

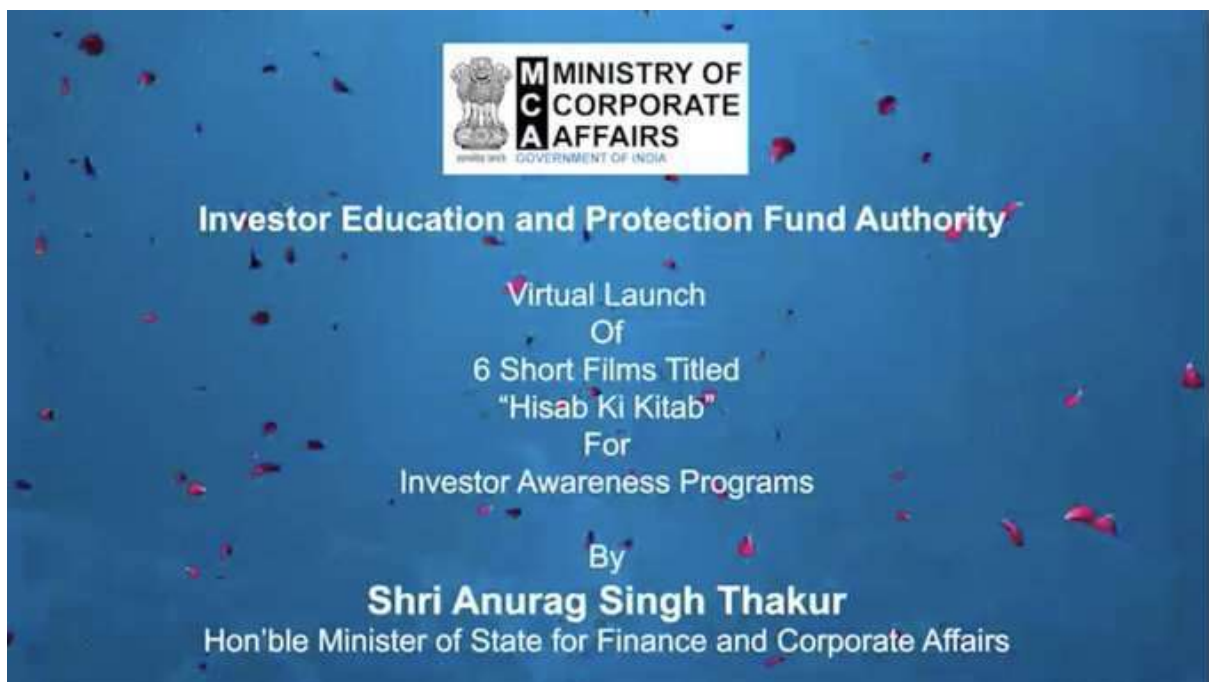
Hisab ki Kitab (Book of Financial matters) –

Promoting National Strategy for Financial Education (NSFE 2020-25) in India

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While working on preparing the National Strategy for Financial Education² for India, it had got reiterated that visual media, because of its effectiveness and because of the reach of internet and smart phones, could be a strong tool to take the message of financial education and investor education to the far-flung areas of a country like India. One just needed to be cautious about the fact that the span of attention of users of visual media is often very less. Accordingly, the visual media outputs, such as videos, needed to be short!

With the mandate of providing investor education and enabling investor protection, Investor Education and Protection Fund Authority (IEPFA) Ministry of Corporate Affairs commissioned a series of 6 short films by the name of “Hisab ki kitaab” which was developed by CSC e Gov India Pvt Ltd. These short films³ were [launched](#) on 3rd June, 2021 by the then Union Minister of State, Finance and Corporate Affairs, Shri Anurag Thakur.



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² <https://www.ncfe.org.in/reports/nsfe/nsfe2025>

³ <https://twitter.com/FinMinIndia/status/1400431533979148289>

These 6 short films/ modules of 5-8 minutes duration highlighting the importance of budget, saving, Insurance schemes, various social security schemes of the Government of India are readily available (available for free on the internet) resource for implementing training programmes of investor/financial education. These videos are available [here](#)⁴ also, apart from on Youtube. Though there are numerous videos on the internet deliberating on various aspects of financial services, these modules are different as these portray the message from a common man's perspective, basing the stories from day-to-day lives of typical Indian family. Interestingly, apart from covering the basic themes of budget, saving, Insurance schemes, government social security schemes, one of the module also depicts the about Ponzi schemes, how common man falls prey to these schemes and how/why we need to be watchful in protecting ourselves from these unregulated deposit and Ponzi schemes .

