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NATIONAL FINANCIAL LITERACY STRATEGY FOR INDIA: 2025 ONWARDS

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A DATA-DRIVEN BLUEPRINT FOR INDIA'S POST-2025 FINANCIAL LITERACY STRATEGY—BRIDGING ACCESS, BEHAVIOUR, AND RESILIENCE ACROSS DEMOGRAPHICS, REGIONS, AND DIGITAL ECOSYSTEMS.

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Executive Summary

Over the last decade, India has made unprecedented progress in advancing financial inclusion through institutional reforms, digital infrastructure, and flagship social schemes. The success of the Pradhan Mantri Jan Dhan Yojana (PMJDY), rise in mobile banking, and penetration of financial products such as insurance and pensions have brought millions into the formal financial system. However, the gap between access and capability remains stark, especially in the context of increasing debt burden, low insurance uptake, and vulnerability to digital frauds. As India approaches the end of its National Strategy for Financial Education (NSFE) 2019–2024, this report evaluates the current landscape and proposes a renewed, evidence-based financial literacy strategy for the post-2025 era.

This comprehensive report draws on multiple data sources—including the NCFE Financial Literacy and Inclusion Survey (2019), National Family Health Survey (NFHS 2015–16 and 2019–20), All India Debt and Investment Survey (AIDIS 2019), and IMF indicators for the Indian financial sector (2018–2023). It also analyses the impact of key inclusion schemes such as PMJJBY, PMSBY, APY, NPS, and Sukanya Samriddhi Yojana, while benchmarking India's experience against international best practices from countries including Australia, Japan, Singapore, South Africa, and Brazil.

Key Findings:

- Financial Literacy is Low Despite High Access: Only 27% of Indian adults are financially literate (NCFE-FLIS), with lower rates among women (21%), rural residents (24%), and those without formal education.
- Gender Disparities Persist: NFHS shows that while over 80% of women own bank accounts, decision-making and financial autonomy remain limited.
- Indebtedness is Rising: AIDIS 2019 reveals increasing debt-to-asset ratios in states like Kerala, Andhra Pradesh, and Telangana, signalling a need for credit and debt literacy.
- Digital Finance is Growing Faster than Literacy: IMF data shows exponential growth in mobile and internet banking, but without adequate digital safety knowledge.
- Government Schemes Have Scale, but Limited Behavioural Impact: Over 140 crore beneficiaries across insurance, pension, and savings schemes show impressive outreach but suffer from poor awareness of features, terms, and claims processes.

Policy Recommendations:

The report recommends embedding financial education into the National Education Policy, expanding the mandate of NCFE, creating a District Financial Literacy Cadre, and institutionalising a Financial Capability Index. It also advocates for an annual Financial Inclusion and Capability Report, a dedicated Financial Literacy Fund, and partnerships with fintech startups, universities, and community-based organisations.

Strategic Action Plan:

The strategy is structured into six key pillars:

- Lifecycle-Based Modules: Tailored education for students, workers, women, seniors, and gig economy participants.
- Embedded Learning: Integrate education into service delivery—e.g., PMJDY, DBT, loans, and insurance enrolment.
- Digital-First, Human-Touch Delivery: Combine AI-powered tools with helplines and SHG-led local ambassadors.
- Cross-Sector Collaboration: Involve trade unions, fintechs, academic institutions, and align with OECD-INFE frameworks.
- Monitoring and Evaluation: Launch the National Financial Capability Index with district-level tracking and outcome-focused surveys.
- Climate-Resilient Literacy: Educate vulnerable populations on crop insurance, disaster preparedness, and green finance.

Financial literacy is now an economic necessity and a social imperative. As India transitions into a digitally enabled, demographically young, and aspirational economy, the new national strategy must equip citizens not just to access financial services—but to understand, trust, and use them wisely. Moving forward, financial education must be inclusive, actionable, and measurable—driving not only individual well-being but national economic resilience.

Introduction

Financial literacy plays a foundational role in ensuring economic resilience, inclusive growth, and individual financial well-being. It extends beyond access to bank accounts or credit cards and encompasses the knowledge, skills, behaviour, and attitudes necessary to make informed and effective financial decisions. In the context of a rapidly digitising financial ecosystem, high household indebtedness, and growing financial product complexity, financial literacy in India must evolve to address both foundational inclusion and advanced capability.

The Reserve Bank of India (RBI) launched the first National Strategy for Financial Education (NSFE) for 2019–2024, emphasising a multi-stakeholder approach to building financial competence across population segments. The strategy set out to promote financial education through a coordinated approach across regulators, policymakers, and institutions. As the NSFE nears its conclusion, the necessity for a revised and more targeted national financial literacy framework becomes clear.

Over the last decade, India has made remarkable progress in extending the reach of financial services. Yet, several gaps continue to impede the transformation of access into meaningful and informed usage. These gaps are evident in three key dimensions: capability, behaviour, and decision-making power. Despite near-universal bank account penetration under schemes like PMJDY, large segments of the population—particularly women, youth, and rural populations—continue to exhibit low levels of financial literacy.

This report analyses these challenges using a rich combination of national and international datasets. The findings from the NCFE Financial Literacy and Inclusion Survey (FLIS) 2019 reveal that only 27% of Indian adults qualify as financially literate, with women (21%) significantly lagging behind men (29%). Additionally, the National Family Health Survey (NFHS) rounds 4 and 5 show a sharp rise in the number of women owning and using bank accounts—from 26–45% in 2015–16 to over 75% in most states by 2019–20. However, this access has not translated into autonomy or financial decision-making.

The All-India Debt and Investment Survey (AIDIS) 2019 from the National Sample Survey Office (NSSO) provides further insights into household-level debt and deposits, highlighting increasing incidence and quantum of indebtedness, particularly in rural India. States with high financial access often report high debt levels and low financial resilience, reinforcing the need to educate citizens on borrowing prudently and managing financial risk.

In parallel, macro-level trends from the IMF Financial Access Survey (2018–2023) show a dramatic expansion of financial infrastructure—deposit accounts grew from 191 crore to 252 crore, outstanding loans from ₹87.7 lakh crore to ₹142 lakh crore, and mobile banking transaction value from ₹3.03 lakh crore to ₹5.91 lakh crore. Female-owned deposit accounts increased from 62.2 crore to 91.8 crore. Despite this, credit literacy, savings behaviour, and informed digital finance usage remain weak in low-income and vulnerable communities.

The urgency for a revised national strategy is also underscored by capital market participation trends. As of March 2025, there were 4.92 crore[1] (49.2 million) active demat accounts on the NSE. NSDL reported 4.05 crore (40.49 million) active investor accounts as of June 30, 2025. These figures highlight the growing footprint of retail investing in India, particularly among digitally savvy youth in Tier II, III, and IV cities. The average monthly growth in client additions across the industry stood at 1.74%, with fintech platforms reporting even higher growth.

Another important development is the rising participation of women[2] in equity markets. In FY25, nearly one in every four new investors was a woman, indicating not only deeper financial inclusion but also the expanding demographic diversity in India's capital markets. However, this trend also necessitates a shift from access to capability, ensuring that new investors, especially first-time and women investors, are equipped with the knowledge to assess financial risks, evaluate products, and plan long-term wealth creation.

This report synthesises these data points into a cohesive evaluation of India's financial literacy landscape. It benchmarks global best practices, assesses domestic progress through evidence, and sets the stage for a post-2025 Financial Literacy Strategy that is more inclusive, adaptive, and capable of ensuring true financial empowerment.

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[1] https://nsdl.co.in/about/statistics.php
[2]https://www.cnbctv18.com/market/nse-adds-over-84-lakh-new-demat-accounts-in-fy25-zerodha-groww-19589237.htm

Global Landscape of Financial Literacy

Across the world, financial literacy has evolved from being a supplementary skill to a core enabler of individual economic security, national financial stability, and inclusive development. As financial systems have become more digitized, product-rich, and user-centric, the responsibility to empower citizens with financial knowledge and capability has become an institutional priority for both governments and regulators.

The global average of financial literacy is estimated at around 35%, with significant regional variation. OECD member countries typically lead the field with longstanding national strategies, robust school curricula, and active public-private collaborations. Emerging and developing economies, on the other hand, have increasingly embedded financial literacy within broader financial inclusion and social protection frameworks. Today, financial literacy is being addressed through a variety of policy instruments: school-level integration, adult education, gamified fintech tools, workplace training, mass-media campaigns, and embedded consumer disclosures.

World Bank Global Findex Database 2025: Trends and Insights

According to the World Bank's Global Findex Database 2025[3], financial inclusion has expanded significantly across the globe. Based on data collected in 2024 from over 145,000 adults in 141 countries, 79% of adults now own a financial account—up from 74% in 2021. In low- and middle-income economies, account ownership stands at 75%, showing a six-percentage-point rise. These improvements have been driven in part by increased mobile money usage, digital platforms, and pandemic-induced shifts in financial behaviour.

Ownership of mobile phones remains high worldwide, with 86% of adults reporting phone ownership. In regions like South Asia and Sub-Saharan Africa, basic phones still play an essential role in driving digital financial inclusion, especially where smartphones are not yet widely affordable.

Encouragingly, gender gaps in financial account ownership are narrowing. In 2024, 73% of women in low- and middle-income countries had access to a financial account, up from 66% in 2021 and just 50% in 2014. This trend is promising, particularly for economies like India, where women's financial inclusion has traditionally lagged behind men's due to mobility constraints, sociocultural norms, and lower financial autonomy.

The report also highlights a global surge in formal saving, breaking a long trend of stagnation. In low- and middle-income countries, 40% of adults now save formally, an increase of 16 percentage points since 2021. This rise is largely attributed to mobile-enabled platforms that allow frequent, small savings—thus aligning formal finance with the behavioural realities of lower-income households. In terms of digital usage, the shift is even more striking. In 2024, 61% of adults in low- and middle-income economies made or received digital payments, with 82% of account holders using their accounts digitally. The share of adults making digital merchant payments

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[3] https://www.worldbank.org/en/publication/globalfindex

reached 42% in 2024, up from 35% in 2021, reflecting increased digital integration of retail commerce. Yet, challenges remain: 31% of unbanked adults in low- and middle-income countries still do not own a mobile phone, with this figure rising to nearly 50% in South Asia. This group represents a critical "last mile" for financial inclusion and literacy efforts. At the same time, the report flags emerging risks associated with digital financial services. Among mobile money users in low- and middle-income economies, one in four do not use password protection on their devices, posing a clear risk of fraud and theft. Notably, women are less likely than men to use such protections, deepening their vulnerability.

Finally, despite rising connectivity and mobile-based transactions, 1.3 billion adults remain unbanked globally. The Findex estimates that many among them already possess the foundational components needed—personal identification, mobile phones, and registered SIM cards—but lack the financial confidence, contextual understanding, or product trust necessary to engage formally. These individuals form the next frontier of inclusion, but without embedded financial capability-building, they may remain passive or vulnerable participants in the financial system.

Global Lessons for India's Strategic Redesign

The global context offers a rich repository of strategies and cautionary tales. Countries with the most successful financial literacy outcomes tend to blend institutional accountability, multi-channel delivery models, and adaptive content that evolves with demographic, economic, and technological trends. The World Bank's findings further emphasize that access, while foundational, is insufficient without capability. As digital and mobile-first systems become the norm, financial literacy must evolve to prepare users not just to participate, but to navigate, compare, safeguard, and plan.

India's post-2025 financial literacy strategy must integrate these global learnings and respond to local realities, especially the rise of young, first-time investors, digitally connected rural populations, and vulnerable informal sector workers. It must also ensure that women and the elderly are not left behind as fintech and formal finance ecosystems expand.

