Does Microfinance Training Enhance the Financial Literacy Among Members of Self Help Groups?

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Abstract

One essential feature of microfinance is microfinance plus which includes components like training, insurance, health, and hygiene to the borrowers. In recent times, the Government of India has laid enormous emphasis on the twin objectives of financial inclusion and financial literacy. This paper focused upon the effect of microfinance training in enhancing the financial literacy of the trainees. The question before us was whether microfinance training in its present form enables a reasonable awareness of the above factors. To measure this effectiveness of microfinance training, we developed a tool in the form of a test which was administered to both trained and untrained respondents. The sample was drawn randomly from members of SHGs in rural areas of Ramanagar and Bangalore Rural District during the month of March 2015. The test contained questions on numerical ability, awareness of SHG guidelines, knowledge of government schemes, and basic awareness regarding banking and micro insurance. The results of the test were analysed using *t*- test and chi square. The study also revealed some important and interesting aspects apart from achieving the main objective of the study. The tool also studied the degree of difficulty faced by the respondents in answering each of the questions. Since the focus of the Indian government is on financial inclusion and financial literacy, the findings of the study will be especially useful for the designers of microfinance training.

Key words: financial literacy, microfinance plus, microfinance training

JEL Classification : G21, I25, J24, O12

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According to the former Finance Minister, Mr. P. Chidambaram "financial literacy needs to be embedded in our way of life. Everyone who earns an income is a potential saver ; every saver is a potential investor, and every investor ought to be financially literate" (p.1) (Haldea, 2007). The issue of financial literacy had besieged the government well before the statement made by the then Finance Minister and continues to engage successive governments right to the present day. A Reserve Bank of India sponsored working group under the chairmanship of Mr. C.P. Swarnkar (2007) suggested the following, "The Group recommends that the banks should actively consider opening of counseling centers, either individually or with pooled resources, for credit and technological counseling" (p.8). As per the recommendations of the committee, The Reserve Bank of India (RBI, 2009) vide notification RBI/2008-09/371 RPCD.CO.MFFI,BC.NO,86/12.01.18/2008=09 dated February 4, 2009 started a model scheme for "Financial Literacy and Credit Counselling Centres" especially to educate the rural poor. Again, RBI (2013, January 31.) vide a notification issued a comprehensive *Financial Literacy Guide*

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containing *"Guidance Note for Trainers and Operational Guidelines for Conduct of Financial Literacy Camps"*.

In an effort to spread financial literacy through training, the Government of India has chalked out a programme under the auspices of The Ministry of Rural Development (MORD) to establish a training institute in each district of the country. A circular issued by MORD bearing No. F- No- I- 12011/19/2008 SGSY (Trg) dated 31-12-2010 spelled out the government's commitment to open 500 Rural Self Employment Training Institutes (RSETI) in the 11th Five Year Plan. These RSETI's are proposed to be set up in collaboration with public sector banks.

Training in micro finance is typically skill based like tailoring, motor winding, carpentry, dairy, bee keeping, beauty parlour, condiments, and so forth. Training also includes soft skills, basics of business and finance so as to create a sense of financial awareness. These courses are short term; the period of training ranging from as less as one day to around three months. In almost all cases, training is compulsorily residential. Also, training given by the government departments and the public sector banks is free of cost. A majority of the trainees are drawn from the rural areas.

What is Financial Literacy?

The National Financial Literacy Strategy proposed and propagated by the Australian Securities and Investments Commission (2015) described financial literacy as "...a combination of financial knowledge, skills, attitudes and behaviours necessary to make sound financial decisions, based on personal circumstances, to improve financial wellbeing" (p.1).

Worthington (2013) cited a quote from the Australian Bankers' Association (ABA) who pointed out that :

> financial literacy is not just about numeracy - even if we are good with numbers, we might not be good at managing our money. Financial literacy is about people gaining a practical understanding of financial matters and the consequences of their own behaviours that will affect their financial well-being. (p.4)

The definition of financial literacy and its composition may differ from country to country depending upon its overall literacy levels and stage of economic development. In simple terms, however, financial literacy can be defined as the knowledge of raising funds at competitive costs and deploying the same in profitable economic activity and includes prudence in savings, reinvestment of profits, being aware of risks associated with businesses, and maintaining a non-delinquent credit history.

