



Presents
Special Session on

FINANCIAL LITERACY

Build a foundation of your relationship with money,
and it is a lifelong journey of learning

August 18, 2022
04:00 PM IST

JOIN US

FOR STUDENTS IN CLASSES 5TH - 12TH



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Financial Literacy is the ability to make well-informed financial decisions and encouraging financially responsible behavior. In simpler terms, financial literacy enables an individual to think about spending money in a controlled & balanced manner, saving money for further education and other future objectives; understanding the basics of investing early on, and much more.

KNOWLEDGE AND AWARENESS MAPPING PLATFORM

KNOWLEDGE SESSION 2022: EPISODE 9

ORGANISED BY: KNOWLEDGE AND AWARENESS MAPPING PLATFORM

A KNOWLEDGE ALLIANCE OF



Date: 18th August 2022

Topic: Financial Literacy

Organised For: Class 5th – 12th

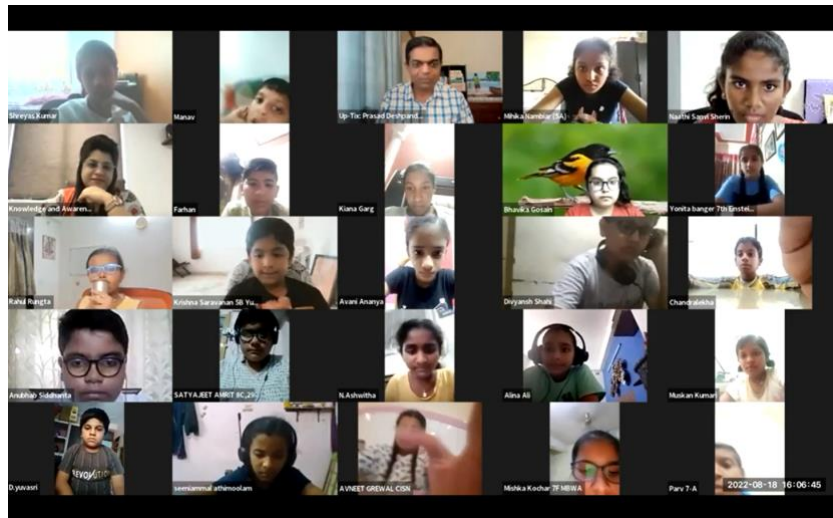
Category: Scientific and Life Skills

No. of Participants: 800+ students from different schools across India

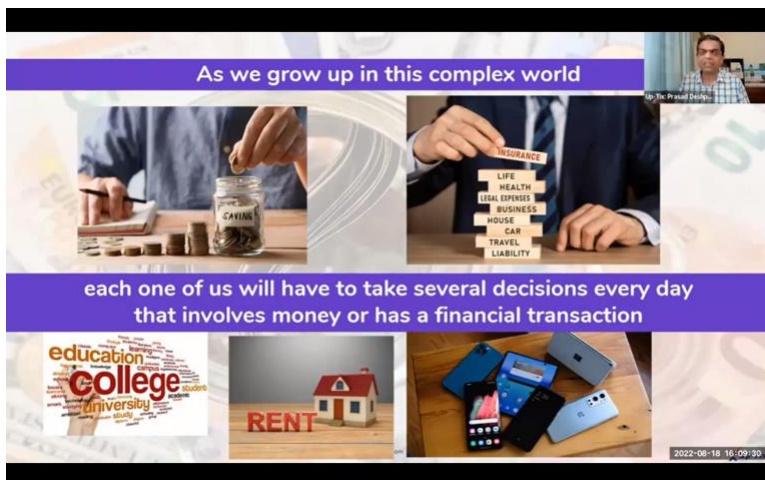
Speaker/Presenter: Mr Prasad Deshpande

Overview:

On August 18th, KAMP conducted a special workshop on "Financial Literacy" by Mr Prasad Deshpande. Mr Deshpande is the founder and CEO of Up-Tix. He is an Engineer from BITS Pilani and an MBA from The Indian School of Business (ISB) Hyderabad. Currently, he is on a mission to bring positive change to a billion people worldwide by building solutions that help people realise their true potential.



The main aim of this session was to help the students develop financial skills such as how to successfully manage finances and plan budgeting and investing. Throughout the special workshop, the students were made aware of the



concept of financial literacy, what it means, and why it is important, especially at an earlier age. He highlighted the concepts of banking, types of banks, savings, types of savings, debit cards, credit cards, loans, as well as types of loans, budgeting, as well as how to make a budget, to help the students build better habits and become financially smarter.

Financial Literacy is not only important for adults but children as well, as Mr Deshpande rightly pointed out that as we grow up, each one of us will have to make several decisions every day that involve money or a financial transaction. To begin with, he

explained what Financial Literacy means. It is the ability to understand and effectively use knowledge of Personal financial management, budgeting, planning for the future, planning for retirement managing loans or even investments.