Case Studies of International Best Practices

· **Japan**

Japan has long recognized financial literacy as a key component of national economic stability. Its initiatives are spearheaded by the Central Council for Financial Services Information (CCFSI), which operates under the Bank of Japan. Japan adopts a "lifelong education" approach, introducing financial topics in school curricula starting at the elementary level. Topics include personal budgeting, savings, responsible spending, and understanding interest. For adults, workplace programs, community seminars, and mass media campaigns form part of a comprehensive ecosystem. The country also places a strong emphasis on intergenerational literacy, encouraging parents and grandparents to educate children at home. Public-private partnerships support innovation in financial education delivery through digital content and gamification.

· **Australia**
Australia’s financial literacy programs are anchored in the National Financial Capability Strategy, managed by the Australian Securities and Investments Commission (ASIC). The flagship "MoneySmart" initiative provides tailored tools for teachers, parents, students, and retirees. Australia's approach is distinct for its strong use of behavioural economics principles, offering content that addresses real-life scenarios such as managing debt, superannuation planning, and fraud prevention. Financial literacy is also embedded into school curricula nationwide. Regular evaluation of program outcomes, targeted outreach for Indigenous communities, and partnerships with the fintech sector make Australia’s strategy inclusive and adaptive.

· **Singapore**
Singapore’s national strategy is led by the Institute for Financial Literacy (IFL), which works under the Monetary Authority of Singapore. The IFL offers free financial education workshops to the public, focusing on retirement readiness, debt management, investment fundamentals, and digital financial tools. Programs are delivered in multiple languages and tailored to specific groups such as blue-collar workers, housewives, and senior citizens. Singapore emphasizes workplace-based learning, partnering with employers to deliver on-site sessions. The integration of digital literacy with financial education is a cornerstone of Singapore’s strategy, ensuring citizens can navigate modern fintech platforms safely.

· **China**
China’s financial literacy initiatives are deeply embedded within its national financial inclusion agenda. The People's Bank of China and the China Banking and Insurance Regulatory Commission have jointly promoted financial awareness through large-scale public campaigns and school integration. Mobile apps and WeChat-based mini-programs have become popular tools for digital financial education. The government also collaborates with tech giants like Ant Financial and Tencent to push responsible digital finance behaviour. Rural outreach is prioritized through village-level agents and community centers, particularly targeting elderly populations and rural women.

· **Russia**
Russia’s financial literacy development is led by the Ministry of Finance, supported by the World Bank’s Financial Literacy and Education Trust Fund. The "National Strategy for Financial Literacy" (2017–2023) focused on integrating financial education into school and university curricula, teacher training, public TV campaigns, and adult learning programs. Special emphasis is placed on pensions, debt management, and fraud prevention. Russia also runs regional financial literacy competitions and mobile classroom buses in remote areas.

· **Kazakhstan**
Kazakhstan, representing Central Asia, has adopted a multi-stakeholder approach to improving financial literacy. The National Bank of Kazakhstan works with educational institutions, private banks, and international partners to deliver awareness campaigns and classroom content. The strategy focuses on young people, first-time borrowers, and SMEs. Digital platforms and mobile-based quizzes are used to reach rural youth. Kazakhstan is also piloting a national financial literacy certification program for school teachers.

· **United Arab Emirates**
The UAE has embedded financial literacy within its Vision 2030 agenda. The Emirates Foundation and UAE Banks Federation coordinate national efforts to educate citizens and residents about credit card usage, debt, savings, and Islamic finance principles. Financial education is promoted through youth entrepreneurship programs, digital influencers, and mandatory pre-loan counseling. The Ministry of Education has initiated pilot programs to integrate financial skills in high school curricula. Partnerships with fintech companies ensure content relevance and delivery efficiency.

· **South Africa**
South Africa combines financial literacy with consumer protection and empowerment. The Financial Sector Conduct Authority (FSCA) leads the national strategy, which includes consumer helplines, community-based training, and workplace literacy campaigns. Financial education is integrated into school subjects such as Economic and Management Sciences. NGOs play a critical role in rural outreach, with a focus on over-indebtedness, informal savings groups, and women's cooperatives. Post-loan education modules and credit counseling are mandatory for certain high-risk products.

· **Germany**
Germany's financial literacy model relies on collaboration between public authorities, financial institutions, and NGOs. The "My Finance Coach" initiative, supported by private banks and insurance firms, delivers classroom sessions to secondary school students, often led by trained volunteers from the financial sector. The Federal Ministry of Finance funds national studies and curriculum development. Emphasis is placed on taxes, insurance, digital banking, and consumer rights. Germany also promotes vocational financial education for apprentices and young workers entering the labor market.

· **United States of America**
The United States employs a decentralized model, where individual states develop their own financial education mandates and delivery systems. At the federal level, the Consumer Financial Protection Bureau (CFPB) and the Financial Literacy and Education Commission (FLEC) provide coordination and resources. Programs like "MyMoney.gov" target youth, veterans, seniors, and low-income groups. School curricula vary widely across states, but there is growing momentum for mandatory financial education in high schools. Nonprofits, fintechs, and employers supplement government efforts through targeted campaigns on credit scores, student loans, digital safety, and retirement planning.

· **Brazil**
Brazil's "Estratégia Nacional de Educação Financeira" (ENEF) is a leading example in Latin America. The Central Bank, Ministry of Education, and securities regulators coordinate to deliver classroom-based programs, annual financial literacy weeks, and social media campaigns. Emphasis is placed on budgeting, credit awareness, and long-term financial planning. Community radio, telenovelas, and culturally resonant formats are used to reach underserved populations. Brazil also partners with microfinance institutions to embed financial literacy into product delivery.

These case studies offer diverse and effective models that India can learn from while designing its post-2025 National Strategy for Financial Literacy. Common success factors include school-based education, gender-sensitive content, digital delivery, behavioural insights, and public-private coordination.

Overview of Financial Literacy Initiatives in India

India's journey toward financial literacy has evolved significantly over the past two decades. It began in the mid-2000s with the establishment of Financial Literacy and Credit Counselling Centres (FLCCs) by commercial banks, aimed at providing basic awareness and credit counselling, especially in rural and semi-urban areas. Around the same time, the Reserve Bank of India (RBI) launched Project Financial Literacy, which served as an early-stage platform to disseminate information about the central bank's role and the basics of personal finance.

The institutionalisation of financial education took a major leap in 2013 with the establishment of the National Centre for Financial Education (NCFE)—a collaborative effort of the RBI, Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), and Pension Fund Regulatory and Development Authority (PFRDA). The NCFE was created to drive the national strategy for financial literacy, facilitate content development, and standardise delivery mechanisms across institutions and sectors. In 2020, India adopted a dedicated framework known as the National Strategy for Financial Education (NSFE) 2020–2025, which was a refinement of the earlier 2019 version. This strategy was developed jointly by the four financial sector regulators under the umbrella of the Financial Stability and Development Council (FSDC) Sub-Committee.

The NSFE 2019–24[4] proposed a structured, coordinated, and multi-stakeholder approach. It was centred around the '5C' strategy: Content, Capacity, Community, Communication, and Collaboration. This approach underscored the importance of developing relevant content for different target groups, building the capacity of educators and frontline functionaries, fostering community-level engagement, ensuring consistent communication, and enabling institutional collaboration among public and private actors. Under this framework, several milestones were achieved. For instance, financial literacy was formally introduced into the NCERT school curricula, bringing foundational personal finance concepts to students from Class VI onwards. The Financial Literacy Week, organised annually by the RBI, became a nationwide campaign for spreading awareness on key themes such as digital payments, micro-insurance, credit discipline, and grievance redressal. The Financial Education Training Modules (FETMs) were expanded to cover not only school students but also SHG members, farmers, and MSME workers.

In rural India, the Centre for Financial Literacy (CFL) project was significantly strengthened. Operated primarily by banks in partnership with NGOs and BC agents, these CFLs aim to bridge the last-mile gap in financial awareness. Simultaneously, flagship financial inclusion initiatives such as the Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Garib Kalyan Yojana (PMGKY), and Direct Benefit Transfer (DBT) platforms were used as channels for financial education. Public sector banks and government departments increasingly tied awareness drives with these schemes to enhance effectiveness.

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[4] https://www.rbi.org.in/commonman/Upload/English/Content/PDFs/English_16042021.pdf

Despite this progress, several gaps were identified over the implementation period. The most persistent challenge has been the disconnect between awareness and action. While more individuals are aware of financial products, this has not always translated into improved financial behaviour. A substantial portion of account holders do not budget, compare credit options, or invest in insurance, and continue to depend on informal sources of credit. This reflects a limited behavioural change, which weakens the impact of inclusion efforts.

Another major gap lies in the urban informal sector, where a growing share of the workforce—particularly migrant workers, gig economy participants, and platform-based entrepreneurs remains underserved by existing financial literacy frameworks. These groups often have volatile incomes, poor access to formal safety nets, and limited understanding of risk mitigation tools like micro-insurance or emergency funds. Financial literacy strategies have largely failed to reach them with relevant, real-time learning models.

The digital divide is another obstacle. While India has achieved a commendable scale in fintech adoption, including the success of UPI, digital wallets, and QR-code-based merchant payments, many rural and older users continue to lack the digital skills required to safely use these services. This divide has heightened financial vulnerability, especially in cases of fraud, phishing, and misuse of OTP-based authentication.

Language and accessibility barriers have also restricted the reach of digital and print campaigns. Most of the existing financial literacy content remains concentrated in English and Hindi, with insufficient customization for India's linguistic and cultural diversity. Visually challenged individuals, the elderly, and tribal populations are also underserved by current content formats and delivery mechanisms.

Furthermore, there has been a deficit in impact assessment and measurement. Although various campaigns and modules have been rolled out over the years, the absence of a national-level Financial Literacy Index or Outcome Monitoring Framework has made it difficult to evaluate effectiveness or design course corrections. Many programs remain supply-driven and lack responsiveness to behavioural data or field-level feedback.

These limitations—combined with India's rapidly changing financial, digital, and demographic landscape—necessitate a new strategic framework beyond 2025. The emerging ecosystem is no longer defined by basic banking alone. It is being reshaped by technologies such as embedded finance, Buy Now Pay Later (BNPL), UPI credit lines, and Central Bank Digital Currency (CBDC). This transformation calls for an upgrade from product-level understanding to ecosystem-level capability, encompassing digital security, data privacy, and financial planning.

Demographic shifts further intensify the need for a new approach. Gen Z and young millennial workers now form a large part of India's labour force and investment base. They operate in informal, flexible, or gig-based work structures and engage with personal finance through mobile apps, social media influencers, and peer-to-peer lending platforms. The financial literacy strategy must evolve to meet their realities—through interactive tools, digital storytelling, gamification, and scenario-based learning.

Similarly, there is growing participation of women as entrepreneurs, investors, and household decision-makers, supported by schemes like Sukanya Samriddhi Yojana, PMJJBY, PMSBY, and Atal Pension Yojana (APY). However, capability remains a bottleneck. Literacy content must become more gender-responsive, addressing socio-cultural barriers, asset control, and financial autonomy.

New threats such as cyber frauds, online misinformation, and digital borrowing traps are becoming common, and most users are ill-equipped to recognize or respond to these risks. Moreover, climate vulnerabilities—including floods, droughts, and health shocks—are exposing farmers, coastal communities, and informal workers to unforeseen financial stresses. Financial literacy now needs to incorporate resilience education, including crop insurance, emergency savings, and adaptation planning.

In light of these realities, a post-2025 National Strategy for Financial Literacy must not merely aim for coverage or access. It must enable informed decision-making, adaptive behaviour, and long-term financial resilience. The new approach must be life-stage-sensitive, digitally inclusive, linguistically diverse, behaviourally grounded, and impact-monitored. This report, through empirical analysis and global benchmarking, provides the blueprint for such a strategy.

Why a New Strategy is Needed Post-2025?