Financial Literacy and Microfinance Training

Financial literacy in India poses a challenge very different from those faced by the developed countries. In India, where more than 30% of its populace is illiterate and an equal percentage of literate population know only to write their names, but are still classified as literate, the approach to financial literacy must be two pronged. For the largely illiterate population, financial literacy at best can only be elemental, and for the rest, a more sophisticated model could be followed. Lack of financial literacy leads to other derived problems. For example Sathiyan and Panda (2016) concluded that financial literacy affects financial inclusion programmes of the Government of India and suggested effective implementation of financial literacy programmes.

Micro finance training can be divided into categories for the sake of order and focus. The first category could be the training given to enhance one's specific vocational skill like carpentry, motor winding, plumbing, mobile repairs, computer hardware, tailoring, and so on. The other category is the training in generic skills like finance, marketing, people and soft skills, entrepreneurship development, and the like. In this paper, an attempt is made to study how much of an impact the training in the generic skills had on the trainees.

Both generic and skill training have now become an integral part of micro finance. A few years earlier, the training needs of borrowers of micro finance were catered to by a few government departments like District Industries Centre, Small Industries Service Institute (SISI) now renamed as Micro, Small and Medium Enterprise Development Institute (MSME- DI), and a few other training institutes sponsored by the public sector banks. Many bank loans with a subsidy component from the government are disbursed with a caveat that the borrowers are trained. Despite these measures, microfinance training in India has assumed a casual air; the only purpose of its existence being a formality to become eligible for a subsidized loan. With the Government of India setting up 500 Rural Self Employment Training Institutes (RSETI), some modicum of seriousness has been infused into the training. Administering training along with microfinance has become a viable model world over and has been replicated in India. Training, insurance, awareness regarding one's health and personal hygiene have become an integral part of microfinance and such add on services have been termed as "microfinance plus." Many studies have shown that micro finance plus along with finance will go a long way to alleviate the poverty of the borrowers.

Literature Review

There are very few research articles that have reviewed the impact of microfinance training on financial literacy. In the many articles reviewed, the researchers had assumed that training had a positive impact on the financial literacy and that the training given fulfilled its objectives like enhancing entrepreneurial skills, inculcating the habit of thrift, and encouraging effective money management. This paper attempts to test this assumption.

Edgcomb (2002) concluded that effective microenterprise training ensures that clients learn key financial and marketing skills, as well as the "soft skills" or basic competencies that increase a micro entrepreneur's ability to apply them effectively. The research showed that while most clients increased their understanding and use of business skills, there were some differences between more and less successful clients.

Berge (2011), after conducting field experiments on the spillover effects of training, showed that loan group members frequently interacted and discussed business related topics, and that the training itself contributed to more sharing of knowledge and information. On an average, the clients in his sample reported that they discussed business-related topics with each group member around once per week, suggesting that the weekly loan meeting was the main arena for information sharing.

Taimur and Hamid (2013) observed that the educational and vocational training for the general public was very important to eradicate underemployment and hedge devastation in the economy. Education provides the key skills and tools required for development and sustainable growth to eradicate poverty. The present paper analyzed the above conclusion of the authors as to whether educational training actually provides key skills.

Cohen, Hopkins, and Lee (2008) said that three categories improve financial literacy; the first being promotional information that increases sales and profits ; the second product orientation to manage the financial instruments offered by a specific institution ; and third, financial education to encourage effective money management.

Reeves and Sabharwal (2013) averred that good financial education addresses information asymmetries by providing advice on earning, spending, saving, borrowing, and encouraging the exploration of financial options. Entrepreneurship development training and skill training are an essential part of microfinance plus services.

Jeyarathnam and Kamalaveni (2013) studied 477 respondents who had started income generating activities, out of whom only 162 had undergone training. They concluded that this indicates the inadequacy of EDP training programmes. Further, they stated that skill oriented training and EDP training should be made mandatory for all loanees before bank linkage is established. While it is important to focus on increasing the enrolment of trainees, the efficacy of the training is also important. The present paper delves into this aspect.

