



# The Second Child and Youth Finance International Summit, May 7-9, 2013, Istanbul, Turkey

## Child and Youth Finance in India

---

PRESENTATION BY  
DR DEEPALI PANT JOSHI  
EXECUTIVE DIRECTOR  
RESERVE BANK OF INDIA



# INDIA – SOME FACTS

315 million young people aged 10-24 years in India representing 30% of India's population

Median age for India about 27 years compared with over 40 years for most OECD economies

About 10 million people would enter the job market every year for next 15 years

India grew at an average rate of 7.8% during the years 2002-2007 and 7.9 % during the years 2007-2012.

India trying to promote the usage of bank accounts to inculcate the habits of saving in children and youth.

In India, banks can open basic, fixed and pure savings account in the name of minors with either parent as guardian.



# SEIZING THE DEMOGRAPHIC DIVIDEND

“ On the one side is economic policy. On the other side is economic welfare. We are a developing country. The link between policy and welfare can be expressed in a few words: opportunities, education, skills, jobs and incomes. Every mother understands this. Every young man and woman understands this. My budget for 2013-14 has before it one overarching goal: to create opportunities for our youth to acquire education and skills that will get them decent jobs or self-employment that will bring them adequate incomes that will enable them to live with their families in a safe and secure environment.” stated Indian Finance Minister P Chidambaram while presenting the Union Budget for 2013-14.



# FINANCIAL INCLUSION THROUGH FINANCIAL EDUCATION

Financial Literacy is the ability to grow, monitor and effectively use financial resources.

Financial education makes the demand side respond to supply side initiatives.

Financial literacy is an important element for promoting financial inclusion and financial stability.

Investments in education facilitates accelerated economic growth and people's participation in growth process.



# IMPORTANCE OF FINANCIAL LITERACY

Financial Literacy helps users to understand risk-return framework of financial products & services better.

Basic banking products like savings accounts, deposits, small credits & remittances are relatively risk free.

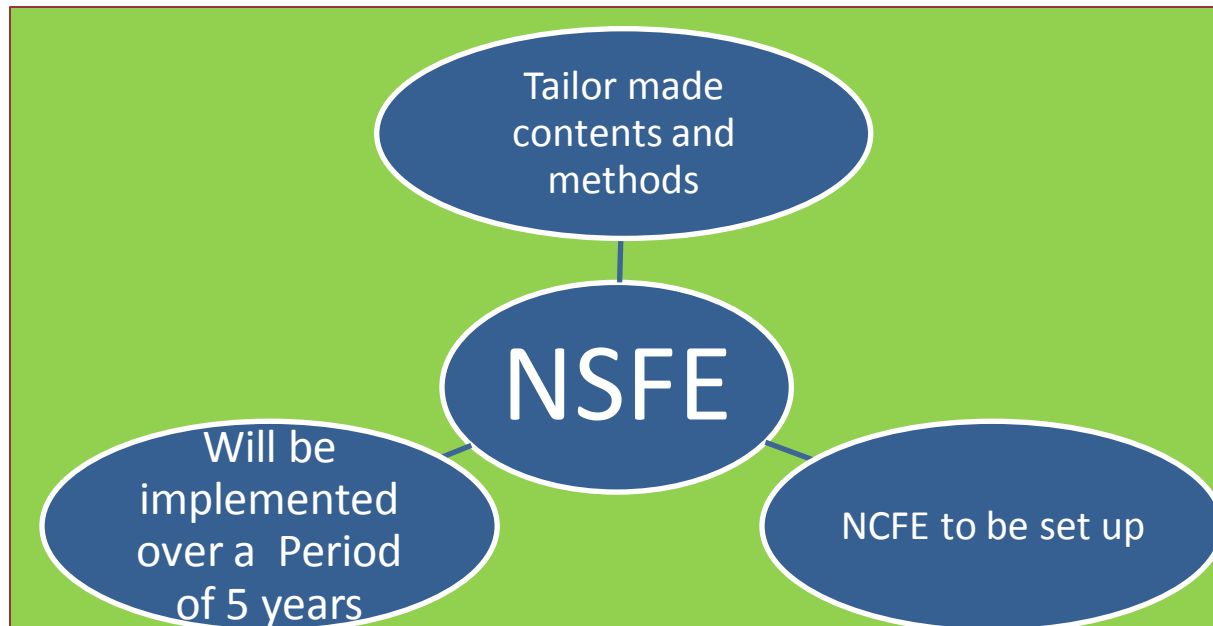
In India, people allowed to open Basic Bank Deposit Account with nil mandatory balance.

