Indian Economy · GS - III

Financial literacy is an essential component of human capital development and inclusive economic growth. Examine the significance of introducing personal finance education at the school level in India.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 14/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Financial literacy, human capital, household savings, responsible borrowing, investment awareness, consumer protection, digital financial fraud, financial inclusion, NEP 2020, experiential learning.

Model Answer

Introduction

Financial literacy enables individuals to manage money, assess financial risks and make informed economic decisions. Introducing personal finance education at the school level can strengthen India's long-term financial inclusion.

Significance of Early Financial Education

Knowledge of budgeting, savings, taxation, banking and investments can encourage responsible financial behaviour. Students can understand the difference between fixed deposits and market-linked investments, evaluate risk-return relationships and develop entrepreneurial skills.

Financial education also improves awareness of digital payments, cyber fraud, insurance and consumer rights. Such knowledge can reduce vulnerability to misleading financial products and irresponsible borrowing.

Challenges and Way Forward

Financial concepts must be taught through practical exercises rather than theoretical memorisation. Regional-language resources, trained teachers and age-appropriate content are essential. Schools should emphasise risk awareness, diversification and the importance of regulated financial institutions without promoting particular investment products.

Collaboration among NCERT, financial regulators and educational institutions can improve curriculum quality.

Conclusion

Integrating financial literacy into school education can create financially responsible citizens, strengthen household resilience and support inclusive economic development.

BECOME IAS
AI POWERED UPSC PREP