Milgram (2001) described the functioning of The Central Cordillera Agricultural Programme, (CECAP) which is jointly funded by the European Union (EU) and the Philippine government and was established in 1988. An interesting part of the lending programme is that the chair and treasurer of the groups take training in bookkeeping. Later members take a test on the principles of CECAP's microfinance program, and upon passing, they can apply for CECAP sponsored bank loans. In India, the financial literacy of the borrowers is not tested before a loan is granted. Perhaps, it is time that we followed this progressive step in granting microfinance loans. We conducted a test for both the trainees and non-trainees, and the analysis of the data threw up some interesting results.

Lucy, Ghosh, and Kujawa (2010) studied the impact of training in leadership, organization, and management offered by the NGO Nari Uddog Kendra (NUK) in Bangladesh and found strong evidence that such programs boosted family incomes, empowered women, increased their confidence, enhanced their decision-making skills, and increased their awareness of gender equity. The researchers stated that leadership, empowerment, and women human rights training programs were more effective at achieving both the business/entrepreneurship and empowerment objectives of the NUK and the leadership and empowerment objectives.

According to Datar, Epstein, and Yuthas (2009), capital isn't enough for many of the most vulnerable clients. Microbusiness owners often lack the knowledge and skills - the human capital - necessary to make effective use of financial capital. They lack even the basic knowledge about how a loan is obtained and repaid and how debt can be used for business development. Most microfinance institutions have developed training that teaches clients about the timing and amount of repayment, the need for financial discipline to meet the repayment schedule, and the importance of investing the loan in working capital or productive assets rather than using it for household consumption. Although this training is essential for successful loan management from the institution's perspective, it often falls far short of the training necessary for clients to raise their businesses to a level of growth that can begin to break the cycle of crushing poverty in which they've been trapped. The authors of the paper raised questions about the quality of training given to micro entrepreneurs which calls for a study on the efficacy of training being provided. They tried to inculcate the concepts of management accounting into the business of the micro entrepreneurs and ,therefore, helped them track their daily cash inflows and outflows from the business. The researchers, however, found that for many clients, this process of budgeting remained challenging, even after they received considerable training. Though we have not included complicated concepts like management accountancy and budgeting, the present research paper has made an attempt to study the impact of training on the financial literacy of the trainees.

Ashraf and Ibrahim (2014), in a research study conducted in Bangladesh, identified the barriers to rural poor's participation in microfinance and stated that more training ought to be provided by the MFIs to the illiterate poor for better knowledge and understanding of business skills. They felt that this ensures that people would be more productive and can have better skills to attain more profits in their business. The resultant increase in incomes would help repay their regular installment of loans and in effect, it will reduce the drop-out rates from the MFIs.

A similar study undertaken by Bhonde - Saraf (2016) investigated into the financial awareness and financial knowledge of women in the district of Aurangabad, Maharashtra. One of the conclusions arrived at by the study stated that while the women were well aware of life insurance as a financial product, they were relatively less aware about health insurance and other general insurance products. The study further concluded that a majority of the women fared poorly in respect of questions testing their financial knowledge. Moreover, the women were unable to apply the concept of time value of money, diversification of investment, and cost-benefit analysis.

Objective of the Study

Micro finance as a term includes micro savings, micro credit, micro insurance, and training among other services. The umbrella of non finance services is also called micro finance plus. Various studies worldwide have revealed that mere disbursement of loans by micro finance institutions does not economically help the micro credit borrowers. Mere disbursement of credit without training affects the performance of the lending MFIs in terms of non recovery of loans and resultant NPAs. Why then do the MFI's not provide the microfinance plus services to its clients, especially when it is felt that such services benefit the MFIs? Providing microfinance plus services comes at a cost which eats into their profits. Therefore, many microfinance institutions have resorted to a cursory dispensation of training. The microfinance borrowers too are not keen on the training as this would mean loss of work-days and the resultant loss of income.

Yunus and Jolis (2007) opined that many training programmes are counterproductive. Poor persons are often offered incentives to participate in training programmes-sometimes they receive immediate financial benefits in the form of a training allowance, sometimes training is made a prerequisite to being able to obtain other important benefits in cash or kind. This attracts the poor, even though they may not be interested in the training itself. They further said that, “Rather than developing abilities, some training programmes, in fact, destroy people's natural capacity, or make them feel small, stupid, and useless (Yunus & Jolis, 2007, p. 226). It is in this context that the present research paper proposes to assess the impact of training in its present form on the impact of financial literacy of the borrower. The ensuing corollary pre supposes that a financial literate borrower will emancipate himself/herself from the shackles of poverty.