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The importance of education and knowledge has been well realised by early philosophers, scientists, leaders, economists and academicians around the world. More so, when it comes to financial education, the same cannot be over emphasised, especially in the context of the consequences that can be faced by an individual, who lacks financial literacy.

Financial literacy⁵, as defined by OECD, is a set of financial awareness, knowledge, skills, attitude and behaviour necessary to take sound financial decisions to ultimately achieving financial well-being. Financial education, which is the process leading to financial literacy, plays a complementary role in enabling investors to increase understanding of the important concepts related to financial products and the risk categories that the products belong to. It also provides them the necessary skills and confidence to evaluate financial risks as well as opportunities to achieve financial well-being.

In an international survey on adult financial literacy conducted by OECD in 2020 ([OECD/INFE 2020 International Survey of Adult Financial Literacy](#)), it had emerged that there was much scope for improving financial literacy levels across countries. For the individuals of the countries covered under the survey, the average financial literacy score was only 12.7, which is about 61 percent of the maximum score of 21. This OECD survey happens to be one of the

⁴ <https://www.iepfportal.in/iepf-videos.html>

⁵ Atkinson, A. and Messy, F-A. (2012), "Measuring Financial Literacy: Results of the OECD / International Network on Financial Education (INFE) Pilot Study", *OECD Working Papers on Finance, Insurance and Private Pensions*, No. 15, OECD Publishing. <http://dx.doi.org/10.1787/5k9csfs90fr4-en>

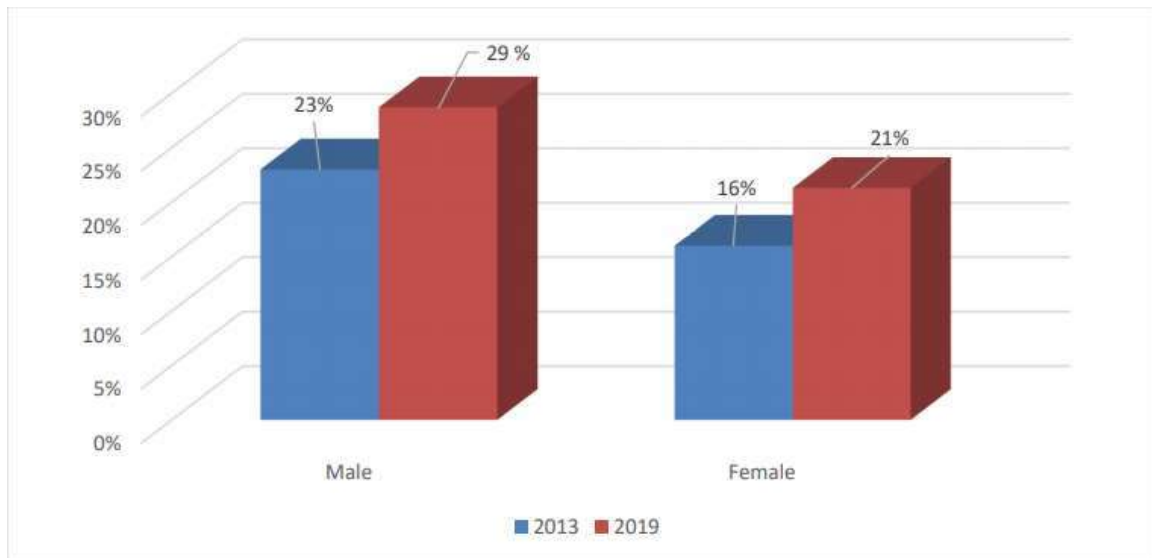
most comprehensive and representative surveys carried out recently and highlights the status of financial literacy levels across countries.

As highlighted through three sets of high-level principles endorsed by G20 leaders: Innovative Financial Inclusion (2010); Financial Consumer Protection (2011); and National Strategies for Financial Education (2012), financial education, financial consumer protection and financial inclusion are recognised as three essential ingredients for the financial empowerment of individuals and the overall stability of the financial system.

