

# **The Role of KGBVs Scheme in Financial Inclusion: A Case Study of Allahabad District**

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## **ABSTRACT**

If money is the name of game, then financial literacy teaches how a player learns the rules. Education success for modernizing markets relies on an increasingly diverse set of skills, yet financial literacy might be one of the most preliminary areas of growth for students, their families, and school officials around world. Financial literacy is a basic concept in understanding money and its use in daily life. This includes the way expenditures are managed and the ability to use the common methods of exchanging and managing money. Kasturba Gandhi Balika Vidyalaya Programme was launched by Government of India in August 2004 for setting up residential schools at upper primary level for girls belonging predominantly to SC, ST, OBC or Minorities in adverse areas. The objective of KGBV is to ensure access and quality education to the girls' disadvantaged group of society. The purpose of this study is; to determine the level of financial literacy among KGBV beneficiaries and the analysed programme effect on financial knowledge and financial capability in girls and effects of participation in a school based financial education and saving programme. Results suggest that young children who learned about the finance literacy became more conscious having greater access to financial instrument. Some of them went a step ahead and tried to aid some income to their family by way of providing tuition to other students become vender to newspaper, etc. Thus financial literacy develops and urge in human being to improve financial capability.

**Key Words :** Financial literacy, Financial capability, KGBV programme

## **INTRODUCTION**

OECD defines financial inclusion or inclusive financing as the tool of making financial services accessible at affordable costs to all individuals and businesses, irrespective of net worth and size. Financial Inclusion is very meaningful in empowerment especially girls. Girls who have access to bank account, savings mechanism and other financial services may be better able to control their earning and assume personal and productive expenditure in future. They may also be able to make more choices about how they use their time, whether for employment, leisure, income-generating activities, or education. When the progress of Indian economy is focused on the achievement of sustainable development, then maximum participation in all sections

of the society is included. So far, it is a serious issue for the economic development of the country the lack of awareness of financial literacy among the rural population especially of females of the country is hindering the growth of the economy as majority of the population does not have access to formal credit. In order to overcome such barriers the banking sector emerged with some technological innovations such as automated teller machine (ATM), credits and debit cards, internet banking, etc. A majority of the rural population is still unaware of these changes and is excluded from formal banking. However well-known banking technologies brought changes in the urban society. The sustainable economic and social developments of the country are improved by financial inclusion. It helps in the empowerment of the deprived, poor and women of the society with the mission of making

them self-sufficient and well informed to take better financial decisions.

### Role of financial literacy in the financial inclusion:

In the present situations financial literacy has great importance. Active participation of each and everyone in the financial system of the country is pre-requisite for the effective functioning of financial system. The provision of effective financial education to students in schools, and also to students in universities and colleges, can play an important role within an overall financial education strategy. Financial education can potentially be provided to all school children in particular age group, many older school children need to consider the financial implication of whether or not to continue their education. Students are the consumers of the future. Financial literacy can help provide a significant impact on their well-being, whom will need to make sound financial decision throughout their lives. If responsible attitudes and good habits are implanted in people at an early age, they are less likely to get into financial complications in later life and are more likely to make financial endowment for their future.

### Review of literature:

Valavyan (2015), has adopted primary data and descriptive survey method to know level of financial knowledge amongst the college student of Manamadurai Taluk, Sivagangai District, Tamil Nadu. The study found that the financial knowledge among of all the college students of different faculties is poor as compared to global standards but there found the positive attitude towards financial investment in 98% commerce students. Hence it is very clear that a lot of needs to be done under academics on the verge of the journey to economic development.

Bahadur (2015), discussed financial literacy and financial inclusion, its current scenario as well as common perception about financial instruments. It is found that the condition of financial literacy is very low and suggested to encourage financial literacy from school level, national level programs and percolate efforts to the grass root level.

Naidu (2017), has studied the level of financial literacy in India. He found that financial literacy in India is very low, especially women and youths who are struggling with their basic financial knowledge and requires effort to mend level of literacy.

### Objectives of the study:

To analyse the impact of financial literacy among KGBV beneficiaries on financial knowledge and financial capability in girls and effects of participation in a school based financial education.

### Hypothesis:

$H_0$ : KGBV does not lead to any improvement to financial literacy among girls.