The present study, therefore, focuses on analyzing whether those who have undergone training have a fair amount of financial literacy. This was done by administering a basic objective type test to assess the impact of microfinance training on their financial literacy. The test was administered to both the trained and untrained SHG members. The null hypothesis for the study is that micro finance training does not affect the financial literacy levels of the trainees.

Test Used as a Tool to Measure Financial Literacy

To measure generic financial literacy is a formidable task as it is a dynamic variable changing constantly. For example, the lending model adopted by banks to lend to SHGs has been changing over a period of time to keep up with the changing needs of the borrowers. Similarly, various government schemes and policies which affect the members of SHG are being modified regularly. Therefore, to be completely financially literate, one has to keep abreast of the developments on a regular basis. We were well aware that the respondents were from a rural background where the opportunities for learning and peer education are severely limited.

We developed an instrument to measure financial literacy which is in the form of a basic objective type test. Ten questions were included in the test. Each correct answer was awarded one mark. Incorrect answers were awarded zero marks and there was no negative marking. Questions included in the test were neither esoteric nor academic, but pertained to the basic practical knowledge which the respondents should have acquired in their routine interaction with fellow SHG members or bank/government officials. The test included a few questions on fundamental concepts, which are not subject to change and some questions on general awareness were also included. Questions were compiled keeping in view the basic knowledge required to manage day to day business by members of a rural self-help group. The test proposed to assess the following traits of the respondents:

(i) Simple Numerical Ability : SHG members take internal loans as well as loans from banks. They are also required to maintain books of accounts for their internal savings and borrowings, which involve calculation of interest. The interest rate on their internal borrowing ranges from 1% to 2% per month. Similarly, banks levy interest for loans granted to SHGs. It was ,therefore, felt that the SHG members should have rudimentary knowledge of simple and compound interest. The first two questions of the test, therefore, dealt with calculation of basic simple and compound interest.

(ii) Awareness of SHG Guidelines : It is imperative that the members of a SHG are aware of the guidelines and the code of conduct of the SHG for the smooth functioning of the SHG. This will also ensure that the members are not cheated of their legitimate rights. To test the awareness of SHG guidelines, questions relating to the rate of interest charged on SHG internal borrowings and the amount of revolving fund contributed to the corpus of the members' savings by the government agencies were posed.

(iii) Knowledge of Banking Business and Micro Insurance Products : One of the redeeming practices followed by SHG members in India is to rotate the task of depositing the weekly savings into the bank account. This ensures that all members visit the bank regularly, which leads to heightened interaction and exposure to the banking business. Therefore, the microfinance test included questions which addressed issues pertaining to the banking business. The respondents were asked about the norms for availing a loan from a bank, devolvement of group liability in case of non repayment of bank loans, and the meaning of a crossed cheque. These are issues which the members of a SHG constantly face and are ,therefore, required to have some knowledge of. The penetration of insurance in India is woefully inadequate. One question relating to micro insurance was included to test the awareness of the SHG members.

(iv) Dissemination of Government Schemes : There is a large amount of opacity surrounding the schemes formulated by the government for people below the poverty line. Information about the schemes rarely trickles down to the beneficiaries. A good training system must ensure that such asymmetries do not exist. A majority of the respondents were below the poverty line and held BPL (below poverty line) cards issued by the State government which entitled them to 100 days employment in a year under the Mahatma Gandhi Rural Employment Guarantee Scheme (MNREGS). Many of the respondents had worked under the scheme. To test their awareness about the MNREGS, two questions about this scheme, namely the amount of remuneration paid per day and the mode in which this remuneration was paid, were included in the test.