Several transformative trends underline the need for a renewed strategy:

- Tech-Led Financial Ecosystem: With the proliferation of UPI, mobile wallets, embedded finance, and Central Bank Digital Currency (CBDC), new financial interfaces demand digital and cyber literacy.
- Demographic & Workforce Shifts: Gen Z entering the workforce, an increase in gig workers, and the rise of women entrepreneurs require tailored financial learning tools.
- Increased Risks: Online scams, data breaches, and misinformation about financial products have become common.
- Financial Inclusion Plateau: While account ownership has grown, dormant or underutilised accounts suggest low engagement.
- Climate Vulnerability: Climate change is exposing farmers, coastal communities, and informal workers to new financial shocks that need adaptive strategies.

Analytical Overview

Indian Banking and Finance Sector: International Monetary Fund (IMF) Data Analysis (2018–2023)

From 2018 to 2023, India witnessed a surge in financial infrastructure: deposit accounts rose from 191 crore to 252 crore, female-owned accounts from 62.2 crore to 91.8 crore, and mobile/internet banking from ₹3.03 lakh crore to ₹5.91 lakh crore. While physical and digital access improved, financial behaviour, especially among women and low-income groups, remained passive or vulnerable due to low capability.

- **Expansion and Diversification of Financial Institutions**

Over the period 2018 to 2023, India witnessed a reshaping of its financial institutional landscape. While the number of commercial banks decreased from 161 in 2018 to 140 in 2023—likely due to mergers, consolidations, and regulatory restructuring—credit unions and cooperatives grew steadily, reaching over 106,000 by 2023. Simultaneously, non-deposit taking microfinance institutions (MFIs) also remained an active segment, despite moderate volatility, reflecting sustained demand in underserved regions.

However, the sharp decline in 'other deposit takers' (from 110 in 2018 to 39 in 2023) suggests a streamlining of niche financial intermediaries, possibly due to tighter regulatory oversight or consolidation into larger banking entities. This rationalization may improve sectoral efficiency but could reduce localized access points for specialized savings instruments.

- **Banking Infrastructure Growth and Channel Shift**

India's physical banking infrastructure saw substantial strengthening. Branches of commercial banks grew from 1.42 lakh in 2018 to over 1.55 lakh in 2023, while ATMs increased from ~2.13 lakh to over 2.67 lakh, expanding formal service touchpoints. Interestingly, branches of credit unions/cooperatives and MFIs also held steady or grew marginally, underscoring continued community-based outreach.

The most remarkable change, however, came from the surge in non-branch retail agent outlets, which grew from 6.58 lakh in 2018 to a peak of 35.1 lakh in 2022, before stabilizing at ~20.4 lakh in 2023. This reflects the rise of Business Correspondents (BCs), micro-ATMs, and digital kiosks, particularly under the Jan Dhan and DBT ecosystem, aiding last-mile service delivery.

- **Explosive Growth in Digital Banking and Mobile Money**

India's digital transaction infrastructure scaled exponentially, as mobile and internet banking transactions rose from 1.87 billion in 2018 to 84.8 billion in 2023—a 45x growth in just five years. The corresponding value of these transactions grew nearly 50x, from ₹1.47 lakh crore in 2018 to ₹11.4 lakh crore in 2023. This reflects UPI's dominant role and increasing trust in digital banking.

Similarly, registered mobile money accounts grew from 53.5 crore to 134 crore during this period. Active accounts surged to 41.5 crore in 2023, with mobile money transaction volumes reaching 591 crore transactions. Despite fluctuations in balances, this segment continues to democratize access for low-income and digitally native users.

However, the declining average number of mobile transactions per active user between 2019 and 2021, followed by a sharp increase in 2022–23, suggests initial onboarding followed by user maturation and habitual usage. The strong growth in debit (96.1 crore) and credit cards (8.5 crore) further affirms rising financial consumption patterns.

- **Retail Deposit Expansion and Gender Inclusion**

The number of deposit accounts with commercial banks grew from 1.91 billion in 2018 to 2.52 billion in 2023, a strong indication of financial deepening. Notably, household sector deposits increased significantly, and the number of female-owned accounts rose from 62.2 crore to 91.8 crore—a critical milestone in gendered financial inclusion.

Moreover, the number of deposit accounts per 1,000 adults rose from 1,915 to 2,352, with women-owned accounts jumping from 1,281 to 1,759. This reflects the effectiveness of government-led schemes like PMJDY, along with targeted savings initiatives such as Sukanya Samriddhi Yojana.

However, female deposit balances still lag, comprising ~34% of household deposits in 2023 (₹39 lakh crore out of ₹118 lakh crore). This reveals that while access has improved, financial agency and active utilization remain areas of concern, requiring stronger financial literacy and behavioural nudges.

- **Loan Portfolio Growth and Credit Gender Gaps**

India's loan accounts with commercial banks grew from 19.7 crore in 2018 to 36 crore in 2023. Household sector loans comprised the bulk of this growth, reflecting the rising use of personal credit, consumer loans, and housing finance. Female-owned loan accounts more than doubled—from 5.08 crore to 11 crore—indicating better inclusion in formal credit.

Nonetheless, a wide gender credit gap persists. While men held 21.9 crore household loan accounts, women held just 11 crore. Moreover, women's share in total outstanding household loans was around ₹15 lakh crore in 2023, compared to ₹50 lakh crore for men. This underscores the need for gender-responsive credit design, trust-building, and guarantee-backed schemes.

Interestingly, SME loan accounts declined from a peak of 41.6 lakh in 2021 to 21 lakh in 2023, suggesting either credit consolidation or stress in the MSME segment, possibly post-pandemic. Policymakers may need to revisit MSME credit pipelines and formalization incentives.

- **Insurance Uptake and Financial Resilience**

Between 2018 and 2023, the number of insurance policies rose modestly from 50.8 crore to 54.3 crore. However, life insurance policies declined from 33.1 crore to 24.1 crore, while non-life insurance grew from 17.7 crore to 30.2 crore, driven by health, motor, and crop insurance. This diversification may reflect greater risk awareness, especially post-COVID.

Yet, the per 1,000 adult penetration of life insurance fell from 332 to 224, indicating under-insurance. Technical reserves grew steadily, suggesting better solvency and sectoral strength, but penetration and product literacy remain weak in rural and low-income segments. Financial literacy efforts must integrate insurance planning into broader resilience-building strategies.

- **GDP Share of Deposits and Loans**

The ratio of outstanding commercial bank deposits to GDP hovered between 60% and 70%, plateauing since 2021. Similarly, outstanding loans as a % of GDP remained around 46–48%, suggesting that while financial access has expanded, intensity of financial intermediation has stagnated. This may indicate either higher household savings outside formal channels or limited credit absorption, especially in underserved sectors.
SME and household sector loans as a percentage of GDP show only marginal increases, reinforcing the need for targeted financial capability interventions—from credit comparison tools to digital advisory platforms—to improve formal credit uptake and safe borrowing practices.

The IMF data paints a compelling picture of growth, reach, and digital innovation in India’s financial sector. Yet, alongside this expansion, gaps remain in capability, equality, credit access, and long-term resilience. The increasing complexity of products—UPI-linked credit lines, BNPL schemes, microloans, and CBDCs—requires a more empowered and informed financial citizen.

Thus, India's post-2025 financial literacy strategy must be data-driven, segment-specific, and digitally integrated. It must move beyond access to ensure that individuals—especially women, gig workers, rural populations, and young savers—can make secure, informed, and future-ready financial decisions in a rapidly evolving ecosystem.

While the IMF data offers a macroeconomic perspective on the structural evolution of India’s banking and financial services landscape between 2018 and 2023—highlighting growth in digital finance, institutional reach, and demographic inclusion—it does not capture the individual-level financial understanding, behaviour, or decision-making capability of the population. To assess the depth of financial empowerment and not just access, it is critical to examine how citizens engage with financial products and platforms. This requires insights into attitudes, knowledge, and behavioural patterns, which are best captured through nationally representative surveys.

In this context, the NCFE Financial Literacy and Inclusion Survey (FLIS) 2019 becomes a crucial analytical anchor.

National Centre for Financial Education –
Financial Literacy and Inclusion Survey 2019

Financial Literacy and Inclusion Survey (FLIS) 2019 conducted across rural and urban India with over 75,000 respondents, The FLIS 2019 evaluates financial literacy based on the triad of knowledge, behaviour, and attitude. The following section analyses its key findings across gender, age, income, region, education, and occupation—providing the micro-level lens essential for designing India's next-generation financial literacy strategy.

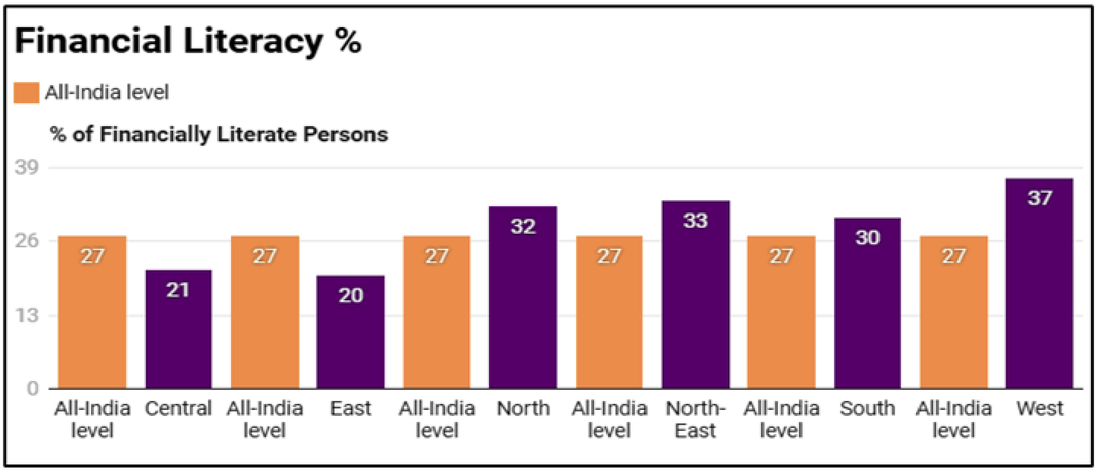
The NCFE-FLIS revealed that only 27% of Indian adults are financially literate. Regional gaps were stark: East (20%), Central (21%), West (37%). Only 21% of women were financially literate. High-income, urban, and formally educated individuals scored higher, while the elderly, rural, women, and low-income respondents consistently underperformed.

The NCFE FLIS 2019 offers a comprehensive, micro-level snapshot of financial literacy levels in India. It measures literacy using a composite score based on financial knowledge, behaviour, and attitude. The findings highlight persistent gaps and disparities across regions, demographics, and socioeconomic groups, indicating the need for a more targeted and context-sensitive financial literacy strategy post-2025.

- **National and Regional Disparities**

At the national level, the average financial literacy rate stands at 27%, reflecting that only about one in four Indian adults meets the minimum threshold for financial literacy.

Figure 1: Zone-wise Financial Literacy in India



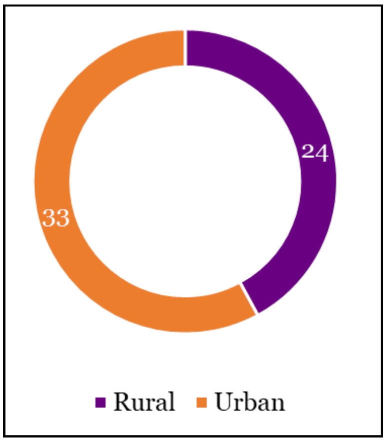
Source: FLIS, Report 2019

However, this figure masks significant regional disparities. The Western zone leads with a literacy rate of 37%, followed by the North-East (33%), North (32%), and South (30%). Conversely, the Central (21%) and Eastern (20%) regions lag considerably. These figures suggest a correlation between regional economic development, access to formal finance, and educational attainment. The higher performance of western and southern states may be attributed to better infrastructure, higher bank density, and stronger digital financial penetration.

- **Urban-Rural Divide**

Location emerges as a strong determinant of financial literacy. Urban respondents exhibit a financial literacy rate of 33%, significantly higher than the 24% recorded in rural areas.

