# SANJAY GHODAWAT INSTITUTE

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**SGI**

Sou. Sushila Danchand Ghodawat Charitable Trust's SANJAY GHODAWAT INSTITUTE, ATIGRE

**DEPARTMENT OF Computer Science and Engineering**

**2024-2025**

# A Report On :

# Financial literacy

# Reserve Bank of India

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Diploma in Computer Science and Engineering

Under the Guidance of

**Mr. A.N. Mulla**

Program: CW-2K

Academic Year: 2024-2025   Sou. Sushila Danchand Ghodawat Charitable Trust's SANJAY GHODAWAT INSTITUTE, ATIGRE

**DEPARTMENT OF Computer Science and Engineering**

2023-2024

## PROJECT APPROVAL SHEET

This Project report entitled **Financial literacy** approved for partial fulfilment for the Diploma in Computer Science and Engineering of Sanjay Ghodawat Institute, Atigre (Kolhapur).

| Sr.No. | Full Name of Student | Signature |
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Date:                                                                 Place: Atigre

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# 1: Introduction to RBI

The Reserve Bank of India (RBI) is the central bank of India, responsible for regulating the country's monetary and financial system. It was established on April 1, 1935, under the Reserve Bank of India Act, 1934. Initially set up in Kolkata, it was later moved to Mumbai, which is now its headquarters.

The RBI plays a crucial role in the Indian economy by:

1. Issuing currency and controlling its supply

2. Formulating and regulating monetary policy

3. Maintaining financial stability

4. Regulating and supervising banks and other financial institutions

5. Managing foreign exchange reserves and external trade

The bank is governed by a central board appointed by the Government of India and is currently headed by a Governor. Its decisions directly impact inflation, interest rates, and overall economic growth.

## 2: Survey Methodology and Data Collection

The survey was conducted to understand public awareness, perception, and knowledge about the functions and role of the Reserve Bank of India (RBI).

a. Objective of the Survey: To gather insights on how well people understand the RBI's role in the Indian economy, including currency issuance, interest rate regulation, and banking supervision.

b. Target Population: The survey targeted individuals above 18 years of age, including students, working professionals, and small business owners.

c. Sampling Method: A random sampling method was used to ensure a fair representation of different age groups and occupations across urban and semi-urban areas.

General awareness of the RBI

Knowledge about its functions

Opinions on interest rate decisions

Views on digital currency and RBI policies

d. Pilot Survey: A small pilot test was conducted with 10 respondents to refine the questions and ensure clarity.

2. Data Collection Methods

a. Mode of Survey: Data was collected using Google Forms and face-to-face interviews, depending on the respondent's accessibility to digital tools.

b. Duration: The survey was conducted over a period of 2 weeks.

c. Sample Size: A total of 150 responses were collected from various regions to ensure diverse input.

## 3: . Descriptive Profile of the Survey Respondents

The survey on public awareness and perception of the Reserve Bank of India (RBI) was conducted among a diverse group of individuals. The following is a summary of the demographic characteristics of the respondents:

**1. Gender Distribution:**

Male: 55%

Female: 43%

Other/Prefer not to say: 2%

**2. Age Group:**

18–25 years: 40%

26–35 years: 30%

36–50 years: 20%

Above 50 years: 10%

**3. Educational Qualification:**

Undergraduate students: 35%

Graduates: 40%

Postgraduates and above: 25%

**4. Occupation:**

Students: 38%

Working Professionals (Private/Public sector): 34%

Business Owners/Self-employed: 15%

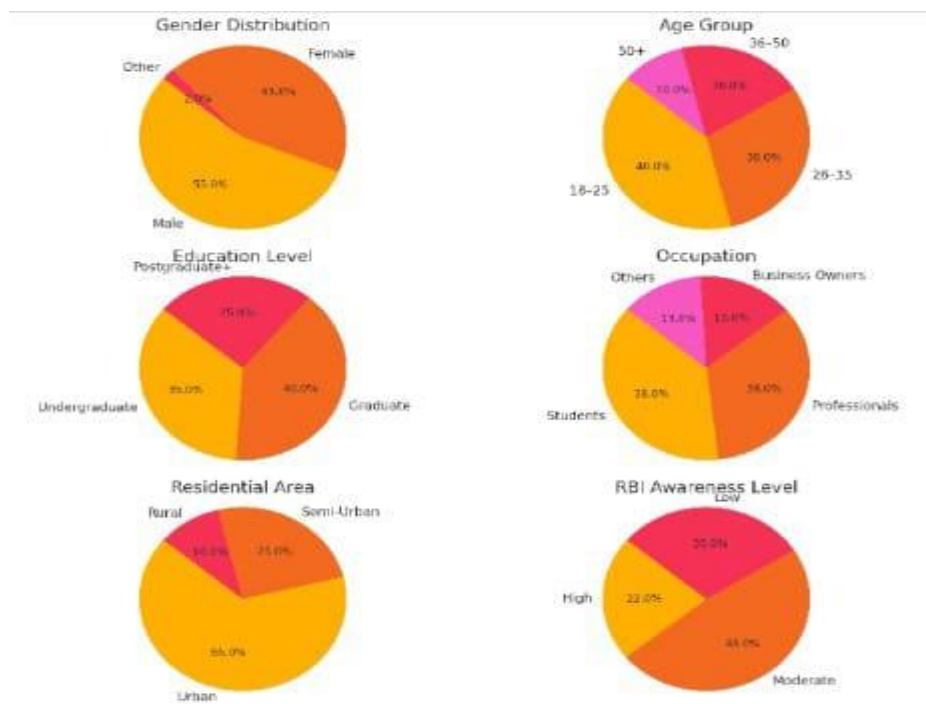**5. Location (Residential Area):**

Urban: 65%

Semi-Urban: 25%

Rural: 10%

**6. Awareness Level about RBI (Self-reported):**

High: 22%

Moderate: 48%

Low: 30%

## 4: Prevalence of Financial Literacy

The survey also aimed to assess the level of financial literacy among respondents, focusing on their understanding of basic financial concepts and the role of the Reserve Bank of India (RBI). The findings reveal varying levels of financial awareness and knowledge across different groups.

Key Findings:

**1. Basic Understanding of Financial Terms:**

65% of respondents were familiar with basic terms like interest rates, inflation, and savings.

However, only 35% could correctly explain terms like repo rate, CRR, and monetary policy.

**2. Awareness about RBI Functions:**

52% knew that the RBI is responsible for issuing currency.

41% were aware of RBI's role in regulating interest rates.

Only 28% understood its role in managing inflation and supervising banks.

**3. Digital Banking Knowledge:**

70% of respondents were using digital banking apps.

Out of those, only 40% understood the security measures or RBI guidelines related to online banking.

**4. Investment Awareness:**

30% of respondents had invested in savings schemes, mutual funds, or fixed deposits.

Of these, only 18% understood how RBI's interest rate policies could impact returns.

Overall Financial Literacy Levels:

High: 20%

Moderate: 45%

Low: 35%

| Country | Financial Literacy (%) |
|---|---|
| Brazil | 50.4 |
| Mexico | 47.8 |
| Australia | 46.3 |
| USA | 44.5 |
| Canada | 43.8 |
| India | 35.0 |
| ***World Avg.*** | 33.0 |

## 5. Financial literacy Score

To quantify the financial literacy of respondents, a scoring system was used based on their answers to key questions related to financial concepts, RBI functions, and practical money management.

Scoring Criteria:

Respondents were asked 10 key questions. Each correct answer was awarded 1 point, giving a maximum possible score of 10.
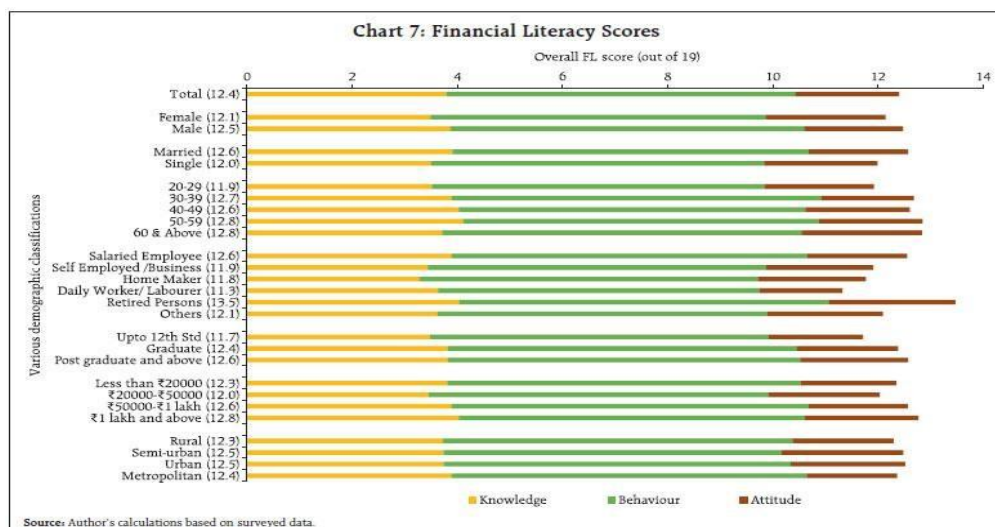
8–10 points: High Literacy

5–7 points: Moderate Literacy

0–4 points: Low Literacy

Score Distribution:

Average Financial Literacy Score:

The average score across all respondents was 5.6 out of 10, indicating a moderate level of financial literacy overall.



Chart 7: Financial Literacy Scores

## Conclusion:

The survey findings highlight a moderate level of financial literacy among respondents, with notable gaps in understanding complex financial concepts and the detailed functions of the Reserve Bank of India (RBI). While a majority of participants showed familiarity with basic financial terms and digital banking usage, only a small portion demonstrated in-depth knowledge of monetary policies, investment strategies, and regulatory mechanisms.

The average financial literacy score of 5.6 out of 10 reflects a need for enhanced financial education, especially in areas like interest rate impacts, RBI's monetary tools, and secure digital financial practices. Young adults and students showed greater interest but lacked comprehensive knowledge, indicating the importance of integrating financial literacy into academic curricula and public awareness initiatives.

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