Research Methodology

(i) Data Collection : For an ideal impact, the study data should be collected over a period of time. However, due to various constraints, collection of longitudinal data was not possible. To overcome this shortcoming, cross sectional primary data was obtained by administering a test to the respondents from both trained and untrained borrowers. A comparison of data from the trained and untrained micro finance borrowers is the basis for this study. The data was collected from primary sources in the districts of Ramnagar and Bangalore Rural of Karnataka State, India. This research study was done during the month of March 2015.

(ii) Sampling Frame and Sample Size : Ramanagara and Bangalore Rural Districts are in close proximity to the city of Bangalore. Though these districts have pockets of affluence, there are large areas where people still live below the poverty line and the fruits of development are yet to reach these areas. For the purpose of the present study, members from the SHGs in these districts were selected. The respondents were randomly selected from within the self help groups in the districts. The respondents were only female members in the age group between 18 - 50 years. The total number of respondents was 52.

Analysis and Findings

The average age of the 52 respondents was 43.98 years, out of which 36 were illiterate ; six of them had passed the 10th standard and 10 of them had passed the 7th standard. The respondents were mainly engaged in agriculture, and 21 respondents were landless labourers ; whereas, 28 farmed on their own land. The number of respondents trained was 22 respondents, and those untrained were 30 respondents. The demographics of the respondents are

Table 1. Demographics of the Respondents

		Mean	Standard Deviation	Count	Column *N* %
Age		43.98	12.27		
Education	Illiterate			36	69.2%
	7th Pass			10	19.2%
	10th pass			6	11.5%
	Graduate			0	.0%
	Others			0	.0%
Occupation	Unemployed			2	3.8%
	Landless labourer			21	40.4%
	Own Business			1	1.9%
	Own land work			28	53.8%
	Others			0	.0%
Training	Yes			22	42.3%
	No			30	57.7%

Table 2. Item-Wise Responses of Trained and Untrained Respondents

Question number and description		Training		
		Yes	No	Total
1.Simple interest calculation	wrong	50.0%	73.3%	63.5%
	right	50.0%	26.7%	36.5%
3.Revolving fund	wrong	40.9%	83.3%	65.4%
	right	59.1%	16.7%	34.6%
5.Rate of Interest on SHG internal lending	wrong	9.1%	66.7%	42.3%
	right	90.9%	33.3%	57.7%
6.Premium paid in Micro insurance	wrong	81.8%	96.7%	90.4%
	right	18.2%	3.3%	9.6%
8.Payment mode of MNREGA wages	wrong	81.8%	90.0%	86.5%
	right	18.2%	10.0%	13.5%
9.Devolvement of liability if SHG fails to pay bank loan	wrong	22.7%	66.7%	48.1%
	right	77.3%	33.3%	51.9%

depicted in the Table 1. Out of the 10 questions posed, none of the respondents were able to answer four questions. The unanswered questions pertained to calculation of compound interest, meaning of crossed cheque, maximum amount of bank loan a SHG is eligible for, and the daily wage under the MNREGA.