Figure 2: Location-wise Financial Literacy in India



Source: FLIS, Report 2019

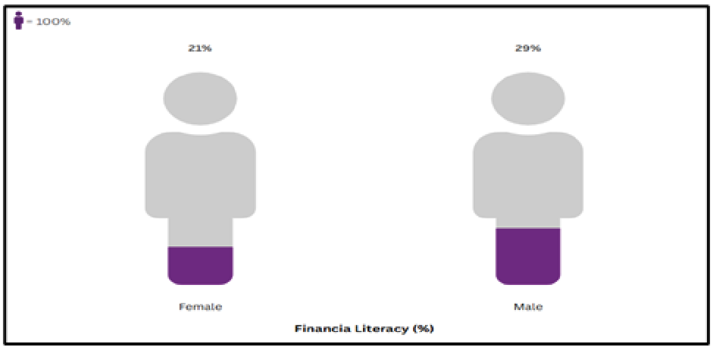
This 9-percentage-point gap underscores the persistent rural disadvantage in access to financial services, digital literacy, and exposure to financial education initiatives. While rural inclusion efforts like the PMJDY have improved access, these numbers confirm that access has not necessarily translated into awareness or capability.

- **Gender-Based Disparities**

The gender gap in financial literacy remains pronounced. Male respondents score a literacy rate of 29%, compared to just 21% among females.

This gap reflects structural barriers such as lower workforce participation, limited asset ownership, and constrained financial autonomy among women. Despite increasing account ownership among women due to schemes like PMJDY and Sukanya Samriddhi Yojana, the FLIS findings reveal that basic financial decision-making remains male-dominated, especially in rural and low-income households.

Figure 3: Gender-wise Financial Literacy in India

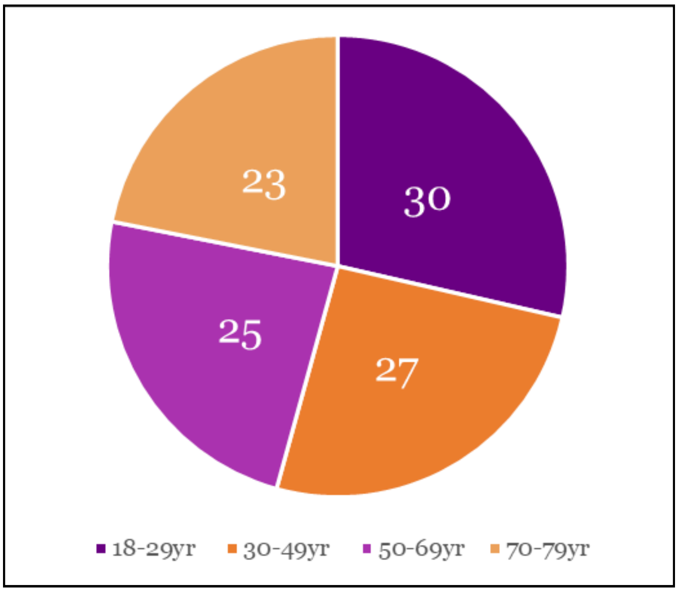


Source: FLIS, Report 2019

- **Age-Wise Trends**

Financial literacy shows a clear generational gradient.

Figure 4: Age-wise Financial Literacy in India



Source: FLIS, Report 2019

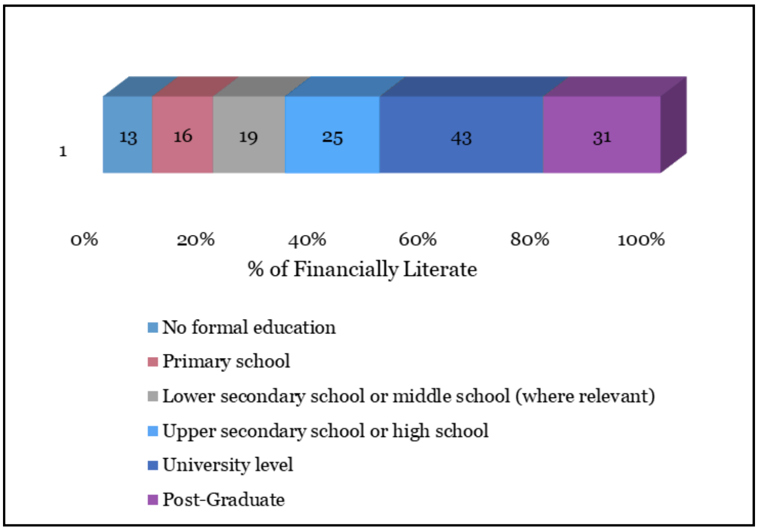
Young adults aged 18–29 years report the highest literacy rate at 30%, possibly due to better educational exposure and higher engagement with digital platforms. The rate gradually declines with age—27% among those aged 30–49, 25% among the 50–69 group, and just 23% among respondents aged 70–79. This suggests that interventions for senior citizens must be strengthened, especially with regard to digital finance, fraud protection, and pension planning.

- **Impact of Education**

Education is one of the most powerful determinants of financial literacy.

Figure 5: Education-wise Financial Literacy in India

Respondents with university-level education demonstrate a literacy rate of 43%, while postgraduates report 31%. In contrast, those with upper secondary education score 25%, and the rate falls sharply to 13% among those with no formal education. This stark contrast underscores the urgent need for literacy programs tailored for low-literate and semi-literate adults, using audio-visual, vernacular, and community-based content delivery models.

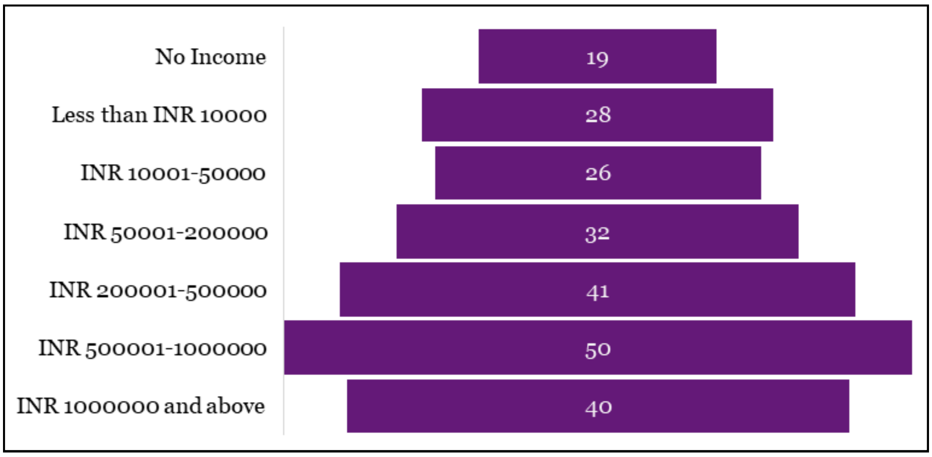


Source: FLIS, Report 2019

- **Income Levels and Financial Capability**

Income is another strong predictor of financial literacy.

Figure 6: Income-wise Financial Literacy in India



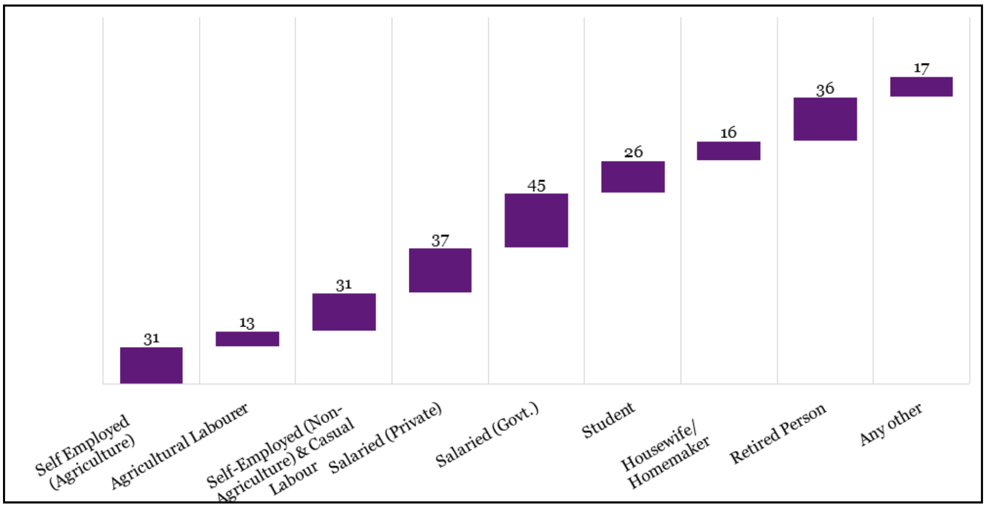
Source: FLIS, Report 2019

Those earning between INR 5–10 lakh annually report a literacy rate of 50%, followed closely by the INR 2–5 lakh group at 41%, and INR 1–2 lakh at 32%. Respondents with income under INR 10,000 per month score 28%, while those with no income fall to 19%. These patterns suggest that as financial exposure increases with disposable income, so does the need and ability to manage finances effectively. However, the data also implies that low-income households may be more vulnerable to misinformation and exploitation, reinforcing the need for protective, contextual literacy programs.

- **Occupational Segmentation**

Occupation-based analysis reveals that government salaried employees have the highest financial literacy rate at 45%, likely due to greater job security, pension planning awareness, and formal sector exposure.

Figure 7: Occupation-wise Financial Literacy in India

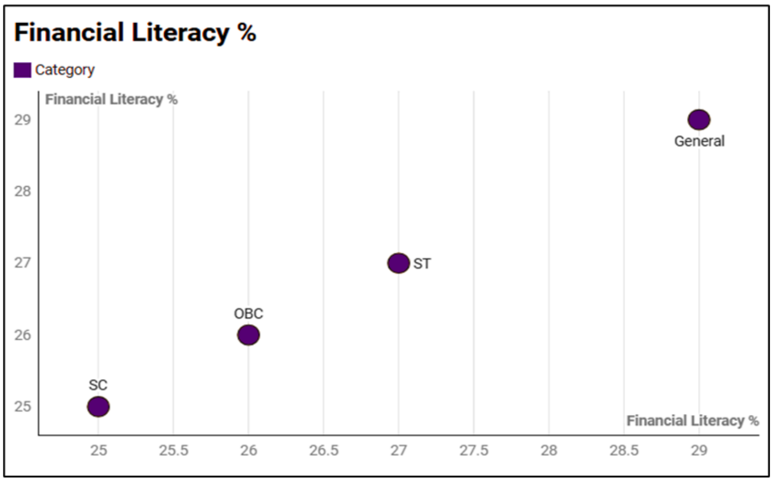


Source: FLIS, Report 2019

Private salaried workers follow at 37%, while self-employed (agriculture and non-agriculture) both score 31%. Students record 26%, reflecting partial engagement, while retired persons show relatively high levels at 36%, suggesting accumulated experience but also a need for updated literacy in digital finance. On the other end, housewives (16%), agricultural labourers (13%), and informal workers reflect the lowest levels—indicating that labour informality and domestic confinement significantly limit financial capability, especially among women.

- **Social Category Disparities**

Figure 8: Category-wise Financial Literacy in India



Source: FLIS, Report 2019

The General category reports a literacy rate of 29%, higher than OBCs (26%), SCs (25%), and STs (27%). While the gaps are not extremely wide, they reflect structural inequities in education access, occupational segregation, and regional disadvantage. Financial literacy programs must therefore incorporate affirmative outreach and inclusive design, ensuring that marginalized groups are not excluded from formal finance due to information barriers.

The NCFE FLIS 2019 provided a granular understanding of the financial literacy landscape across demographic, regional, educational, and occupational dimensions. It clearly demonstrated that while access to financial services has expanded, capability especially in terms of financial knowledge, attitude, and behaviour, remains uneven and deeply segmented across gender, income, and education. However, to fully comprehend whether this literacy translates into actual financial engagement, particularly among underrepresented groups like women, it is necessary to complement the FLIS insights with behavioural proxies.

