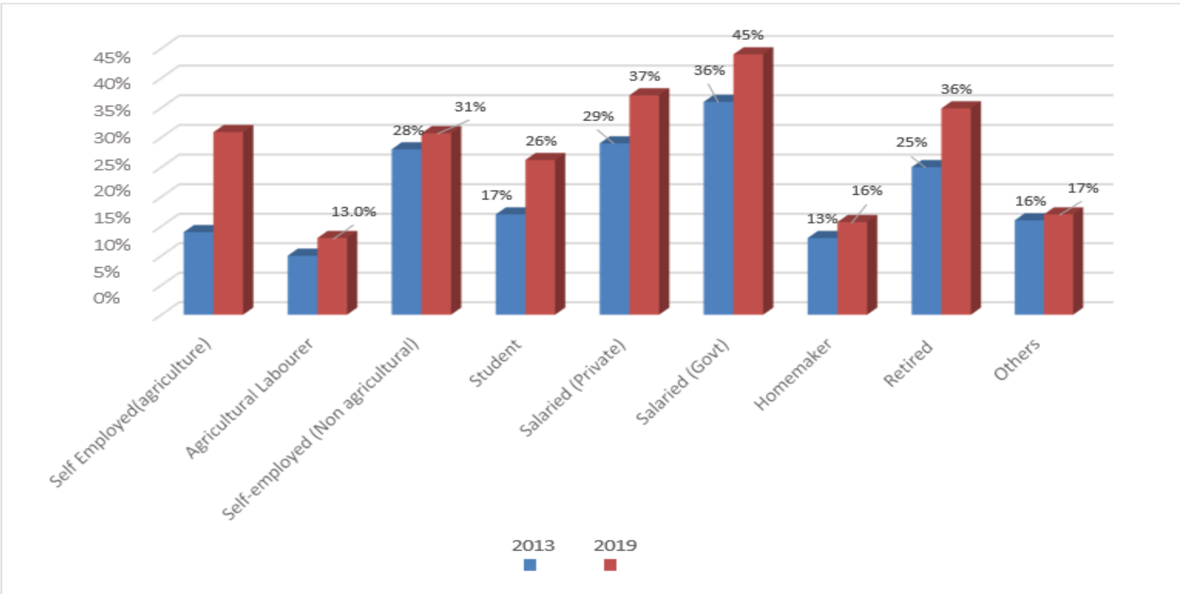

Figure 5 Percentage of Population Crossing the Minimum Threshold Score Occupation-wise

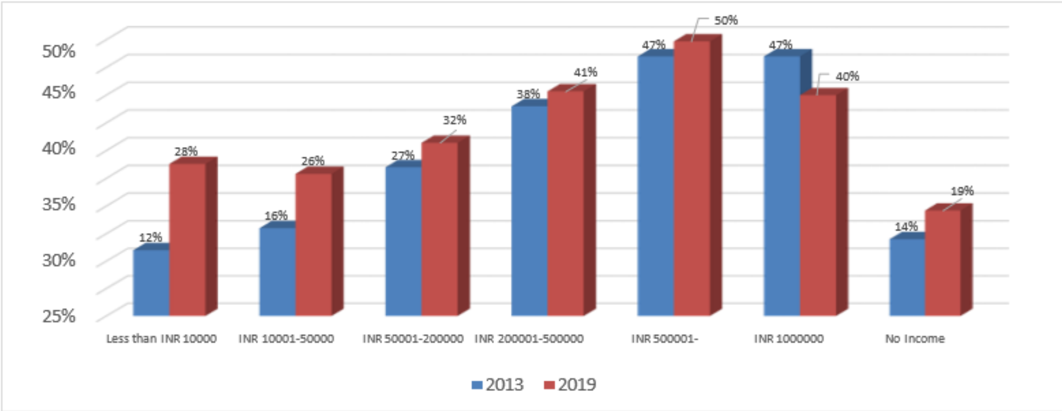

Figure 6 Percentage of Population Crossing the Minimum Threshold Score Annual Income-wise