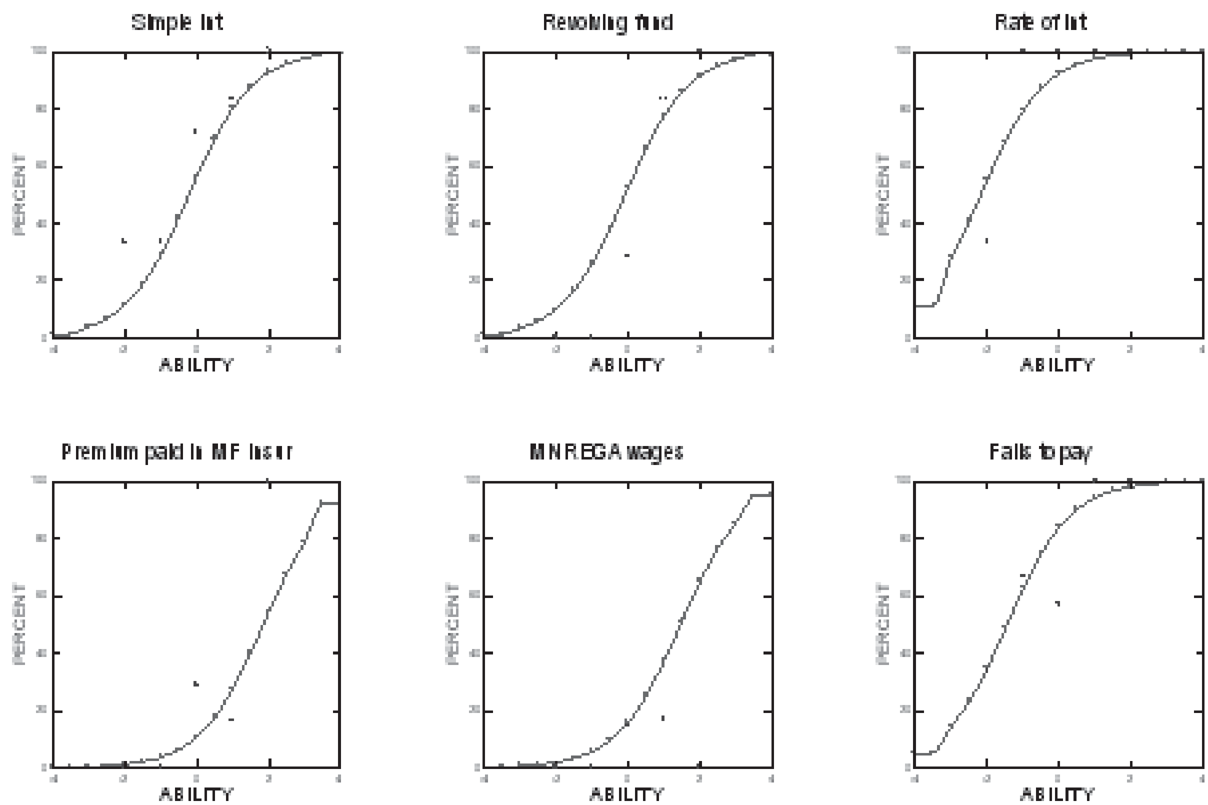
An item- wise analysis of the questions answered by both the trained and untrained respondents is given in the Table 2. An item response analysis of the questions answered was also conducted, and the details of the same are given in the Table 3. The analysis shows that there was no discrimination in the items and they behaved in the same manner. However, question number 6, which related to the treatment of premium paid for micro insurance, was the most difficult. A graphical representation of the item response theory is given in the Figure 1.

The range-wise scoring pattern of both the trained and untrained respondents is given in the Table 4. Sixty percent of the untrained respondents, which represented 34.6% of the total respondents, did not score any marks at all. Those trained were able to score at least one mark and did not fall into the zero mark category ; 27.3% of the

Table 3. Item Response Theory Table

Question No	Difficulty	Standard Error	Discrimination	Standard Error
1	-0.215	0.347	0.673	0.269
3	-0.083	0.345	0.673	0.278
5	-2.186	0.519	0.673	0.205
6	1.854	0.45	0.673	0.209
8	1.46	0.4	0.673	0.229
9	-1.454	0.422	0.673	0.21

Figure 1. Latent Trait Model Item Plots



trained respondents and 10% of the untrained respondents scored between 1 and 2 marks ; whereas, 27.3% of the trained and 13.3% of the untrained borrowers scored 3 marks ; 45.5% of the trained and 16.7% of the untrained borrowers scored between 4 and 5 marks.

The Table 4 shows that there is a significant difference between members who attended the training and those who had not attended the training with regard to the financial literacy score. To test whether these differences were statistically significant, Pearson's chi square test was conducted, and the results of the same are shown in the Table 5. To calculate the chi square cross tabulations, Table 4 shows where the financial literacy range was put in rows and divided into four nominal categories namely, “Nil,” “1&2,” “3,” and “4&5.” The two columns denote those trained and untrained. The chi square value is 20.31, the sig value is .000, which is < .05, so the null hypothesis that there is no difference in financial literacy levels between those who had undergone training and those who had not undergone training is rejected, and the alternate hypothesis, that there is a statistically

Table 4. Range Wise Scoring Pattern of Respondents

	Training		
Score of Respondents	Yes	No	Total
Nil	.0%	60.0%	34.6%
1& 2	27.3%	10.0%	17.3%
3	27.3%	13.3%	19.2%
4 & 5	45.5%	16.7%	28.8%

Table 5. Pearson's Chi-Square Test

Pearson Chi-Square Tests		
		Training
Fin lit range	Chi-square	20.317
	Df	3
	Sig.	.000

Table 6. *t*- Test Summary

Variable	Training	*N*	Mean	Standard Deviation	*t*	*p*-Value
Fin lit Index	Yes	22	3.136	0.941	5.116	0.00
	No	30	1.233	1.716		

significant difference in the financial literacy levels of the trained respondents when compared to the untrained respondents is accepted. The chances of difference in financial literacy levels occurring due to random sampling error are less than 5% and ,therefore, the alternate hypothesis is accepted.