The National Family Health Survey (NFHS) offers one such crucial proxy tracking women’s access to and usage of their own bank or savings accounts. By analysing NFHS data across two survey rounds (2015–16 and 2019–20), the report further examines whether increased financial inclusion among women has accompanied the growth in financial literacy, or whether significant gaps in empowerment and usage still persist. This sequential analysis ensures continuity in the report's logic—from financial capability (FLIS) to actual financial agency (NFHS)—providing a comprehensive lens for shaping India’s next financial literacy strategy.

Women Inclusion in Banking from National Family Health Surveys

To complement the cognitive and behavioural insights from the NCFE FLIS 2019, this section draws upon the National Family Health Survey (NFHS)—a robust, nationally representative dataset that captures critical indicators of women's financial inclusion in India. The National Family Health Survey (NFHS), two rounds, 4th in 2015-16 and 5th in 2019-20, respectively, collected data on bank usage of women across 22 states and union territories of India.

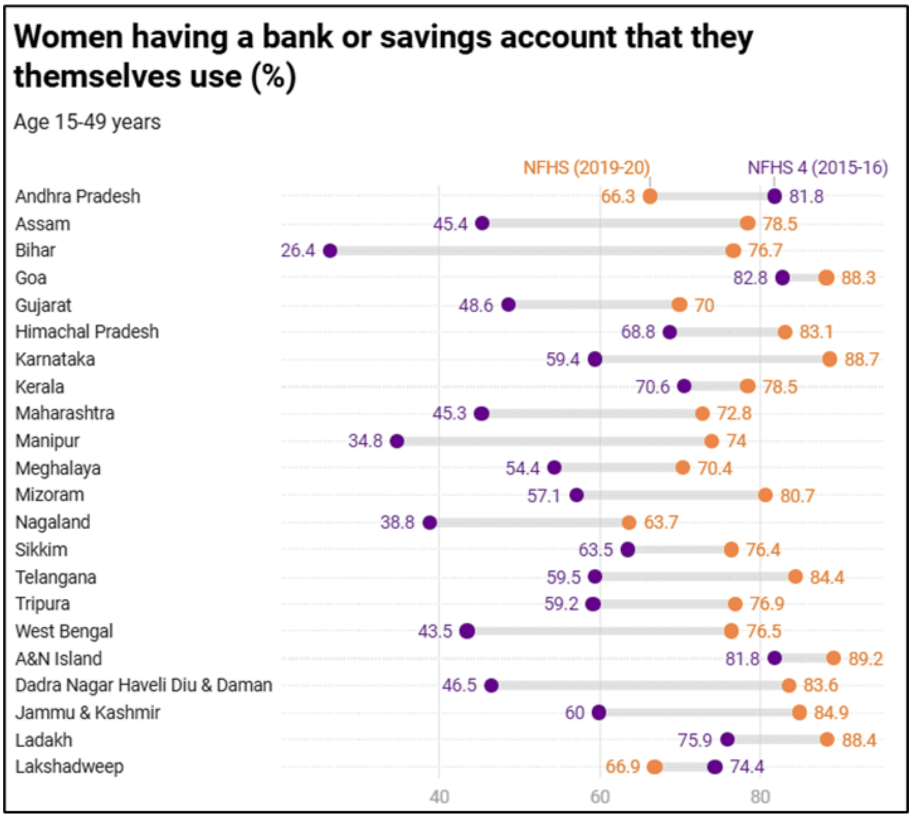
Between NFHS-4 and NFHS-5, women's bank account usage increased from 26–45% to over 75% in many states. Despite having access, NCFE data confirmed a capability gap—access without decision-making power or understanding of products does not equate to empowerment.

Specifically, NFHS tracks the percentage of women aged 15–49 who own and independently use bank or savings accounts, serving as a practical proxy for foundational financial engagement. While not a direct measure of financial literacy, this indicator reflects the extent to which women are not only included in the formal financial system but also exercise financial agency. By comparing data from NFHS-4 (2015–16) and NFHS-5 (2019–20) across states and between rural and urban populations, this analysis provides a time-sensitive and location-specific view of progress. It also uncovers persistent gaps, thereby enriching our understanding of how access, capability, and actual financial behaviour align—or diverge—at the grassroots level.

Change Over Time (NFHS-4 to NFHS-5)

Between NFHS-4 (2015–16) and NFHS-5 (2019–20), India saw a substantial improvement in the proportion of women (aged 15–49) who owned and actively used a bank or savings account. This shift signals the growing success of inclusion initiatives such as PMJDY, DBT-linked schemes, and social security-linked accounts.

Figure 9: Percentage change over 5 years in Women using bank accounts



Source: NFHS Reports.

For instance, Bihar witnessed a dramatic rise from 26.4% in 2015–16 to 76.7% by 2019–20—a gain of over 50 percentage points. Similarly, Assam increased from 45.4% to 78.5%, and West Bengal rose from 43.5% to 76.5%, suggesting effective policy penetration in states with historically lower inclusion.

Other high-growth states include:

- Gujarat: from 48.6% to 70%
- Maharashtra: from 45.3% to 72.8%
- Manipur: from 34.8% to 74%
- Nagaland: from 38.8% to 63.7%

Interestingly, some already-high-performing states also improved. Goa increased from 82.8% to 88.3%, while Karnataka moved from 59.4% to 88.7%, and Himachal Pradesh climbed from 68.8% to 83.1%. These shifts imply that financial access expanded even in more developed states, possibly due to enhanced targeting of female beneficiaries, SHG involvement, and deeper DBT integration.

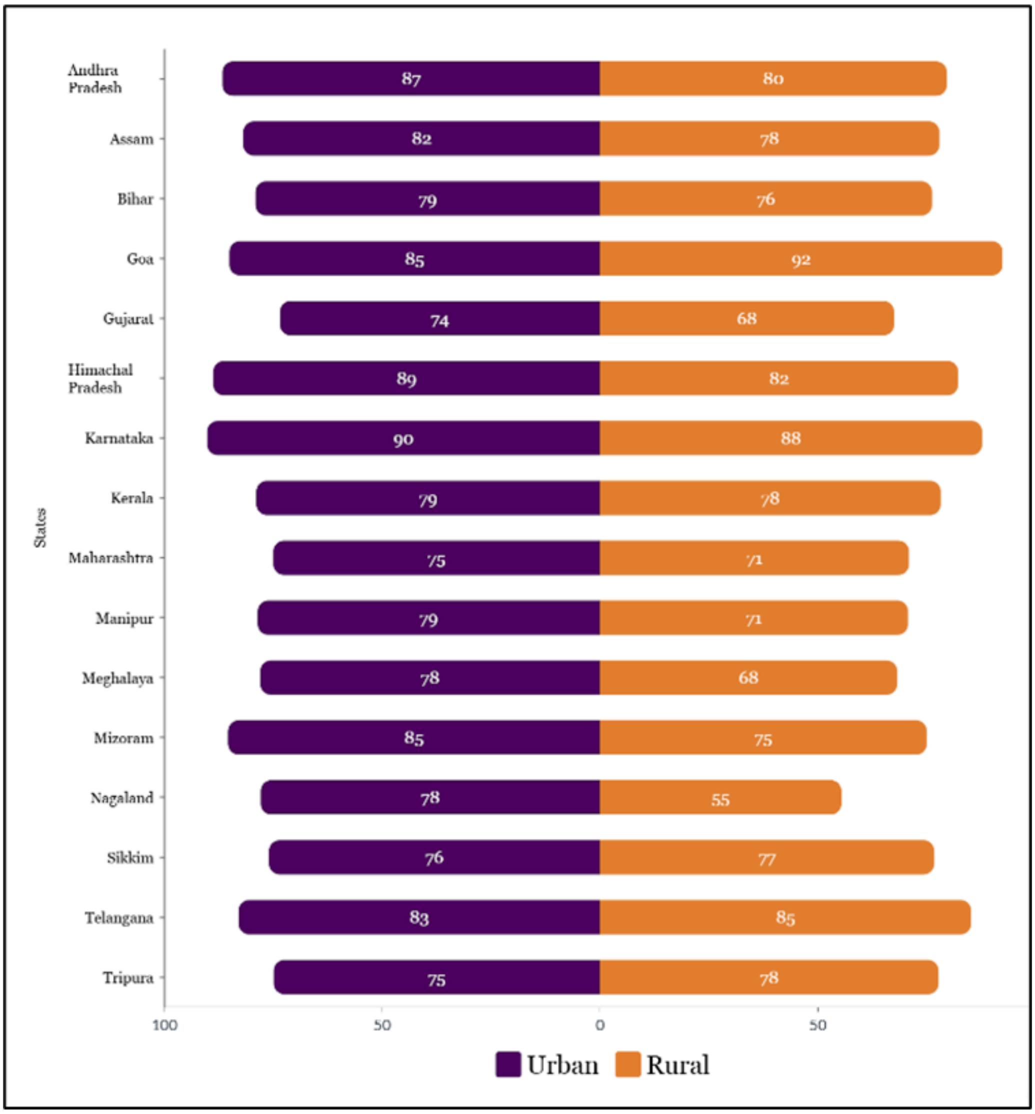
A few anomalies are worth noting. For instance, Lakshadweep showed a decline from 74.4% to 66.9%, suggesting either data inconsistency or reduced engagement. Similarly, Kerala—a top performer in many human development indicators—showed only a modest increase from 70.6% to 78.5%, indicating a possible plateau in financial access among women.

The overall trend reflects a broad and consistent improvement in women's financial access, laying the foundation for deeper capability-building through targeted financial literacy programs.

Rural–Urban Differentials in NFHS-5 (2019–20)

While access improved across the board, urban-rural differentials persist in several states, reflecting underlying gaps in digital infrastructure, financial outreach, and behavioural adoption.

Figure 10: Rural and Urban % of Women using bank accounts



Source: NFHS-5 Report.

In Andhra Pradesh, urban women show a usage rate of 86.7%, compared to 79.6% in rural areas. Similarly, in Gujarat, the gap is 73.5% (urban) vs 67.5% (rural), and in Maharashtra, it stands at 75% (urban) and 70.9% (rural)—indicating that urban ecosystems continue to offer more robust access and support for banking services.

Some states show negligible or inverted rural-urban gaps, which may reflect stronger rural outreach or urban complacency. For instance:

- Telangana shows slightly higher rural access (85.2%) compared to urban (83%).
- Tripura's rural rate (77.7%) exceeds urban (74.9%).
- In Goa, rural access is actually higher (92.4%) than urban (85.1%)—a unique case possibly driven by targeted rural engagement or better financial behaviour among rural women.

A few states exhibit wide gaps, signalling the need for focused rural financial literacy:

- Nagaland: 77.9% (urban) vs 55.4% (rural)
- Manipur: 78.6% (urban) vs 70.7% (rural)
- Assam: 81.9% (urban) vs 77.9% (rural), though the gap is narrower

Overall, while the data affirms the success of financial inclusion policies, it also reveals that account ownership does not guarantee equal financial capability. Rural women, in particular, may lack regular usage, informed decision-making, and risk protection mechanisms, underlining the importance of deepening financial education beyond mere access.

While the NFHS data sheds light on women's access to and use of formal banking channels —highlighting progress in foundational financial inclusion—it does not offer insights into the broader financial health, debt exposure, or asset behaviour of Indian households.

To understand the deeper structural dimensions of financial literacy—such as household borrowing patterns, savings behaviour, asset ownership, and debt sustainability—it becomes necessary to engage with the All-India Debt and Investment Survey (AIDIS) 2019, conducted by the National Statistical Office (NSO). AIDIS allows us to move beyond account ownership and delve into how households, both rural and urban, manage their financial obligations, accumulate assets, and deal with credit. Analysing this data helps assess whether financial access and awareness are translating into responsible financial behaviour and resilience, which is central to the goals of financial literacy policy.