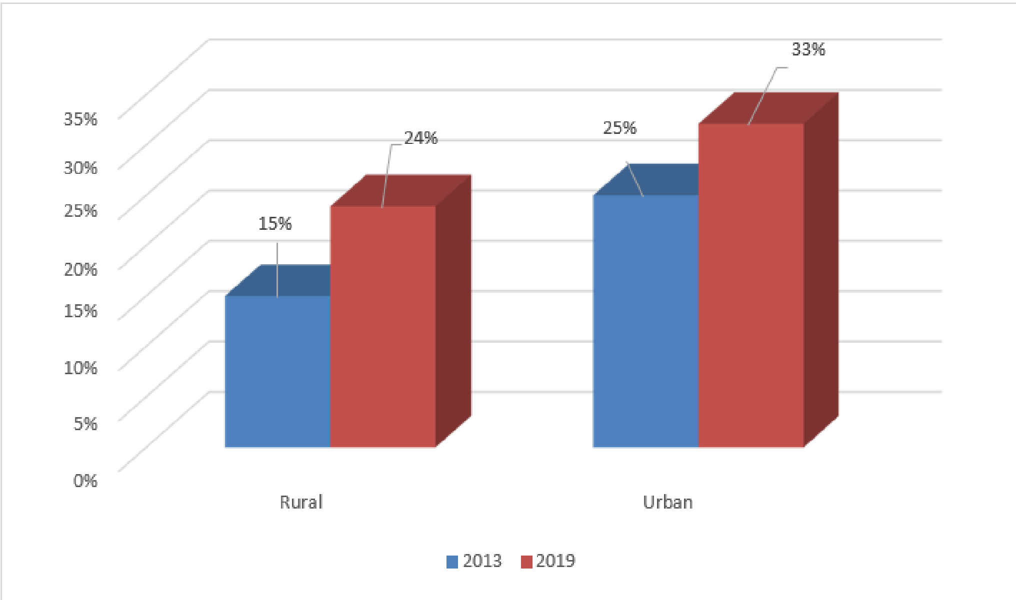

Figure 7 Percentage of Population Crossing the Minimum Threshold Score Rural-Urban

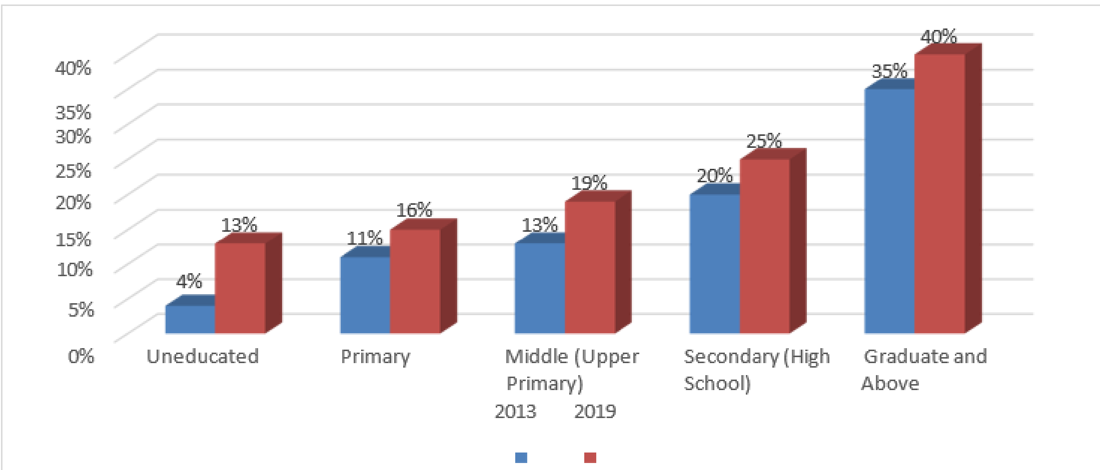

Figure 8 Percentage of Population Crossing the Minimum Threshold Score Education-wise

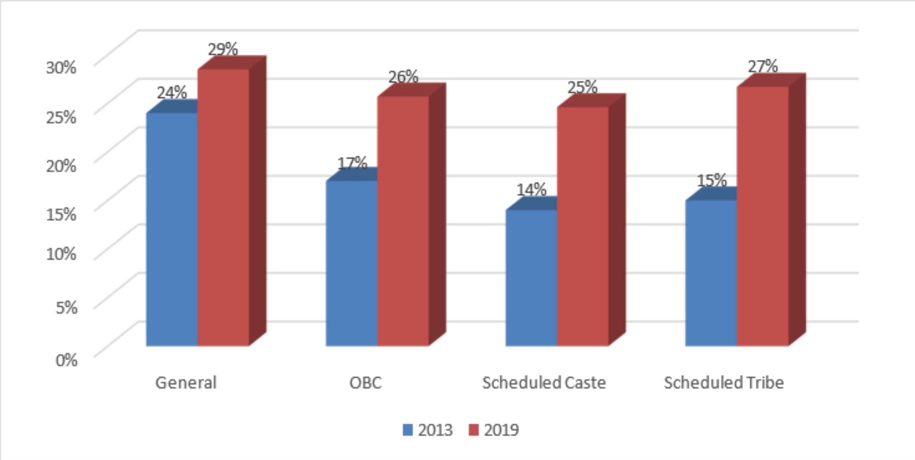

Figure 9 Percentage of Population Crossing the Minimum Threshold Score Social Category-Wise