We also conducted an independent two-sample t - test to check whether the null hypothesis that there is no significant difference in the means of their test scores is true. The Table 6 gives the summary of the data of the t- test. The calculated t-statistic is 5.116, with a p-value of 0.00, which is less than the acceptable value of 0.05. This means that the chances of the difference in the financial literacy levels occurring due to sampling error is less than 5%, and the difference in financial literacy amongst the trained and untrained groups are statistically significant. Therefore, we reject the null hypothesis and accept the alternate hypothesis that those who have undergone micro finance training have better financial literacy than those who have not undergone training.

Discussion

The evidence drawn from this study is in tune with similar studies conducted worldwide. Many researchers on this subject have lamented that though there is evidence to prove that training has a positive effect on the financial literacy of the trainees, the authorities who govern training have been lackadaisical in their approach. We felt the same deficiency as an undercurrent while conducting this study.

Amongst the trained respondents, only around 45% were able to answer 4 to 5 questions. None of the trained respondents could answer more than 5 questions. This means that either the training did not have this content or the training was not effective. Another aspect which requires attention is the mode of delivery of the content. Most of the women who underwent the test belonged to the rural areas engaged in farming and manual labour. A classical classroom approach to teach these women is a waste of scarce expensive resources and is a recipe for disaster. Therefore, training methods must include relevant games, songs, memory exercises, and the like. The results of the trained women are disappointing, especially when we consider the fact that most of the questions related to their day to day existence, and ignorance on these matters would result in their being cheated of their legitimate income or profits.

Research Implications

Financial literacy is an important measure of the development of a society, especially the economically weaker members of the society. A financially literate populace will efficiently use resources available to it and will effectively implement basic tools of risk management. This leads to a sustainable and stable source of income or profits. One of the tools for enhancing financial literacy is training as a part of microfinance as shown by this research study. However, training entails a cost and ,therefore, training modules have to be carefully planned not only with respect to the content, but the pedagogy and manner of delivery. Furthermore, a continuous evaluation of the training modules and its impact on the trainees is necessary in a world where business paradigms and laws are constantly changing.

Conclusion

Though it has been statistically proved that those with micro finance training have higher financial literacy levels, it is important to note that this is not a reflection on the quality of training presently being dispensed. What one must note is that none (even those who were trained) of the respondents could answer four of the 10 questions in the test. The unanswered questions were relevant as they pertained to the day to day activity of the respondents. Moreover, the test was so designed that knowledge of these questions was essential to ensure that the respondents would not be cheated of their legitimate rights. Hence, the microfinance training modules should be made more relevant so that the trainees benefit from the learning. Micro finance training should enable the trainees to conduct their business dealings with ease, and with full understanding of the transactions which they undertake. We suggest that the training modules should contain details about micro insurance, MNREGA, loan schemes of the banks, and various schemes launched by the government for the benefit of the trainees. It is also observed that very few studies have been conducted on the quality of microfinance training and its impact on financial literacy. There is immense scope to do such a study on a much larger scale covering more geographical areas.

Limitations of the Study and Scope for Further Research

The present study is limited to the districts of Ramanagara and Bangalore Rural in Karnataka. Further, the questions used to test the financial literacy are not holistic and may not be a complete proxy for financial literacy. Additionally, the answers to many questions included in the test are absolute, which, in reality, varies from time to time and from place to place. For example, the question on the minimum daily wage paid under the MNREGA scheme is subject to change due to inflation and due to the fact that different states have fixed varied amounts of daily wage under the scheme. On account of this, there is scope for future researchers to evaluate the levels of financial literacy in various states for different strata of society and on a continuous basis.

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