Debt Patterns and Deposits in India from AIDIS 2019

The All-India Debt and Investment Survey (AIDIS) 2019, conducted by the National Statistical Office (NSO) under the Ministry of Statistics and Programme Implementation, provides one of the most comprehensive datasets on household-level indebtedness, asset ownership, and investment behaviour in India. Unlike perception-based surveys, AIDIS captures the actual financial positions of rural and urban households, making it an essential tool for understanding the structural underpinnings of financial well-being.

AIDIS 2019 data revealed that rural indebtedness was 35% and urban 22.4%, with rising average loan values and weak diversification. While deposit ownership exceeded 85%, regions with high indebtedness also showed low literacy—indicating a disconnection between financial inclusion and resilience.

For a report focused on financial literacy, AIDIS offers a critical lens into how Indian households use credit, accumulate wealth, manage liabilities, and interact with the formal financial system. Analysing indicators such as the incidence of indebtedness (IOI), average amount of debt (AOD), debt-to-asset ratio (DAR), and deposit behaviour, this section seeks to evaluate whether increased access to financial services is accompanied by sound financial management and literacy-driven choices.

The Incidence of Indebtedness (IOI) refers to the percentage of households reporting any outstanding debt at the time of the survey. It reflects both credit penetration and dependency on borrowings. The Average Outstanding Debt (AOD) indicates the average amount of debt held by indebted households and is a measure of financial exposure. The Debt-to-Asset Ratio (DAR) serves as a proxy for financial vulnerability by comparing liabilities to total household assets—a higher DAR signals potential risk in debt repayment and asset erosion.

At the all-India level, the rural IOI stands at 35%, while urban IOI is 22.4%, suggesting that more than one-third of rural households are in debt, compared to just over a fifth in urban areas. However, the AOD in urban areas (₹1.2 lakh) is double that of rural households (₹60,000), indicating higher borrowing per indebted household in cities. Similarly, the urban DAR is higher (4.4%) than the rural average (3.8%), reflecting greater financial leverage and possibly higher consumption or business-related debt.

State-wise Observations and Interpretation

Table 1: State-wise Comparison of Rural vs Urban Household Indebtedness (AIDIS 2019)

State	Rural IOI (%)	Rural AOD (₹'000)	Rural DAR (%)	Urban IOI (%)	Urban AOD (₹'000)	Urban DAR (%)
Andhra Pradesh	62.8	127	9.1	44.9	163	9.5
Assam	19.2	16	2.3	20	77	3
Bihar	29.6	19	1.8	16.2	37	1.5
Chhattisgarh	17.4	13	1.5	20.7	108	4.8
Gujarat	30.2	50	2.9	15.8	120	4.2
Haryana	20.3	94	2.1	19.6	162	5.6
Jharkhand	15	10	1.2	20	56	2.9
Karnataka	39	90	4.9	22.2	115	5.1
Kerala	43.3	241	9.7	26.9	233	7.3
Madhya Pradesh	29.6	62	4.3	17.8	89	4.2
Maharashtra	26.7	89	4.3	21.2	219	5.2
Odisha	29.2	31	5.8	17.3	53	4
Punjab	25.7	98	2.5	15.8	94	3.9
Rajasthan	30.1	104	5.5	18.3	131	3.2
Tamil Nadu	28	53	5.6	22.6	103	6.3
Telangana	31.9	98	6.2	24.5	177	7.6
Uttar Pradesh	15.6	40	2.2	15.4	61	2.2
West Bengal	17	18	2.3	19	65	3.3
All-India	**35**	**60**	**3.8**	**22.4**	**120**	**4.4**

Source: AIDIS Report, 2019.

Andhra Pradesh reports the highest rural IOI at 62.8%, with an AOD of ₹1.27 lakh and a DAR of 9.1%, while urban households also report high debt incidence (44.9%) and even higher average debt (₹1.63 lakh) with a DAR of 9.5%. This indicates widespread credit use in both segments, which may be driven by formal credit access, but also raises concerns about repayment capacity. Financial literacy in such regions must focus on credit planning, interest rate awareness, and debt servicing education.

Kerala follows with a rural IOI of 43.3% and the highest AOD at ₹2.41 lakh, accompanied by a rural DAR of 9.7%. Urban Kerala shows similar trends, with a slightly lower DAR of 7.3%. Despite Kerala's better education and banking infrastructure, the high debt burden highlights the need for investment literacy, retirement planning, and risk diversification—beyond basic inclusion.

In contrast, states like Jharkhand and Chhattisgarh report low rural IOI (15% and 17.4% respectively) and very low AOD (₹10,000–₹13,000). While this may appear fiscally healthy, it may also reflect credit inaccessibility or overdependence on informal loans, which go unreported. From a policy lens, financial literacy efforts here must focus on credit awareness, documentation, and onboarding to formal finance.

Bihar, despite its rapid financial inclusion growth, shows a low rural IOI (29.6%) and very low AOD (₹19,000) and DAR (1.8%). Urban Bihar also mirrors this trend. While this may imply lower financial risk, it also suggests underutilisation of formal credit and lack of financial confidence—areas where financial literacy can play a transformative role by promoting budgeting, savings discipline, and credit comparison.

Gujarat, a relatively developed state, reports moderate rural IOI (30.2%) but high urban AOD (₹1.2 lakh) and urban DAR (4.2%). This bifurcation points to the urban middle-class reliance on debt, possibly for business, education, or housing, which necessitates stronger financial planning skills and cost-benefit literacy for loan products.

Karnataka and Maharashtra report similar patterns—moderate rural and urban IOI with rising AOD and DAR. For example, urban Maharashtra's AOD reaches ₹2.19 lakh, indicating high exposure, especially in metro areas. Here, financial literacy initiatives must target urban salaried and self-employed groups with education on EMI management, credit score monitoring, and contingency planning.

In Telangana and Tamil Nadu, both rural and urban households show moderate to high IOI (rural ~30%, urban ~22–25%) with high AOD and increasing DAR, suggesting growing reliance on credit for consumption and investment needs. Financial literacy programs in these states should integrate modules on differentiating productive vs. unproductive borrowing, especially among self-employed and small enterprise owners.

Interestingly, Punjab and Haryana report relatively low IOI and moderate AOD, but their high asset base results in lower DARs (~2–5%), indicating better balance sheet strength. This points to a population that may be debt-using but asset-secure, offering an ideal context to promote wealth management and insurance education.

States like Uttar Pradesh and West Bengal show low IOI (15–17%), low AOD, and very low DAR, suggesting credit underuse or cautious borrowing. In such states, financial literacy campaigns must bridge the trust gap and help households navigate safe borrowing options, especially for micro-entrepreneurship and education.

Analysis of Bank Account Ownership among Adults

The AIDIS 2019 data on the percentage of adults (aged 18 and above) with bank deposit accounts offers an important measure of financial inclusion across India. It shows that access to formal financial institutions, especially basic banking services, has become nearly universal in many parts of the country. However, a deeper analysis suggests that reach alone does not equate to responsible or informed financial behaviour, reinforcing the need for a stronger financial literacy focus.

Widespread Access to Formal Banking Channels

At the all-India level, 84.4% of rural adults and 85.2% of urban adults report having a deposit account with a formal financial institution. This parity between rural and urban regions highlights the success of large-scale policy interventions such as the Pradhan Mantri Jan Dhan Yojana (PMJDY), Direct Benefit Transfers (DBT), and the expansion of banking correspondents (BCs) in underserved areas. The narrowing of the rural-urban gap is particularly commendable, given the infrastructural and literacy constraints in many rural districts.

Table 2: State-wise % of Adults (18+) with Bank Deposits

State	Rural (%)	Urban (%)
Andhra Pradesh	91.2	86.9
Assam	78.9	82.9
Bihar	77.7	79.6
Chhattisgarh	90.2	86.9
Gujarat	73.8	83.5
Haryana	87.7	85.5
Jharkhand	83.7	85.4
Karnataka	89.1	87.6
Kerala	97.5	94.3
Madhya Pradesh	86.5	84.4
Maharashtra	89.2	88.4
Odisha	85.7	80.8
Punjab	95.9	92.6
Rajasthan	94.1	91.2
Tamil Nadu	87.3	87.2
Telangana	92.7	91.4
Uttar Pradesh	92	89.3
West Bengal	88.4	89.5
All-India	**84.4**	**85.2**

Source: AIDIS Report, 2019.

Some states stand out for having achieved near-universal coverage.
For instance:

- Kerala leads with 97.5% rural and 94.3% urban adults holding deposit accounts—reflecting a culture of high financial awareness and robust institutional delivery.
- Punjab (95.9% rural, 92.6% urban), Rajasthan (94.1%, 91.2%), and Uttar Pradesh (92%, 89.3%) also show exceptional inclusion, despite varied development indicators.
- Telangana and Andhra Pradesh exceed 90% in both rural and urban areas, benefiting from strong public banking networks and active SHG-bank linkages.

Other well-performing states include Karnataka, Maharashtra, Tamil Nadu, and Haryana, all reporting over 85% account ownership in both rural and urban areas. These are typically states with greater fintech penetration, cooperative bank outreach, and integration of financial services into welfare delivery.

States with Slight Rural-Urban Disparities
In some regions, while urban inclusion remains high, rural access is marginally lower:

- Assam shows 78.9% rural vs 82.9% urban account ownership.
- Bihar reflects a similar pattern (77.7% rural vs 79.6% urban), albeit with generally lower coverage than the national average.
- Gujarat also shows a noticeable rural-urban gap (73.8% rural vs 83.5% urban), suggesting that deeper rural outreach or awareness building may still be needed in tribal or remote areas.

Such disparities, although not alarming, indicate where targeted outreach and contextual financial education efforts can fill the last-mile awareness gap.

The Numbers Beyond Access

While the statistics reflect remarkable success in account penetration, they do not guarantee active usage, informed decision-making, or meaningful financial participation. An individual may have a bank account due to automatic enrollment or social benefit transfers but may not understand:

- How to manage or monitor their balance
- What credit or insurance products they are eligible for
- How to use digital banking securely
- How to compare interest rates or recognize financial scams

This disconnect becomes even more apparent when juxtaposed with the low financial literacy levels reported in the NCFE FLIS 2019, where the national literacy rate was only 27%. For example, Bihar, which has over 77% rural bank coverage, still reported some of the lowest literacy scores (20%), suggesting that while access has been built, capability has not caught up.

Why This Matters for Financial Literacy Policy?

The AIDIS data confirms that the infrastructure of financial inclusion is largely in place, with most states surpassing 80–85% adult bank coverage. However, financial inclusion in its true sense demands that individuals:

- Understand the products they hold
- Make decisions with foresight and confidence
- Protect themselves against over-indebtedness, fraud, and loss
- Use financial tools to build resilience and plan for the future

This is where financial literacy becomes indispensable. The post-2025 national strategy must focus not merely on improving numerical reach but also on empowering individuals to understand, evaluate, and utilize financial products effectively. States with high account ownership but low financial capability (as seen in FLIS and AIDIS debt data) should be prioritized for behavioural interventions, vernacular financial education, digital safety training, and periodic financial health assessments.

The insights from AIDIS 2019 underscore a critical shift in India's financial landscape—from limited access to near-universal account ownership, and from informal to increasingly formalised financial behaviour. However, the analysis also reveals that while deposit account penetration is high, the levels of indebtedness, asset vulnerability, and financial capability remain uneven across states and population segments.

To bridge this gap between access and informed usage, the Government of India has launched a suite of targeted financial inclusion schemes over the past decade. These programs aim to not only expand account ownership but also promote insurance coverage, pension enrolment, emergency preparedness, and long-term savings, especially for low-income and underserved groups.

The following section reviews the reach and relevance of these schemes—such as PM Jan Dhan Yojana, PMJJBY, PMSBY, APY, NPS, and Sukanya Samriddhi Yojana—in the context of enhancing financial resilience and supporting the broader objectives of financial literacy.