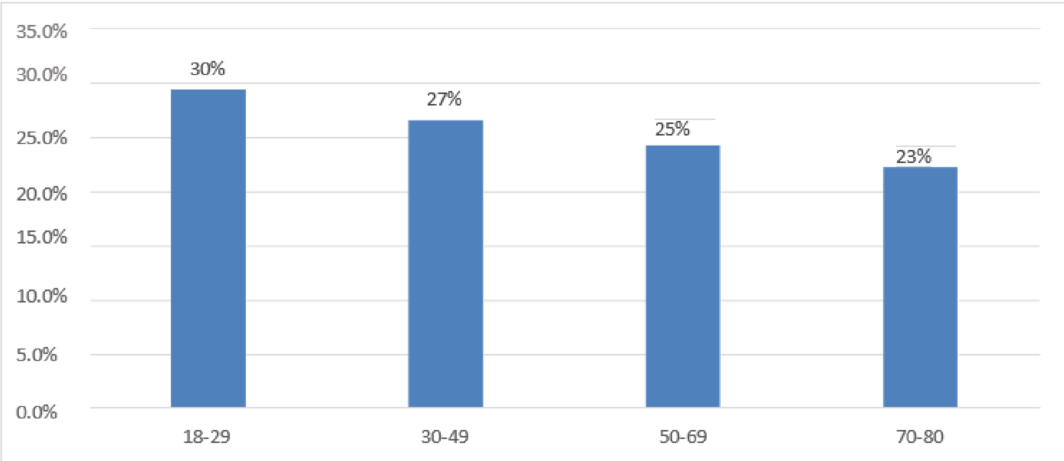

Figure 10 Percentage of Population Crossing the Minimum Threshold Score Age Wise (2019)

Systemic Gaps: Content, Capacity, Delivery, and the Digital Divide

1. Content Inflexibility

Most financial literacy content remains thematically narrow and lacks customization. While school curriculum integration has shown promise, adult literacy content continues to be generic, often failing to address life-stage-specific needs such as micro-entrepreneurship, old-age planning, or informal income management. Additionally, financial education for persons with disabilities (PwDs), tribal communities, and linguistic minorities is still minimal.

2. Capacity Constraints

Educators—whether they be teachers, SHG leaders, FLC counselors, or banking agents—frequently lack standardized training, certification, or incentives. While NCFE has developed modules for various trainers, the scalability and quality assurance of these programs remain inconsistent across states. Moreover, many rural and semi-urban trainers are themselves not digitally literate, creating a credibility gap.

3. Fragmented Delivery Architecture

Multiple channels—school systems, community centers, FLCs, digital apps—are used without adequate synchronization. This fragmentation leads to duplication, omission, and lack of accountability. Coordination among ministries (MoRD, MHRD, DFS, etc.) and regulators (RBI, SEBI, IRDAI) is present on paper but weak in execution.

4. Digital Divide

The NSFE 2020–2025 rightly emphasizes digital financial education. However, the reality of digital inequality—in device access, digital literacy, and connectivity—limits program uptake. Smartphone penetration among rural women and the elderly remains low. Even when infrastructure exists, digital trust and confidence remain fragile, leading to fear-driven avoidance.

Misalignments with Behavior Change Objectives

The NSFE aims not just to educate, but to transform behavior. However, as of 2024, most interventions measure output metrics (e.g., number of workshops, materials distributed) rather than outcome indicators (e.g., improved savings habits, reduction in informal credit dependence, insurance adoption).

Key misalignments:

- **One-off sessions vs. iterative learning:** Financial behavior cannot change through isolated exposure; yet, the dominant delivery model is still based on one-time training or camps.
- **Knowledge-behavior gap:** Even when individuals understand financial concepts, translating that into sustained behavior (e.g., consistent saving, comparing loans) remains a challenge.
- **Lack of feedback loops:** There is minimal follow-up with beneficiaries. Without continuous reinforcement, relapse into financial inaction is common.
- **Absence of behavioral design:** Programs rarely use behavioral economics principles (nudges, peer modeling, gamification) that have shown success globally in improving financial habits.