He even mentioned that around 70% of Indians are Literate/Well educated while only 27% of Indians are Financially Literate (as of 2019), making it essential or urgent to guide students and individuals on the Same. All in all, there are plenty of benefits to developing financial literacy skills, such as it equips us with the knowledge and skills needed to manage money effectively, it helps develop our ability to take wise decisions about money in personal and professional life, it helps us understand and plan future goals, or it helps in influencing and teaching financial literacy among family members and friends.

To understand the concepts of Financial Literacy better, the students need to be aware of what a bank is and what are its types. A bank is a financial institution which accepts money from the public for lending or investment. Thus, in banks, people can easily deposit and withdraw their money, borrow money, or get even investment services. There are various types of banks, out of which the most common one is **Retail Bank**.

These are the banks that most individual adults use to deposit or obtain loans for different needs. Similarly, there is **Commercial Bank**, that caters to business needs or large organizations like NGOs, Schools, Hospitals etc. **Investment banks** sell stocks and bonds while **Credit Union Banks** make loans. All these banks are governed by the **Central Bank**, such as the Reserve Bank of India, Bank of England, and U.S. Federal Reserve which are also responsible for the country's money, government spending and inflation. Last but not least there are also **International banks and financial institutions** (Example: World Bank) that lend money to developing countries.

Mr Deshpande then introduced the concept of a loan. A loan is an amount of money received from a bank or friends or family for a specific purpose. It is sometimes also called credit. So, when you get a loan, you promise to pay it back with some extra amount and that extra amount that you promise to pay to borrow someone's money is called interest. The loan amount is repaid along with interest in the specific period. There can be various types of loans such as personal loans, student loans, credit cards, home loans, auto loans, business loans etc.

What is a BANK?

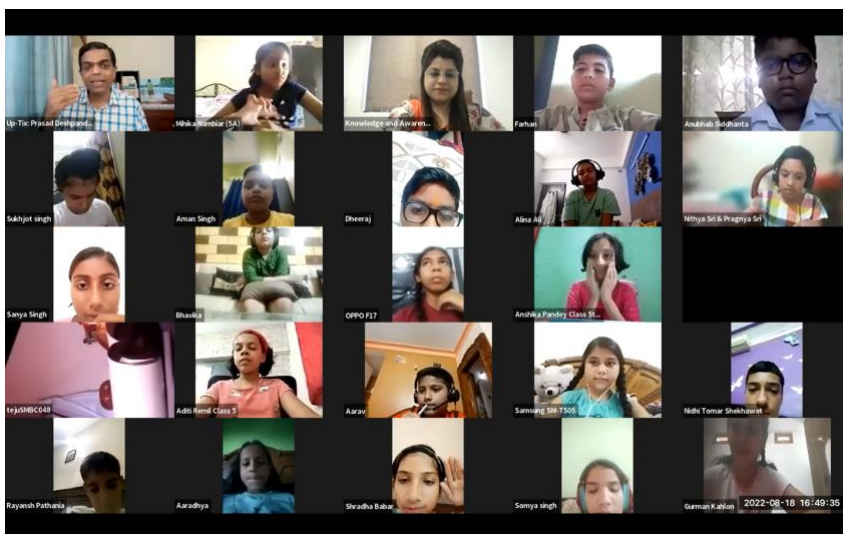
A Bank is a financial institution which accepts money from the public for the purpose of lending or investment

- a) people deposit and withdraw their money in a bank
- b) people borrow money from a bank
- c) people get investment services from a bank

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The most important concept of the workshop is Savings, savings is the money put aside for the use in future or for an emergency. Most experts recommend that you put back 10-20% of your income in savings. According to Mr Deshpande savings work on a concept of “Pay Yourself First”, one should save for self just after receiving the salary instead of paying the bills and then saving for self at the end of the month. Saving at an early age helps to discipline your spending habits, makes you financially independent, prepares you for emergencies, helps you upgrade your lifestyle, and eventually pays off in the long run.

To be efficient with savings, it becomes important to understand the concept of budgeting. A budget is a financial plan for the future of an individual/family/business/organisation/country. Budgets are used to understand end goals (or requirements), set targets monitor and control performance. They show how much money individuals/families/ businesses need to earn and spend in the future period and are usually done on a weekly/monthly/half-yearly/yearly basis and monitored regularly. It is important to note that a Budget is not meant to restrict you but to have a realistic idea of your finances. In simple words, they help to control spending and accomplish life-long goals.



Simple tips and ideas for students to become financially smart

1. Set aside a small amount of money every month, as savings
2. Start making a budget
 - a. Add up income and expenses \Rightarrow itemise and prioritise \Rightarrow plan for irregular expenses \Rightarrow grow your savings.

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(KAMP Operations and Coordination Office)

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