$H_1$ : KGBV does lead to improvement to financial literacy among girls.

## METHODOLOGY

The basis of the primary research was the survey method in this case the sample area was Allahabad District which was purposely chosen, the study followed the random sampling to select 2 blocks by lottery method each from the Trans Ganga and Trans Yamuna river area of the district; the total sample size was 200 beneficiaries. Since each block has only one KGBV therefore four schools (20%) were randomly selected from each selected blocks. Each school has an enrolment of 100 girls, so 50 girls were randomly selected from each of these schools, *i.e.* 25% of sample size (50% of particular school universal size). This is fair representation of the population. Respondents from each school were selected randomly on proportional basis from all three classes that is 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup>. Universe size- 2000

Sample size- 200

Unit of Analysis- Students of class 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup>.

## RESULTS AND DISCUSSION

Table 1 reflects that the 94% respondents replied in favour of they know about Bank and their activities 6% accepted there unawareness about the bank.

**Table 1 : Respondents know about bank**

Class	Awareness about Bank (no. of respondent)		Total
	Yes	No	
Class 6 <sup>th</sup>	78	12	90
Class 7 <sup>th</sup>	54	0	54
Class 8 <sup>th</sup>	56	0	56
Total	188(94%)	12(6%)	200

Source: Field Survey

Mostly parents of KGBV beneficiaries as occupied in daily wages worker for their livelihood they have lack of awareness about Bank and how to work and how to

manage their money well, so are not in position to guidance to their children there is KGBV play an important role to provide awareness about Bank and how the Bank works

Table 2 shows that the most of the student out of 200 accepted that KGBVs schemes improve the knowledge about the type of bank account. Almost all students accepted they have account which was opened by school for giving monthly stipend Rs.100.

Options	No. of respondents	Percentage
Extremely helpful	64	32%
Very helpful	116	58%
Somewhat helpful	20	10%
Not at all helpful	0	0%
Total	200	100%

Source: Field Survey

During the survey researcher arise the issues awareness about the ATM card out of 200 beneficiaries almost all accepted that they aware about the ATM card, how much money was in their account, how to withdraw from bank or ATM and they use it when they need under the supervision of their parents or teacher. Another important aspect related to saving money reflected that all students replied that they save money and they successfully differentiate between need and wants. This financial education is mainly delivered by the teachers of the school which will help in later life.

Regarding end use of money, 56% girls revealed that they want to spend their stipend in their further study while 38% respondents replied that they want to purchase some equipment like sewing machine, music instruments, bicycle etc. 6% students replied they will give their stipend to their parents. Thus hypothesis has been selected that the Kasturba Gandhi Balika Vidyalaya leads to improvement in financial literacy among girls in Allahabad district.

### Findings and conclusion:

It is found that most of the students are aware about the bank and type of bank account its create positive environment for girls financial education through account opening by school and also give the basic knowledge about to differentiate between want and need by the school teacher they play a very important role in financial inclusion. Self-confidence of the students has been

enhanced.

There is a need for some teachers to get trained, not just on the various methods of teaching but, on the objective of the scheme which is to reduce the financial literacy gap, apart from providing curriculum based education KGBV scheme plays an important role to provide financial education/literacy to the students.

Students' opinions on financial decision for future show they want spend their stipend on further education and want to be financial independently. Remarkable changes are marked in the students engaged in vocational work like preparation of candle, sewing, embroidery and handicraft-making activities and from them they want to setup self-employed business in these activities. Supporting access to economic assets at an early age increases their chances of moving out of poverty and improves their ability to participate in economic growth in adulthood. A woman is economically empowered when she has both the aptitude to succeed and advance financially and power to make and act on economic decisions. Financial education helps to girls to promote financially skilled and independently in future in the presence of such school.

### Suggestions:

Delivering high quality financial education to students is an idea whose time has come. Students are the consumers of the future financial education which can help provide to make rigorous financial decision throughout their lives.

The number of Kasturba Gandhi Balika Vidyalaya should be increased and number of student strength should be also extended. Government schemes provide financial education through stipend indirectly to students, despite private schools also providing financial education, apart of their curriculum. This will cover more students of rural and urban areas of country at an early age as in the western countries.

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