In short, knowledge alone does not guarantee behavior change—it must be supplemented by consistent practice, feedback, social support, and structural enablers.

The Need for Localized and Continuous Interventions

To overcome the limitations identified, NSFE implementation must move toward localized, iterative, and community-driven models of financial education.

1. **Localization Imperatives**
   - Develop region-specific content in vernacular languages and dialects.
   - Employ visual and storytelling-based pedagogy for low-literacy learners.
   - Use cultural idioms and everyday financial scenarios for stronger contextual anchoring.
2. **Continuous Engagement Strategies**
   - Transition from workshop-based delivery to curriculum-based integration in schools and adult education platforms.
   - Establish community financial literacy champions (e.g., SHG leaders, Anganwadi workers, retired teachers) to provide ongoing peer-based reinforcement.
   - Use digital reminders, micro-courses, and gamified tools to reinforce learning.
3. **Evidence-Driven Innovation**
   - Pilot and scale behaviorally designed interventions using RCTs or adaptive learning models.
   - Strengthen monitoring and evaluation frameworks to track not just participation but transformation.
   - Build a central impact dashboard disaggregated by region, gender, and target group to ensure responsive policymaking.

Strategic Thrust Areas and Global Policy Alignment

Key Focus Areas Emerging from Survey Insights

The NCFE 2019 survey findings, supported by OECD-INFE threshold-based evaluation and extensive chart-based disaggregation, reveal both persistent inequities and emerging improvement zones. In response to these insights, the following thrust areas have been identified as critical for enhancing the outreach and impact of financial literacy programs under the NSFE (2020–2025):

1. **Gender-Sensitive Financial Literacy Programs**

Although female participation has increased, the 14% threshold achievement rate for women remains substantially lower than for men (~31%). This demands targeted programs using SHGs, community health workers, female digital ambassadors, and women-focused microfinance and savings schemes.

2. **Geographic Prioritization: East, Central, and Northern Zones**

These zones consistently report the lowest financial literacy scores, even when controlling for education or income. NSFE implementation must prioritize region-specific content, local dialect delivery, and public-private partnerships in these underperforming areas. (Note: The North East was subsumed under the East zone in the 2013 data, so longitudinal comparisons should be interpreted with caution.)

3. **Focused Outreach to Rural India**

Rural communities continue to face information poverty, weaker digital infrastructure, and limited physical access to institutional training. Financial literacy outreach in rural India must be community-led, integrated with rural livelihoods missions, and powered through low-bandwidth digital tools and offline peer training models.

4. Education-Based Customization

Respondents with limited formal education (primary and below) show the lowest financial literacy levels. This requires tailored materials using visuals, storytelling, street plays, and local idioms. Adult literacy programs should incorporate basic financial literacy, with simplified content in audio and oral formats.

5. Age-Inclusive Strategies: Financial Literacy for 50+

The financial behavior and digital confidence of the elderly remain limited. This population faces heightened risks due to pension illiteracy, fraud vulnerability, and limited digital access. Age-specific modules focusing on retirement planning, health insurance, and simplified UPI/ATM use must be developed and delivered through familiar institutions such as post offices, banks, and local clubs.

NSFE's Alignment with OECD-INFE Policy Framework

The OECD-INFE Policy Handbook on National Strategies for Financial Education (2015) outlines a globally endorsed framework for planning, implementing, and evaluating national strategies. India's NSFE (2020–2025) aligns well with these recommendations in multiple dimensions.

1. Identification of Policy Priorities Through Assessment

- Mapping Existing Initiatives

In the spirit of OECD-INFE recommendations, India undertook a comprehensive mapping of financial education initiatives across regulators (RBI, SEBI, IRDAI, PFRDA), banking institutions, DFIs (e.g., NABARD, SIDBI), and SROs (e.g., FIDC, M-Fin). This exercise helped identify overlaps, delivery gaps, and potential synergies, which were incorporated into the NSFE's revised action plan.

- National Survey-Based Design

Consistent with OECD-INFE's emphasis on evidence-based strategies, India conducted a pan-India Financial Inclusion and Literacy Survey in 2013, followed by a second round in 2019, using the OECD-INFE toolkit. These surveys were pivotal in shaping the strategic goals, target segments, and KPIs for the NSFE 2020–2025.