Government's Financial Inclusion Schemes

India's financial inclusion efforts over the last decade have been bolstered by a series of strategically designed schemes that provide access to savings accounts, insurance, pensions, and gender-focused savings instruments.

These schemes—complementing infrastructural initiatives like the expansion of banking correspondents and digital platforms—have achieved considerable scale. However, the extent to which this access has translated into informed financial decision-making and sustainable financial behaviour remains debatable. Analysing the number of beneficiaries under these schemes provides insights into their reach, while also highlighting areas where financial literacy must catch up with inclusion.

Table 3: Government of India's Financial Inclusion Schemes Details

	Government Schemes for Financial Inclusion	Number of beneficiaries
1	PM Jan Dhan Yojana[5]	55.83 crore
2	PM Jeevan Jyoti Bima Yojana (PMJJBY)[6]	23.36 crore
3	PM Suraksha Bima Yojana (PMSBY)[7]	50.54 crore
4	Rashtriya Swasthya Bima Yojana (RSBY)*[8]	0.22 crore
5	National Pension Scheme (NPS)[9]	2.02 crore
6	Atal Pension Yojana (APY)[10]	7.65 crore
7	Sukanya Samriddhi Yojana (SSY) A/c[11]	4.1 crore

*Sources mentioned in the footnote. *Scheme subsumed in Aayushman Bharat.*

- **Pradhan Mantri Jan Dhan Yojana (PMJDY)**

Beneficiaries (as of July 2025): 55.83 crore

Launched in 2014, PMJDY is the backbone of India's financial inclusion strategy. It offers zero-balance savings accounts, RuPay debit cards, overdraft facilities, and direct benefit transfer (DBT) integration. With nearly 56 crore account holders, PMJDY represents the largest financial inclusion program globally. Its success is evident from the narrowing urban-rural divide in bank account ownership and greater integration of low-income households into formal finance.

While PMJDY has dramatically expanded access, studies show that a significant portion of accounts remain underutilised or dormant. Many beneficiaries are first-time account holders with limited understanding of interest accrual, overdraft risks, or digital usage. This underscores the need for transactional literacy—ensuring that users understand not just how to open accounts but how to use them meaningfully for savings, payments, and credit.

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[5] https://www.pmjdy.gov.in/account
[6] https://static.pib.gov.in/WriteReadData/specificdocs/documents/2025/may/doc202558551501.pdf
[7] https://static.pib.gov.in/WriteReadData/specificdocs/documents/2025/may/doc202558551401.pdf
[8]https://sansad.in/getFile/annex/259/AS144.pdf?source=pqars#:~:text=RSBY%20was%20implemented%20by%20Ministry,70383
[9] https://npstrust.org.in/aum-and-subcriber-base
[10] https://static.pib.gov.in/WriteReadData/specificdocs/documents/2025/may/doc202558551701.pdf
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- **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)**

Beneficiaries (as of May 2025): 23.36 crore

PMJJBY offers an affordable life insurance cover of ₹2 lakh at a premium of ₹436 per annum, targeting people aged 18–50. It is directly linked to the bank account and requires yearly auto-renewal.

The scheme's penetration—crossing 23 crore beneficiaries—indicates growing awareness of life insurance among low-income and informal workers. However, financial literacy gaps persist, as many do not understand the claim process, renewal requirements, or coverage limitations. Misconceptions around policy terms, exclusions, and beneficiary rights point to the urgent need for insurance literacy to ensure informed enrolment and proper utilization.

- **Pradhan Mantri Suraksha Bima Yojana (PMSBY)**

Beneficiaries (as of May 2025): 50.54 crore

This is a personal accident insurance scheme providing ₹2 lakh coverage for accidental death and disability at an annual premium of ₹20. Its low cost and automatic debit feature have driven high enrolment, especially among informal sector workers.

With over 50 crore enrollees, PMSBY reflects the scalability of micro-insurance in India. Yet, similar to PMJJBY, low awareness about claims procedures and policy conditions has led to under-claiming. Many beneficiaries enrol passively without understanding the product's purpose. Behavioural literacy modules, especially through mobile apps or BCs, can help bridge this gap and ensure meaningful financial protection.

- **Rashtriya Swasthya Bima Yojana (RSBY)**

Beneficiaries (as of March 2023): 0.22 crore

RSBY was one of India's early government-funded health insurance programs for below-poverty-line (BPL) families. However, the scheme has been largely subsumed under Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) and has seen limited new enrolments.

The low enrolment in recent years (just 22 lakh beneficiaries) reflects the transition to broader universal health insurance coverage. While RSBY played a key role historically, the focus now shifts to financial literacy around health insurance, especially under PMJAY—where awareness of hospital networks, claim procedures, and eligibility is crucial for uptake and trust.

- **National Pension System (NPS)**

Beneficiaries (as of June 2025): 2.02 crore

NPS is a voluntary, defined-contribution retirement savings scheme for salaried, self-employed, and informal sector workers. It offers market-linked returns with partial tax benefits and has become increasingly popular among youth and gig workers.

With only 2 crore participants, NPS reflects limited adoption given India's large working-age population. This gap is not due to lack of access but a lack of long-term financial planning mindset and limited understanding of concepts like annuity, compounding, or retirement adequacy. Financial literacy efforts must now emphasise goal-based savings education, particularly for younger and informal sector workers.

- **Atal Pension Yojana (APY)**

Beneficiaries (as of April 2025): 7.65 crore

APY targets unorganised sector workers by offering guaranteed monthly pensions ranging from ₹1,000 to ₹5,000, depending on the contribution. It is auto-debited from the linked bank account, providing both simplicity and security.

With over 7.6 crore subscribers, APY has gained steady momentum, especially in Tier 2 and 3 towns. Yet, anecdotal evidence suggests many enrollees are unaware of withdrawal conditions, nominee procedures, or pension calculations. This indicates the need to pair access with retirement and compounding literacy, particularly for low-income households with irregular income streams.

- **Sukanya Samriddhi Yojana (SSY)**

Accounts (as of 2025): 4.1 crore

SSY is a targeted savings scheme for the girl child, encouraging long-term financial planning for education and marriage. It offers one of the highest interest rates among small savings schemes and has tax-exempt benefits.

The success of SSY—with over 4 crore accounts—demonstrates positive behavioural change in gendered financial planning. However, many accounts are opened under pressure from banks or post offices, without educating guardians on contribution discipline, maturity conditions, or premature withdrawal rules. Financial literacy campaigns must reinforce parental financial responsibility, intergenerational savings habits, and awareness of education-related financial planning.

From Scheme Enrolment to Empowered Usage

Collectively, these schemes cover over 140 crore enrolments, affirming the breadth of India's financial inclusion infrastructure. However, access alone does not ensure financial security. Many beneficiaries remain unaware of how these schemes function, how to claim benefits, or how to align them with their life goals. To close this "capability gap", the post-2025 financial literacy strategy must move beyond outreach to focus on usability, comprehension, and behaviour change. From insurance claims to pension planning, and from savings discipline to digital protection, citizens need tools to not just hold financial products—but to understand and benefit from them fully.

Need for a Renewed Financial Literacy Strategy (Post-2025)

Across every dataset analysed—be it institutional trends from the IMF, individual capability scores from NCFE-FLIS, access and usage patterns from NFHS, indebtedness dynamics from AIDIS, or the scale of government inclusion schemes—a consistent narrative emerges: India's financial literacy model must now evolve from foundational inclusion to functional empowerment. While the last decade has been defined by unprecedented outreach, the next phase must prioritise depth, comprehension, and long-term behavioural change.

The NCFE Financial Literacy and Inclusion Survey (FLIS) 2019 revealed that although India has achieved significant expansion in financial access, only 27% of the population meets basic financial literacy criteria. Disparities persist sharply across gender, education, income, and geography. Women, rural populations, informal sector workers, and lower-income groups exhibit particularly low financial knowledge and behaviour scores, despite many of them owning bank accounts or being beneficiaries of government schemes. This decoupling of access from capability is a structural risk. A person with access to formal finance but without the ability to evaluate interest rates, manage credit, or plan for emergencies is not empowered—they are merely enrolled.

Building on this, the NFHS data confirms that financial inclusion has reached a new high—over 80% of women across most Indian states now own and use a bank account. However, when juxtaposed with the low FLIS scores for women (21% national average), it becomes clear that ownership does not translate into autonomy or understanding. Women may have accounts linked to welfare benefits, but many are not primary decision-makers or are unaware of how to use savings, credit, insurance, or digital tools safely. This highlights the urgent need for gender-responsive financial literacy interventions that go beyond passive access and focus on informed agency.

The AIDIS 2019 survey provides a crucial behavioural lens. While more adults now hold deposit accounts, the data reveals rising indebtedness across several states—particularly in Andhra Pradesh, Kerala, and Telangana—without a corresponding increase in asset buffers. High Debt-to-Asset Ratios (DAR) and average outstanding debts indicate that financial stress is rising even among those with formal financial access. This reflects poor debt planning, limited awareness of credit terms, and lack of risk mitigation strategies. The widespread use of credit without sound understanding reinforces the need for credit literacy, financial health diagnostics, and product comparison education at the household level.

Furthermore, the AIDIS data on account ownership shows that more than 85% of adults in both rural and urban India now have bank accounts. This is an extraordinary achievement in scale. Yet, as revealed in both FLIS and AIDIS, dormancy, lack of digital usage, and underutilisation of financial products remain widespread. The implication is clear: the infrastructure has reached the people, but the people have not fully reached the infrastructure. This creates an inclusion paradox—access without understanding—which only a renewed literacy strategy can resolve.

The review of financial inclusion schemes adds another critical layer. With over 55 crore Jan Dhan accounts, 50 crore accident insurance policies (PMSBY), and 23 crore life insurance policies (PMJJBY), India's financial product ecosystem is vast. Yet, the actual awareness about scheme features, claim procedures, or renewal timelines remains low. Millions of accounts and policies are auto-debited or opened passively. This passive participation is unsustainable and vulnerable to misuse, dissatisfaction, or disillusionment unless supported by comprehensive, contextual financial education. Similarly, pension schemes like NPS and APY remain underutilised despite their benefits, largely due to low awareness about long-term financial planning, compounding, and annuity.

Finally, the IMF data from 2018 to 2023 shows a massive shift in the financial ecosystem—marked by rapid digitalisation, exponential growth in mobile and internet banking transactions, and increasing use of mobile wallets and cards. However, this transformation brings new-age risks such as online fraud, phishing, digital overspending, and data breaches. Financial literacy must therefore evolve to include digital financial safety, cybersecurity awareness, and platform comparison, especially for vulnerable and first-time digital users. The fact that digital financial activity is outpacing financial capability is a major policy concern.

In summary, the evidence is compelling: India's financial literacy strategy must move beyond outreach metrics to outcome-based learning. It should be:
Behaviourally informed – incorporating insights from how people actually make decisions;

- Segmented – targeting women, youth, elderly, low-income workers, and gig economy participants differently;
- Regionally adaptive – accounting for state-level variations in literacy, credit culture, and digital access;
- Lifecycle-based – equipping citizens with age-appropriate financial tools and mindsets;
- And most importantly, impact-oriented – measured not just by content delivery, but by improved financial behaviours and resilience.

A new national strategy for financial literacy post-2025 must be built on this multidimensional foundation—blending inclusion, awareness, and behavioural change into a unified, future-ready framework.

Policy Recommendations

A robust and future-ready financial literacy ecosystem must be anchored in clear legislative mandates, institutional coordination, dedicated fiscal support, and innovative technology adoption. Based on the multi-source analysis conducted in this report, the following policy recommendations are proposed to reshape India's financial literacy framework beyond access —towards empowerment, resilience, and behavioural change.