In line with this stance of G20 nations, a National Strategy for Financial Education (NSFE) was implemented by the Government of India during 2013-2018. Subsequent to completion of the period of the first National Strategy for Financial Education (NSFE: 2013-2018), a review of the progress made under that strategy period was undertaken by the Technical Group on Financial Inclusion and Financial Literacy (TGFIFL- Chair: Deputy Governor, RBI) under the Financial Stability and Development Council (FSDC-Chair: Hon'ble Union Finance Minister). Further, an All-India Financial Inclusion and Financial Literacy survey was carried out by National Centre for Financial Education (NCFE) in 2019 with the help of an external survey agency to find out the status of financial literacy and financial inclusion in India. Based on the OECD-INFE tool kit 2018, the survey was conducted across India in 14 different languages and had covered more than 75000 individuals in the age bracket 18-79 years.

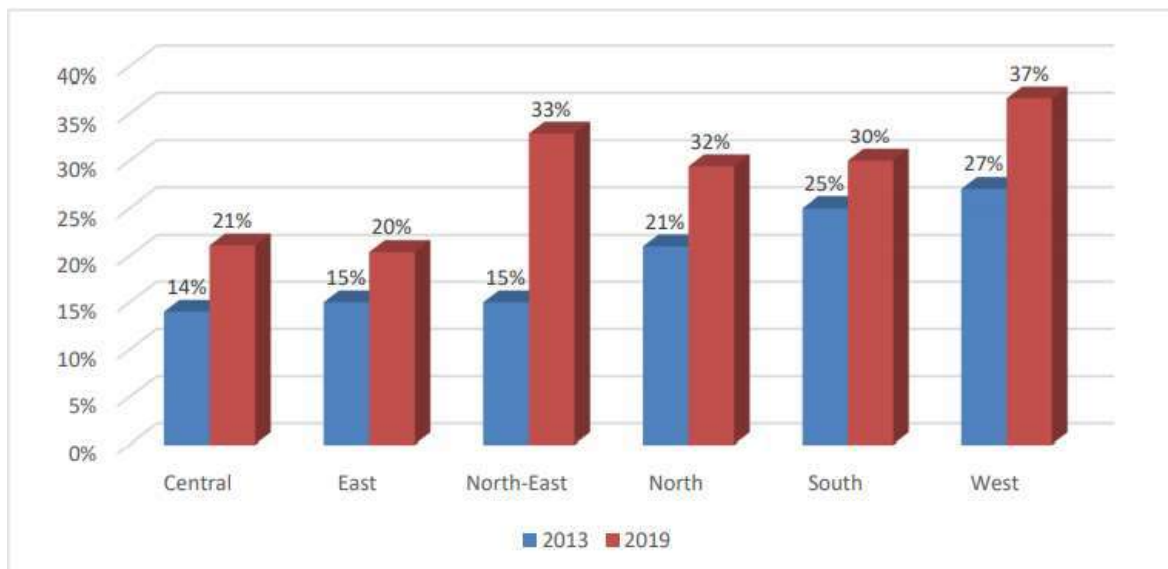
The findings of this survey suggested the average financial literacy of Indian was around 13 (out of 21) that only 27.18 percent individuals achieved minimum target in each segment of financial literacy as prescribed by OECD-INFE [i.e., a minimum of 3 in Financial Attitude (out of 5), 6 in Financial Behaviour (out of 9) and 6 in Financial Knowledge (out of 9)] as compared to 20% in 2013 (Figure 1). Further, the zonal distribution of the percentage of population crossing the minimum threshold score shows that central and east regions of India achieved the lowest scores (21 & 20 percent respectively), while the west region of India scored the most, as 37 percent of respondents achieved minimum threshold (figure 2)

Figure 1 : Percentage of Population Crossing the Minimum Threshold Score Gender-wise



Source: [NSFE202020251BD2A32E39F74D328239740D4C93980D.PDF \(rbi.org.in\)](https://www.rbi.org.in/NSFE202020251BD2A32E39F74D328239740D4C93980D.PDF)

