



## Mains Practice Question

Q. What do you understand by Digital literacy and financial literacy? Explain their significance for India. (250 words)

04 Feb, 2020 GS Paper 2 Social Justice

### Approach

- Briefly define digital and financial literacy.
- Highlight their significance in socio-economic development.
- Mention some measure towards such literacy, especially government schemes.

### Introduction

Digital Literacy is understanding and navigation of several digital platforms and analysing their potential as a medium of communication.

Financial literacy is the ability to understand different areas and concepts of finance like financial planning, budgeting, investment, savings and much more.

### Body

As the financial system becomes increasingly complex like different types of investment portfolios along with advancement in communication technologies like the Internet of Things, 5G etc., literacy in these domains have great significance:

- **Inclusive Growth and Financial Inclusion:** role in making available the services and benefits that the weaker groups
- **Freedom from exploitation and prevention from exploitation:** assist in safeguarding individuals and the general public against manipulative financial schemes and inflated interest rate charged by moneylenders.
- **Promotion of entrepreneurship:** new financial ventures and products will guide them in understanding the workings of market mechanism and improve their business dealings.
- **Positive Spillover effects:** regular savings and invest in the correct channels to generate income.
- **More and better input in Financial Markets:** by expanding the reach of financial markets
- To stay well-connected with the world and be in effective communication developmental ideas and translating the vision of rapid growth into reality

### Some Steps towards achieving Digital and Financial Literacy

- National Strategy for Financial Education
- RBI's Project Financial Literacy
- National Digital Literacy Mission (NDLM) Scheme
- Aadhar Enabled Payment Systems
- Saugamya Bharat Abhiyan

## Conclusion

Educating people about various facets of socio-economic and developmental concepts is a step taken towards efficient and productive governance. The concept of financial and digital literacy is important in the present-day scenario and India has already started moving towards realizing the value the digital and financial transformation and tapping into the benefits from them.

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