- **Legislative Measures**

Financial literacy must be institutionalised through legislation to ensure it becomes a non-negotiable aspect of the nation’s developmental and educational agenda. As a foundational step, the National Education Policy (NEP) should be amended to formally integrate financial education at all school levels, from primary through senior secondary. This inclusion should not be limited to theoretical knowledge, but must cover practical modules on savings, budgeting, digital payments, insurance, and debt management, tailored to age-specific needs.

Simultaneously, financial education must be mandated as a core component of adult literacy and vocational training programs under skilling initiatives like the PMKVY (Pradhan Mantri Kaushal Vikas Yojana). This is particularly critical for workers in the informal and gig economy, many of whom handle daily or weekly wages but lack formal exposure to financial products. By embedding financial literacy in lifelong learning systems, India can raise the financial capability of citizens across age and employment categories.

- **Institutional Strengthening**

To effectively drive and monitor financial literacy outcomes, the National Centre for Financial Education (NCFE) must be restructured and significantly strengthened. A dedicated Financial Literacy Innovation Unit (FLIU) should be established within NCFE to develop scalable, data-backed literacy models, behavioural tools, and vernacular content in collaboration with state governments, academia, and civil society.

Moreover, the strategy must move away from sectoral silos by ensuring inter-agency coordination between SEBI, RBI, IRDAI, PFRDA, and the Ministry of Education (MoE). A centralised governance mechanism under the Financial Stability and Development Council (FSDC) can be created to design sector-neutral, demography-specific campaigns that ensure harmonisation of efforts across banking, insurance, pension, securities, and fintech sectors. This will improve reach, reduce duplication, and foster a common messaging ecosystem for financial awareness.

- **Administrative and Fiscal Provisions**

India's next financial literacy strategy requires administrative depth and fiscal clarity. One key intervention is to appoint District Financial Literacy Officers (DFLOs) under the aegis of RBI or NABARD, who will coordinate all financial awareness efforts at the district level. These officers can act as nodal points for banks, SHGs, MFIs, schools, and panchayats, enabling localized action plans based on district-specific literacy and debt profiles.

A strong fiscal foundation must support this administrative ecosystem. The Union Budget should include a dedicated Financial Literacy Fund (FLF)—pooled from budgetary allocation, CSR contributions, and public-private partnerships (PPPs). This fund would enable research, innovation, rural outreach, content development, and impact evaluation.

To ensure transparency and accountability, the government should also institutionalise the Annual Financial Inclusion and Capability Report (FICR) at the national and state levels. This report would track changes in not just account access, but also in financial behaviours, product usage, repayment discipline, and digital security practices—thereby creating a clear measurement framework for outcomes rather than mere enrolments.

- **Technology and Innovation**

India's digital acceleration offers a unique opportunity to embed financial literacy into daily life through mobile-first, low-cost, and user-centric tools. The strategy should proactively partner with fintech startups, edtech companies, and digital content creators to develop literacy-focused applications that offer gamified learning, AI-driven nudges, and regional language support. Such tools can be integrated with UPI apps, online banking platforms, and DBT delivery systems to ensure financial literacy is contextually experienced, not just taught.

To create accountability and recognition, the government should also explore the use of blockchain-based digital certification for financial education modules completed by individuals. These certificates—especially if linked to skill platforms like Skill India or Digilocker—can serve as proof of financial readiness for job seekers, entrepreneurs, and students, while creating an incentivised ecosystem for lifelong financial learning.

These policy recommendations, if adopted cohesively, will enable India to transition from a state of high financial access to one of high financial capability and security. They will also align the nation's literacy goals with global benchmarks on responsible finance, sustainable development, and inclusive growth.

Strategic Action Plan (2025–2030)

To transform India's financial inclusion landscape into one of true empowerment, a comprehensive strategic action plan must go beyond one-off awareness campaigns and evolve into a sustained, lifecycle-based, technology-enabled, and outcomes-oriented literacy ecosystem. This section outlines actionable pillars designed to operationalise the policy recommendations with precision, inclusivity, and measurable impact.

- **Behavioural and Lifecycle-Based Framework**

A successful financial literacy strategy must be attuned to the behavioural realities and financial needs at different life stages. A one-size-fits-all approach is neither effective nor inclusive. Therefore, tailored financial education must be deployed across distinct cohorts:

- ***School-age children*** should be introduced to basic financial concepts such as savings, budgeting, and banking through interactive curricula, aligned with the National Education Policy.
- ***Youth and college students*** need modules on digital payments, student loans, interest rates, credit card usage, and UPI and digital safety, delivered via online platforms and campus activities.
- ***Working adults*** should receive education on income tax filing, credit score monitoring, term insurance, emergency funds, and investment planning.
- ***Entrepreneurs and MSME owners*** require targeted literacy on business loans, GST compliance, working capital management, and formal vs. informal financing.
- ***Women***, particularly in rural and semi-urban areas, must be empowered with training on household budgeting, credit awareness, digital payments, and independent financial decision-making.
- ***Elderly citizens*** need simplified materials on pension schemes, annuities, and fraud prevention, especially in light of increasing cyber frauds targeting senior populations.
- ***Gig and platform workers***, now a growing segment of the labour force, should be provided with mobile-first modules on managing irregular income, debt risk, and self-enrolled insurance schemes such as APY and PMSBY.

These lifecycle-based modules should be developed in vernacular languages, embedded with real-life scenarios, and delivered across physical and digital touchpoints.

- **Integrate Literacy into Service Delivery**

Financial education should not be a parallel activity—it must be integrated directly into the delivery of government services and private sector products. This embedded approach ensures "just-in-time learning" and enhances retention. Key interventions include:

- Incorporating interactive literacy modules at critical transactional points—such as PMJDY account opening, loan disbursal under Mudra or SHG schemes, KYC processes, insurance onboarding, and pension registration.
- DBT platforms, such as Aadhaar-enabled Payment Systems (AePS), should display or play short, audio-visual nudges on topics like saving, fraud alerts, or investment do's and don'ts, adapted for low-literacy users.
- Design SMS alerts and IVR calls in regional languages with simple financial advice that reinforces healthy financial behaviour post-transaction.

By embedding learning within financial engagement itself, the strategy turns routine transactions into opportunities for habit-building and decision support.

- **Digital-First, Human-Touch Model**

While India has embraced digital finance at scale, financial literacy must bridge the divide between tech access and user confidence. This calls for a hybrid delivery model combining AI-led scale with human interface credibility:

- Launch AI-powered multilingual chatbots accessible via WhatsApp, UPI apps, and government portals to answer citizen queries on banking, insurance, and loans in simple language.
- Establish Financial Literacy Helplines in every state and union territory, staffed by trained personnel capable of offering guidance, grievance redressal, and product comparisons.
- Mobilise Community Financial Literacy Ambassadors—such as SHG leaders, Anganwadi workers, rural teachers, ASHA workers, and bank correspondents—trained to conduct door-to-door campaigns, especially in tribal and low-literacy areas.
- Partner with Common Service Centres (CSCs) and fintech startups to conduct digital skilling workshops for first-time smartphone users on secure transactions, fraud protection, and mobile banking etiquette.

This model ensures that financial education is both scalable and accessible, especially for populations that are digitally connected but not digitally confident.

- **Public-Private-Academic Collaborations**

Financial literacy must become a multi-stakeholder mission, drawing on the expertise and scale of government, private sector, civil society, and academia. The strategy should institutionalise:

- Strategic partnerships with employers, trade unions, NGOs, and universities to co-develop contextual modules and delivery mechanisms for different socio-economic groups.
- Annual "Financial Capability Weeks" on college campuses and workplaces, in collaboration with RBI, SEBI, IRDAI, and PFRDA.
- Alignment with international best practices and frameworks, such as the OECD-INFE and G20 Global Partnership for Financial Inclusion (GPFI), to ensure India's strategy is globally benchmarked and locally relevant.
- Encourage CSR investments and industry-sponsored digital campaigns to expand literacy outreach to gig workers, domestic workers, and informal sector entrepreneurs.

Such collaborative action will drive innovation, credibility, and inclusive penetration of literacy efforts.

- **Monitoring and Evaluation**

To measure what truly matters, financial literacy outcomes must be evaluated not by number of campaigns or pamphlets distributed, but by behavioural improvements and capability growth. To this end:

- Establish a National Financial Capability Index (NFCI) with state- and district-level rankings, based on quantitative and behavioural indicators such as product usage, debt management, insurance coverage, and digital adoption.
- Conduct annual district-level surveys that track changes in financial habits, digital finance engagement, and gendered usage of accounts and pensions.
- Partner with universities, think tanks, and independent research agencies to conduct third-party evaluations and longitudinal impact assessments of major literacy programs.
- Design incentive frameworks—such as discounted insurance premiums, loan processing benefits, or skill badges—for individuals who complete certified financial literacy modules through approved platforms.

A robust monitoring mechanism ensures that resources are directed toward what works, and accountability is maintained across implementing agencies.

- **Climate-Resilient Financial Literacy**

As climate risks intensify, particularly for farmers, coastal dwellers, and informal workers, financial literacy must incorporate climate resilience components to prepare citizens for future shocks. Action points include:

- Develop modules on crop insurance, weather-indexed insurance, and risk transfer mechanisms tailored for vulnerable communities.
- Integrate education on financial preparedness for natural disasters—including emergency funds, evacuation planning, and access to climate relief credit lines.
- Promote awareness of sustainable finance, such as green savings bonds, clean energy investments, and climate-linked credit guarantee schemes.

Such a forward-looking approach ensures that financial literacy is not only about stability in normal times, but also about adaptability during crises.

Together, these six pillars form a cohesive, inclusive, and adaptive Strategic Action Plan that empowers individuals across age, income, gender, and geographies—not just to access the financial system, but to thrive within it. It is this transition—from passive inclusion to active agency—that will define the success of India's post-2025 financial literacy agenda.

Conclusion

India stands at a crucial inflection point in its financial inclusion journey. Over the past decade, the country has achieved remarkable strides in expanding access to financial services through targeted schemes, digital infrastructure, and regulatory reforms. From PMJDY accounts to micro-insurance, and from mobile-based transactions to near-universal bank account ownership, the architecture of inclusion is now firmly in place. However, access alone does not equate to empowerment.

This report has drawn upon a wide spectrum of evidence—from the NCFE-FLIS 2019, NFHS surveys, AIDIS 2019, and IMF datasets, to an analysis of public schemes and global best practices. Together, these reveal a consistent insight: the next phase of India's financial literacy strategy must transition from reach to relevance, from enrolment to engagement, and from awareness to behaviour change.

Despite the progress in formal account penetration, many individuals—particularly women, rural populations, informal workers, and youth—continue to lack the skills, confidence, and tools needed to make informed financial decisions. Rising indebtedness, dormant accounts, underutilisation of insurance and pension schemes, and vulnerability to digital fraud point to the need for a strategy that is not only scalable, but also segment-specific, lifecycle-based, and digitally resilient.

A renewed strategy post-2025 must be backed by strong legislative mandates, institutional coordination, fiscal commitment, and a strategic action plan that blends technology with human outreach. Financial capability must be embedded into the very delivery of services and adapted to the evolving needs of a dynamic, digitally enabled, and demographically diverse population.

In an increasingly complex financial world, financial literacy is not a supplement—it is a safeguard. It is not just a development tool—it is a democratic right. As India prepares to enter the next decade of its economic transformation, a citizenry that is financially aware, behaviourally empowered, and digitally secure will be the foundation of an inclusive, resilient, and equitable economy.

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NATIONAL FINANCIAL LITERACY STRATEGY FOR INDIA: 2025 ONWARDS

NATIONAL FINANCIAL LITERACY STRATEGY FOR INDIA: 2025 ONWARDS

A DATA-DRIVEN BLUEPRINT FOR INDIA'S POST-2025 FINANCIAL LITERACY STRATEGY—BRIDGING ACCESS, BEHAVIOUR, AND RESILIENCE ACROSS DEMOGRAPHICS, REGIONS, AND DIGITAL ECOSYSTEMS.

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