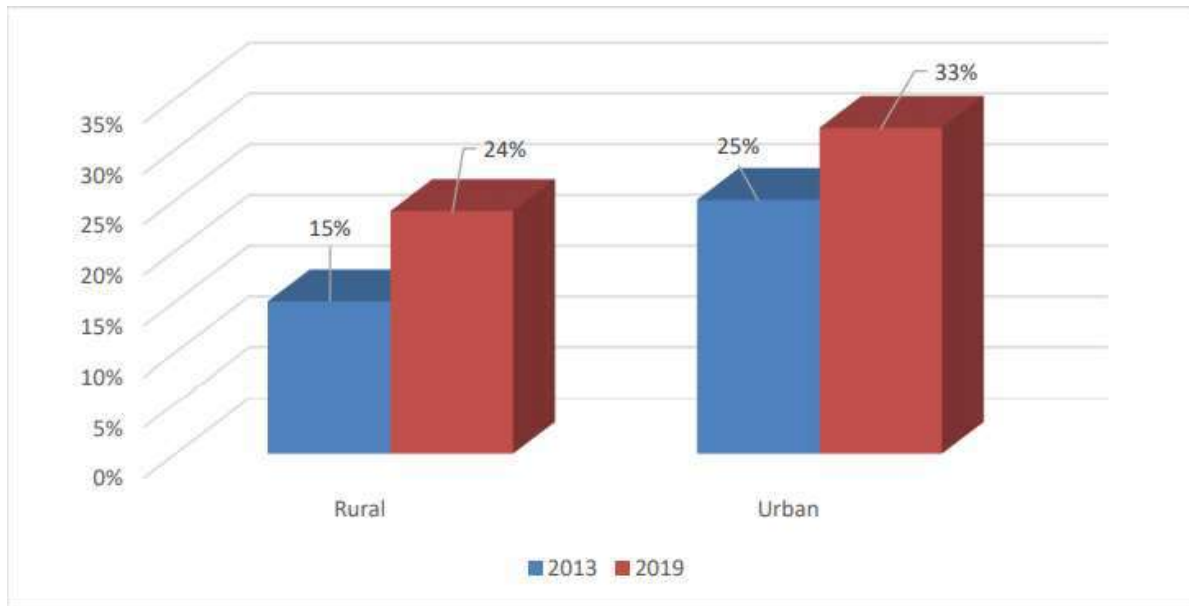
Figure 2: Percentage of Population Crossing the Minimum Threshold Score Zone-Wise



Source: [NSFE202020251BD2A32E39F74D328239740D4C93980D.PDF \(rbi.org.in\)](https://www.rbi.org.in/NSFE202020251BD2A32E39F74D328239740D4C93980D.PDF)

Looking at the urban-rural distribution of respondents, it is evident that the difference between the urban and rural population scoring minimum threshold has marginally reduced from 9 percent to 8 percent. However, the growth in absolute numbers seems to be similar for both urban and rural categories (9 and 10 percent respectively, figure3)

Figure 3: Percentage of Population Crossing the Minimum Threshold Score Rural-Urban



Source: [NSFE202020251BD2A32E39F74D328239740D4C93980D.PDF \(rbi.org.in\)](https://www.rbi.org.in/NSFE202020251BD2A32E39F74D328239740D4C93980D.PDF)

NSFE 2020-2025

Figure 4: The essence of NSFE 2020-2025



Source: [NSFE202020251BD2A32E39F74D328239740D4C93980D.PDF \(rbi.org.in\)](https://www.rbi.org.in/NSFE202020251BD2A32E39F74D328239740D4C93980D.PDF)

Based on the findings of the survey, the following thrust areas have been arrived at for improving financial education efforts:

- i. Though there has been an improvement over the period, further efforts are needed to improve financial literacy among women
- ii. East, Central and North Zone need more attention
- iii. Rural India needs focused attention

iv. The group with lower education needs greater financial education initiatives

v. The group of age '50 and above' needs more financial education

Incorporating the required improvements in the efforts to increase financial literacy, the new NSFE 2020-2025 has been formulated. This Strategy document was developed as a revised version of its precursor, NSFE (2013-2018) by including data-driven findings, new policy measures, evaluation tools, interventions and technological improvements.

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As indicated above, in line with the mandate of NSFE 2020-2025, Investor Education and Protection Fund Authority (IEPFA), Ministry of Corporate affairs, Government of India has produced a series of 6 short videos (7-8 minutes duration each, one video dedicated to each module on savings and investment) to promote the cause of financial/investor education. These videos have incorporated important messages directed towards improving the behavioural and attitudinal aspects related to personal finance. The attempt is also to enhance the financial knowledge of individuals through introduction to various product related information (savings, bank accounts, investment, insurance, pension, etc.). Using Hindi language (the Rajbhasha of India), the videos portray real life scenarios and issues that individuals, especially, investors face on regular basis. Using these concepts and background imagery, these videos seek to disseminate important messages on aspects of savings and investments. Titled "Hisab ki Kitab" (Book of Finances), this series is available on the IEPFA portal [IEPF videos \(iepfportal.in\)](http://iepfportal.in) as well as on YouTube. A module wise brief description and the link to the 6 module-videos is given as under. These short films are available for use not only by IEPFA and its partnering organisation but also by other related agencies as training tools for implementing programmes of Financial Education/Financial literacy/Investor Education such as Investor Awareness Programs.