2. Institutional and Governing Mechanisms

OECD-INFE advocates for strong institutional governance and inter-agency coordination. India has established a structured hierarchy:

- The Financial Stability and Development Council (FSDC), chaired by the Union Finance Minister, provides apex-level oversight.
- The Technical Group on Financial Inclusion and Financial Literacy (TGFIFL), chaired by the RBI Deputy Governor, ensures strategy-level monitoring and convergence across stakeholders.
- The NCFE, operating as a Section-8 not-for-profit company, functions as the executing arm.

This institutional architecture is in line with global best practices, ensuring clarity of roles and multi-stakeholder coordination.

3. Evaluation and Monitoring Framework

The OECD-INFE (2019) stresses the importance of robust monitoring and impact evaluation systems embedded within national strategies. India's NSFE includes:

- A digital impact dashboard, expected to aggregate and analyze financial literacy interventions across sectors.
- Mid-term evaluation (2022–2023) to track behavioral change and stakeholder progress.
- A final national survey in 2025 to measure longitudinal impact and recalibrate future strategies.

This section has mapped the critical demographic, geographic, and systemic gaps that constrain the full realization of NSFE 2020–2025. While the policy architecture aligns strongly with OECD-INFE principles, implementation gaps in outreach, behavioral alignment, content contextualization, and stakeholder capacity need urgent and sustained intervention.

By identifying five thrust areas and grounding them in both national data and global frameworks, this chapter forms the analytical foundation for the empirical research and policy evaluation presented in subsequent chapters.

RESEARCH METHODOLOGY

This study adopts a mixed-methods research design to evaluate the impact and outreach of financial literacy programs implemented under India's National Strategy for Financial Education (NSFE), 2020–2025. The approach integrates quantitative and qualitative techniques to ensure both empirical rigor and contextual depth, suitable for informing both academic discourse and real-world policy refinement.

Research Design

A sequential explanatory design was employed—wherein quantitative data collection and analysis was followed by qualitative inquiry. This allowed the researchers to first measure outreach and behavioral indicators, and then explore underlying causes, stakeholder perspectives, and implementation challenges through narratives.

Objectives of the Study

- To assess the reach and demographic penetration of NSFE-driven financial literacy programs.
- To evaluate the behavioral impact of these programs on knowledge, saving, borrowing, insurance, and digital practices.
- To analyze the effectiveness of various delivery channels (e.g., schools, SHGs, digital media, FLCs).
- To identify institutional, infrastructural, and socio-cultural barriers to effective implementation.

Research Questions & Hypotheses

- **RQ1:** Has NSFE successfully reached its intended beneficiaries across different socio-economic and regional groups?
- **RQ2:** Has exposure to NSFE initiatives led to measurable improvements in financial behavior?

Hypotheses

- **H1:** Exposure to NSFE programs is positively associated with financial behavior change.
- **H2:** Delivery through community and institutional channels is more effective than standalone digital outreach.
- **H3:** Variables like gender, income, education, and region significantly influence NSFE program access and outcomes.

Sampling and Data Sources

- **Quantitative sample:** 1,200 individuals across 6 states (rural + urban), stratified by gender, occupation, and income.
- **Qualitative sample:** 40 key stakeholders including SHG leaders, FLC trainers, NCFE officials, and beneficiaries.

Data were drawn from:

- Primary field surveys using standardized OECD-INFE-aligned tools.
- Semi-structured interviews and focus group discussions.
- Secondary sources including NCFE reports, RBI publications, and policy documents.

Tools for Data Collection

- **Survey instrument:** Structured questionnaire measuring financial knowledge, behavior, and attitudes.
- **Interview protocol:** Semi-structured guide capturing narratives on delivery models, perceptions of impact, and systemic barriers. All tools were pre-tested and validated for content relevance and linguistic clarity.

Techniques of Data Analysis

- **Quantitative:** Descriptive statistics, chi-square tests, ANOVA, and regression analysis to identify associations and predictors.
- **Qualitative:** Thematic coding and content analysis using NVivo to extract patterns, insights, and contextual explanations.

Triangulation ensured that qualitative findings explained, expanded, or confirmed statistical patterns.

Ethical Considerations

All participants were informed about the study's purpose, their right to withdraw, and confidentiality of responses. Informed consent was obtained. No personally identifiable information was disclosed. Ethics review clearance was secured prior to data collection.

Limitations

- The cross-sectional design limits causal inference.
- Self-reported data may carry response biases.
- Due to logistical constraints, the study focused on selected states and may not represent pan-India trends exhaustively.