Brief information related to the modules are as under:

1. Hisab ki kitab - Module 1 - Budget & Saving through budget



Source: <https://youtu.be/31utacgIMOc>

The first module is titled “Budget and Saving through budget”. This module explains the importance of budget, why one should prepare a budget and what are the advantages of doing so. Addressing the starting point of a sound investment strategy, this video portrays the importance of budgeting and savings in the lives of households. It motivates the viewers to account for monthly income and expenses and urges them to reduce unnecessary expenses, which could lead to regular savings resulting in building a corpus for the family. Cast in a rural background, the video addresses this common issue of meagre savings among households and how the same could be tackled with monthly budgeting (Video Link : [Hisab ki kitab episode 1 - YouTube](https://youtu.be/31utacgIMOc))

2. Hisab ki kitab - Module 2 - Importance of Bank Account



Source: <https://youtu.be/fOpaZnKelmE>

The second module is titled “Importance of Bank account.” This module explains the significance of having an operational bank account. This message becomes more relevant in view of the achievement of India in the area of financial inclusion by opening accounts under Pradhan Mantri Jan Dhan Yojana (PMJDY).

Bank accounts are not only a safe way to store money but also enable individuals to earn income on the money stored in their bank accounts. It is a gateway to accessing a host of investment opportunities available to individuals. As now a days, government transfers a number of financial benefits directly in the bank account of beneficiaries, it’s important, especially for those, who expect to receive financial benefits from government to not only have a bank account but also keep it operational. This important message has been lucidly conveyed in Module 2 of the series. Showcased in a rural background, it motivates individuals to open a bank account and safely keep their money in these accounts. It also portrays the benefits that a bank account offers and the use of cards. (Video Link : [Hisab ki kitab episode 2 - YouTube](https://youtu.be/fOpaZnKelmE)).

3. Hisab ki kitab - Module 3 - Government schemes and social schemes offered through CSCs.



Source: <https://youtu.be/7rO6nHYCJ8I>

The third module is titled ""Government Schemes - Social Security Services through CSCs." This module explains various social service schemes, especially related to insurance and pension, which are made available the government. These schemes indicated in the module are: Pradhan Mantri Jan Dhan Yojana (PMJDY), Prandhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Jeevan Surakha Bima Yojana (PMJSBY), etc.

It is often realized that because of lack of awareness about such social security schemes, public is not able to access these schemes and derive the intended benefits. Through this module, it is envisioned to spread awareness among individuals about various social welfare and social security schemes run by Government of India along with the benefits that they offer. (Video Link: [Hisab ki kitab episode 3 - YouTube](#))

4. Hisab ki kitab - Module 4 - Insurance & Pension products.



Source: <https://youtu.be/8J-3daKkECY>

The fourth module is titled “Insurance and Pension Products.” From a day-to-day life, this module draws the simile of an umbrella (akin to insurance) saving one from rains (the unforeseen tragedies of life). This module highlights the importance and types of insurance products available to individuals. It covers all product categories like life insurance as well as general schemes like health, personal accident, agriculture, etc. It motivates individuals to adequately insure against incurring losses caused by unpredictable events. (Video Link: [Hisab ki kitab episode 4 - YouTube](https://youtu.be/8J-3daKkECY))

5. Hisab ki kitab - Module 5 - Use of savings for investment, things to pay attention to before investing.



Source: <https://youtu.be/cATYUjKJUY4>

The fifth module is titled "Using savings for investments: Points to be noted while investing."