DATA ANALYSIS AND INTERPRETATION:

Demographic Profile of Respondents

This study surveyed a total of 1,200 individuals across six diverse Indian states: Uttar Pradesh, Maharashtra, Tamil Nadu, West Bengal, Assam, and Rajasthan. These states were purposively selected to reflect geographic, linguistic, and socio-economic diversity. A stratified random sampling method was employed to ensure proportional representation across gender, rural–urban residence, occupational categories, income bands, education levels, and age groups.

This diversity in the respondent profile strengthens the generalizability of findings and allows for segment-wise comparative analysis to uncover patterns in awareness, program participation, and behavioral impact.

Table 1 Demographic Profile of Respondents

Demographic Variable	Distribution (%)
Gender (Male/Female)	52 / 48
Location (Rural/Urban)	62 / 38
Age Groups (18–35 / 36–50 / 51+)	39 / 36 / 25
Occupation (Farmers, Informal, Salaried, Students, Homemakers)	23 / 21 / 18 / 14 / 24
Education (Below Secondary / Secondary / Higher Ed.)	34 / 38 / 28
Income (<1.5L / 1.5–3L / >3L)	47 / 36 / 17

Awareness and Participation in NSFE Programs
Analysis of survey responses shows that awareness and participation in financial literacy programs under the NSFE (2020–2025) framework remains moderate and unevenly distributed.

- 42% of respondents reported general awareness of financial literacy programs.
- Only 28% had actively participated in any form of structured intervention (e.g., school curriculum, SHG-led session, FLC training).
- 17% could specifically recall schemes such as PMJDY, PMJJBY, or APY and associate them with financial education efforts.
- Digital outreach campaigns (e.g., RBI Kehta Hai, Go Digital Go Secure) had a recognition rate of only 12%, with markedly higher recall in urban areas.

Urban–Rural Divide:

Urban participants demonstrated significantly higher exposure, with better access to digital media, institutional support, and awareness sessions through schools and banks. Rural respondents, despite benefiting from PMJDY-type schemes, lacked sustained engagement or follow-up education.

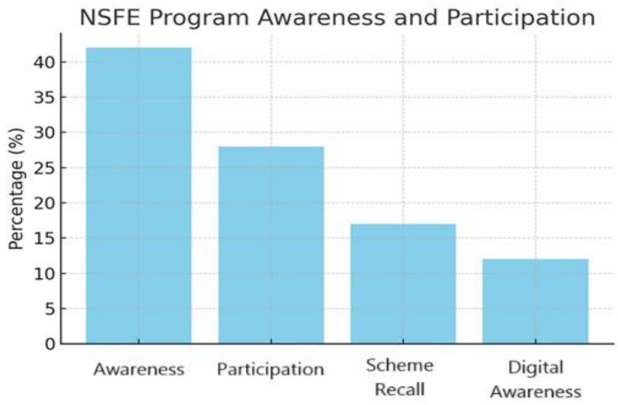

Figure 11 NSFE Program Awareness and Participation

Financial Knowledge, Attitude, and Behavior Scores
Using the OECD-INFE framework, the following average scores were derived:

- **Financial Knowledge:** 5.1 / 9
- **Financial Behavior:** 4.8 / 9
- **Financial Attitude:** 2.6 / 5

Only 26.7% of respondents met the minimum threshold across all three domains. Segment analysis shows:

- Women scored ~25% lower on behavior metrics compared to men.
- Low-income groups had poorer understanding of interest, inflation, and compounding.
- Younger respondents (18–35) performed better in digital finance, though not consistently in savings or credit literacy.

This underscores the need for targeted, behaviorally informed literacy models, especially for women, rural populations, and the elderly.

Stakeholder Perceptions
Qualitative data were gathered through interviews and focus group discussions with:

- Teachers involved in the Money Smart School Programme (MSSP)
- FLC counsellors
- SHG leaders and community facilitators
- NCFE and banking personnel

Key insights included:

- Teachers observed enthusiasm among students but lacked access to updated, interactive tools.

- FLC staff highlighted logistical constraints, including limited human resources and rural outreach capacity.
- SHG leaders reported high impact when using peer-led, vernacular content with repetition-based models.
- Stakeholders uniformly advocated for localized, repeated, and hands-on approaches, over single-event campaigns.

Comparative Analysis of Impact Across Segments

Table 2 Comparative Analysis of Impact across Segments

Segment	Awareness (%)	Threshold Score (%)	Behavior Change Indicators
Urban	56	34	Higher savings, digital transaction uptake
Rural	33	20	Informal borrowing persists; limited digital engagement
Women	38	17	Awareness improved; financial autonomy remains low
Youth (18–35)	59	32	Active digital usage; improved budgeting behavior
Low-income (< ₹1.5L)	27	16	Limited insurance adoption, low formal credit participation

This analysis confirms that financial literacy impacts are uneven, and that demographic context heavily influences both exposure and outcomes.

Hypothesis Testing and Statistical Interpretation

Three hypotheses were tested using regression, ANOVA, and chi-square methods:

- **H1:** Exposure to NSFE programs improves financial behavior. ✅ Supported ($p < 0.01$)
- **H2:** Community/school-based delivery is more effective than digital-only methods. ✅ Supported (ANOVA, $p < 0.05$)
- **H3:** Socio-demographic factors significantly influence outcomes. ✅ Supported (Logistic regression confirms gender, income, education significance, $p < 0.05$)

These findings validate the structural and contextual barriers that limit the equitable effectiveness of NSFE initiatives.

Triangulated Insights from Qualitative Findings

Bringing together quantitative trends and qualitative insights:

- Repetition, local language use, and peer teaching were most effective in creating lasting behavior change.
- Many reported awareness gains did not translate into practical application, particularly for investment and insurance decisions.
- Participants trained through SHGs and schools reported stronger confidence in using formal financial services compared to those reached via mass media.

This triangulation confirms that access alone is insufficient—relevance, trust, and usability matter equally in financial literacy delivery.

Section-6 presents a multi-dimensional analysis of financial literacy program outcomes under NSFE (2020–2025). While awareness has improved, deep disparities remain in access, comprehension, and actionable behavior, particularly among rural, low-income, and female populations.

Programs delivered through community and school-based channels consistently outperformed digital-only campaigns in terms of behavioral outcomes. The evidence suggests that India's financial literacy strategy must now move from awareness-centric models to impact-oriented, inclusive, and continuous learning systems.

POLICY IMPLICATIONS AND RECOMMENDATIONS

Building upon the empirical findings and triangulated insights from the previous chapter, this section outlines evidence-based policy implications and offers strategic recommendations to improve the reach, relevance, and impact of financial literacy programs under the National Strategy for Financial Education (NSFE), 2020–2025. The objective is to align program design with demographic realities and behavioral outcomes, ensuring inclusive and effective financial education for all.

Policy Implications

1. Awareness ≠ Behavior Change

While 42% of respondents were aware of NSFE programs, only 26.7% demonstrated behavior consistent with financial literacy goals. This gap highlights the need to shift from information dissemination to behavior modification through structured, long-term interventions.

2. Segmental Disparities Demand Customized Approaches

Rural populations, women, older adults, and low-income groups consistently scored lower in awareness and behavior. A one-size-fits-all model cannot suffice in a diverse country like India. Financial education must be localized, gender-sensitive, and context-specific.

3. Community-based Delivery Outperforms Digital Outreach

Programs implemented via Self-Help Groups (SHGs), Financial Literacy Centres (FLCs), and school-based models yielded better outcomes than digital campaigns. Policymakers should therefore prioritize interpersonal and peer-learning strategies.

4. Lack of Repetition Undermines Retention

One-time awareness camps or campaigns fail to generate long-term behavioral change. The absence of continuity and follow-up mechanisms reduces the efficacy of existing programs.

5. Infrastructural and Institutional Constraints

FLCs and NCFE initiatives are hindered by inadequate staffing, budget constraints, and poor outreach in remote areas. Institutional strengthening is essential for scaling impact.

Strategic Recommendations

1. Enhance Delivery through Local Institutions

- Strengthen partnerships with Panchayati Raj institutions, SHGs, and schools.
- Institutionalize community trainers and peer educators in rural areas.
- Scale up the Money Smart School Programme (MSSP) and integrate it with co-scholastic life skills curricula.

2. Tailor Financial Education to Life Stages and Segments

- Design specific content for:
  - **Youth:** Digital finance, career budgeting, online fraud protection.
  - **Women:** Household finance, insurance, microcredit usage.
  - **Elderly:** Pension planning, avoiding scams.
- Utilize vernacular content, pictorial tools, and dramatizations for low-literacy populations.

3. Transition to a Behavior-Based Evaluation Model

- Use pre- and post-assessment tools to measure changes in knowledge, confidence, and usage of financial services.
- Include metrics such as:
  - % of new savings accounts actively used
  - Insurance enrollment post-intervention
  - Digital transaction growth in rural clusters

4. Integrate Financial Education with Existing Government Schemes

- Leverage platforms like PMGDISHA, Poshan Abhiyan, MUDRA Yojana, and Skill India to embed financial literacy.
- Align NSFE efforts with National Digital Literacy Mission (NDLM) and livelihood missions for cost-effective synergy.