The ultimate goal of budgeting and savings is to generate surplus funds regularly and later invest them as per the needs of an investor. The Module 5 highlights importance of investments and factors that need to be considered before investing. This module illustrates that while looking for maximizing the return from investment, it is also important to ensure safety of the investment (the principal amount of the investment!). The module also covers important concepts like inflation that determines the real return on investment as well as investment schemes like equity, mutual funds, PPF, etc. The do's and don'ts before investing is also portrayed in this video (Video Link : [Hisab ki kitab episode 5 - YouTube](https://youtu.be/cATYUjKJUY4))

6. Hisab ki kitab - Module 6 - Ponzi Schemes & Capital Market



Source: <https://youtu.be/G2GnYPa1wm0>

This last module in the series (module 6) seeks to create awareness among investors to beware of Ponzi schemes. It highlights the modus operandi adopted by such schemes and how investors have lost their money by entering into such schemes. (Video Link [Hisab ki kitab episode 6 - YouTube](https://youtu.be/G2GnYPa1wm0)).

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Role of IEPFA

IEPF Authority (IEPFA) has been set up under the Ministry of Corporate Affairs, Government of India as a **statutory body** under the provisions of section 125 of the Companies Act 2013. IEPFA was established on 7th September, 2016 primarily for administration of Investor Education and Protection Fund.

The Authority is entrusted with the responsibility of administration of the Investor Education Protection Fund (IEPF), making refunds of shares, unclaimed dividends, matured deposits/debentures etc. to investors and promoting awareness among investors.

Apart from other agencies, with whom one can file complaints (such as with the local police office/Economic Offence Wing Office) or report regarding Ponzi schemes/unregulated deposits/illegal collective investment schemes, IEPFA also has a system for reporting such schemes/activities. Affected parties or aware investors and public in general can report such suspicious activities online at <https://www.iepfportal.in/suspicious-scheme.html>. Any information that one can provide about any fraud or scam could help in taking proactive steps and such schemes can be stopped before others fall victim to them. The website has details guidelines about the process of filing report. It also **ensures complete confidentiality** about the submitter of information.

Information on filing Guidance and Confidentiality related to submitted information is as under:

a. What information should be provided in the Form on the website?

The submission shall be addressed based on the accuracy and completeness of the information received.

The critical information that is required to take further action includes:

- A description of the scheme, contact information of the company/agency, details of the people involved in the collection of money, or making publicity of any such scheme.
- Any other relevant information, documentation or proof that one may have.

Any information that one provides must be truthful to the best of one's knowledge or belief.

b. What happens after the information is sent to the IEPFA?

Information received by the Authority would be scrutinized on the basis of details provided, proofs attached, and authenticity of the information would be ascertained. The matter may be referred to appropriate law enforcement organisation/ regulatory authority for further necessary action, if required.

The confidentiality about the details of the person reporting shall be maintained.

IEPFA has also come out with an indicative guideline (<https://www.iepfportal.in/suspicious-scheme-detail.html>) on how to protect oneself from Ponzi schemes. Indicated hereunder are the caution points:

- Beware of promise of higher returns:

Any scheme promising abnormally high returns should be considered with caution. At the very basic level, abnormally high returns promised by the fraudsters should serve as a red flag for investors. Beware of promises of unrealistic returns.

- Unknown Company:

You might have heard about a scheme promising higher returns, but are you also aware about the company and its credibility? If not, how can you put your hard-earned money into a company or organisation which is unknown to you?

Don't rely on reputation or word of mouth alone. One of the best ways to know about a company is doing your own research on internet or social media. If you do not find any reliable information on the net, it is better to steer clear.

- Track Record of Promoters:

They should have clean image in terms of delivering promises. If you are unable to find any information, then do a search on the internet.

- Registration Requirements:

If a person is planning to invest in a non-banking finance company (NBFC), then he/she should be well aware that every NBFC is required to be registered with the Reserve Bank of India (RBI). NBFCs are not allowed to use the name of the RBI in any manner.

- Ratings Assigned:

NBFCs which accept deposits should have minimum investment grade credit rating granted by an approved credit rating agency for deposit collection.

- Terms & Conditions:

The charges should be considered well before taking the final call. Understand your investments; keep copies of all the investment and communications.

- Take Informed Decision:

One should check for the past record of the schemes, management team, corresponding regulations & financial information. Your decision should never be guided by greed. Check registration and background of individuals selling the investment. Do not trust anyone blindly in financial matters.

Remember that even if the promoters of an NBFC are of impeccable repute and the credit rating is good, there is risk on these deposits as they are unsecured and the risk of insolvency is there.

- Union Government model guidelines for states to curb Ponzi schemes:

The Union Government has issued model guidelines titled as "Direct Selling Guidelines 2016" framework for states to regulate direct selling and multi-level marketing businesses to protect consumers from Ponzi frauds.

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