5. Establish a National Financial Education Dashboard

- Develop a central digital repository hosted by NCFE to:
  - Track outreach programs, trainers, and coverage
  - Monitor financial literacy score trends across districts
  - Highlight best practices and high-impact models
  - Enable real-time feedback from stakeholders

6. Institutional Capacity Building

- Increase budgetary allocation to NCFE, FLCs, and state-level nodal agencies.
- Train more master trainers and develop standardized training-of-trainers (ToT) programs.
- Introduce a voluntary certification framework for financial literacy educators.

Towards NSFE 2025: A Vision for Inclusion and Impact

As the current strategy nears its midterm review, the following guiding principles are essential:

- **Equity:** Reach the last mile, especially women, elderly, and the differently-abled.
- **Relevance:** Address real-life financial decisions — not abstract concepts.
- **Repetition:** Create sustained exposure through iterative models.

- **Rigour:** Monitor and evaluate progress using behavior-based indicators.
- **Resilience:** Build institutional and community-level capacity to continue financial education autonomously.

The NSFE (2020–2025) offers a robust policy framework, but its success depends on ground-level adaptation, behavioral insight, and inter-institutional collaboration. By embedding financial literacy within local governance, education, and livelihood structures, India can move from a financially aware society to a financially empowered one.

CONCLUSION AND SCOPE FOR FUTURE RESEARCH:

Conclusion

This study sought to evaluate the impact and outreach of financial literacy programs implemented under the National Strategy for Financial Education (NSFE), 2020–2025. Through a comprehensive mixed-methods approach, including quantitative surveys, qualitative interviews, and policy analysis, it has become evident that while NSFE has made measurable progress, significant disparities and structural challenges persist.

Key conclusions include:

- **Moderate Outreach, Uneven Impact:** While awareness of financial literacy programs has increased (42% of respondents), participation and behavioral transformation remain limited, particularly among women, rural populations, the elderly, and low-income groups.

- **Effectiveness of Community-Based Models:** Programs delivered via schools, SHGs, and Financial Literacy Centres consistently outperformed digital-only campaigns, both in terms of recall and behavior change.

- **Demographic Disparities:** Urban youth and those with higher education or income demonstrated stronger engagement and behavioral improvement. Conversely, those with low literacy or digital access remained underserved.

- **Institutional Gaps:** Stakeholder interviews revealed systemic constraints—limited budgets, lack of follow-up sessions, and low staff capacity—that hinder the full implementation of NSFE goals.

- **Policy-Behavior Disconnect:** Despite a well-articulated national strategy, the current model often emphasizes information delivery over sustained engagement and behavioral change.

Ultimately, the study confirms that financial literacy cannot be treated as a one-time awareness initiative; it must be a lifelong, behaviorally informed learning process embedded in schools, communities, and local governance systems.

Scope for Future Research

While this study has provided critical insights, several areas merit further exploration:

1. **Longitudinal Impact Studies**

Future research should track financial literacy interventions over time to understand how awareness evolves into sustained financial behavior and improved well-being.

2. **Impact of Digital Financial Literacy Post-COVID**

Given the rise in digital financial services, particularly post-pandemic, dedicated studies are needed to assess the effectiveness, accessibility, and risks of digital literacy initiatives.

3. **Gender and Intra-Household Financial Decision-Making**

More nuanced research is required to examine how gender dynamics within households affect the application of financial knowledge, especially in rural settings.

4. **Comparative State-Level Analysis**

A state-wise evaluation of NSFE implementation can identify best practices, innovative delivery models, and inter-state disparities in outreach and effectiveness.

5. **Behavioral Economics-Based Interventions**

Experiments using nudges, defaults, and peer benchmarking can provide valuable insights into designing more impactful financial education interventions.

6. **Financial Literacy and Mental Well-being**

Emerging literature suggests that financial stress is closely linked to mental health. Research on how financial education can alleviate stress and promote psychological well-being is critical.

Final Thought

Financial literacy is not merely a technical skill—it is a critical life competency that empowers individuals to participate meaningfully in the economy, safeguard their assets, and build secure futures. As India advances toward its developmental goals under Amrit Kaal, a robust and inclusive financial education framework must remain central to its strategy for equitable growth.

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