In India Financial Literacy is a tool for promoting financial inclusion



# OUR STRATEGY FOR FINANCIAL EDUCATION

- We have prepared a National Strategy for Financial Education (NSFE).
- With the adoption of National Strategy for Financial Education, India has joined select league of countries like the Netherlands, New Zealand, Spain, the UK and Czech Republic which have implemented NSFE.





# FINANCIAL LITERACY INITIATIVES





# FINANCIAL LITERACY MATERIAL IN PICTURES FOR CHILDREN YOUTH AND ILLITERATE CLIENTELE

POSTER NO. 16

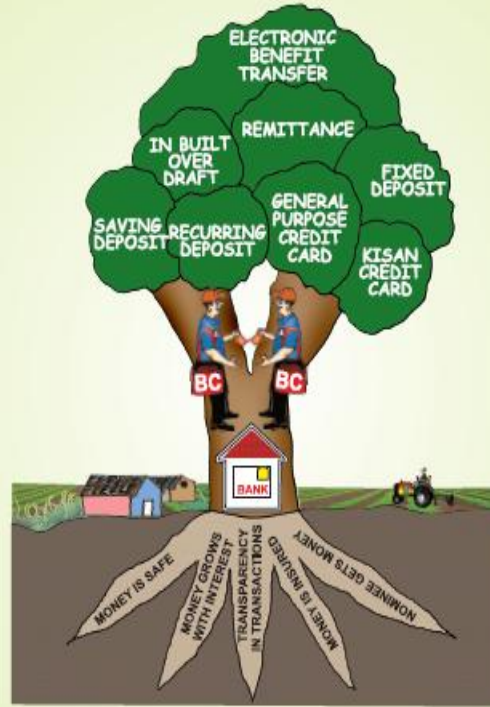


THEN

STEP INTO A BANK, STEP OUT OF POVERTY

RESERVE BANK OF INDIA

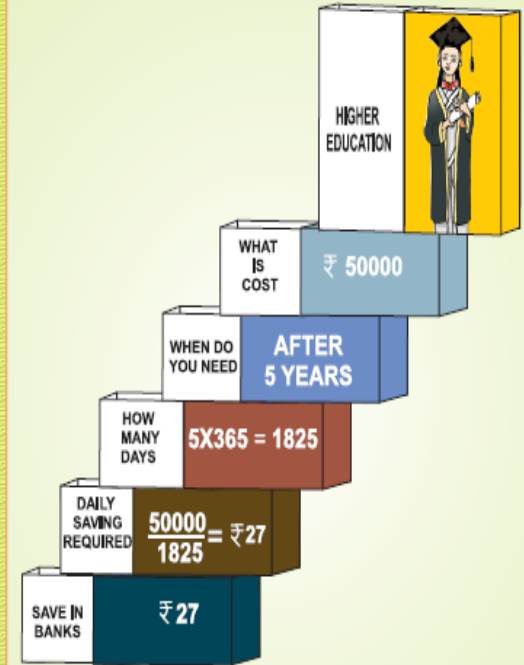
POSTER NO. 15



FINANCIAL INCLUSION - TREE OF PROSPERITY

RESERVE BANK OF INDIA

POSTER NO. 4



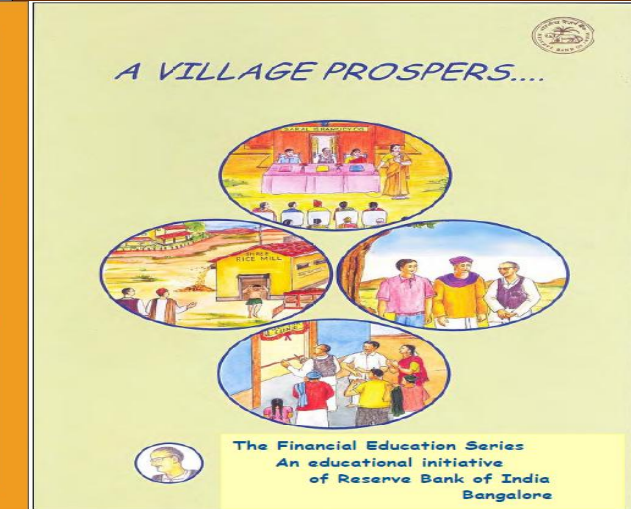
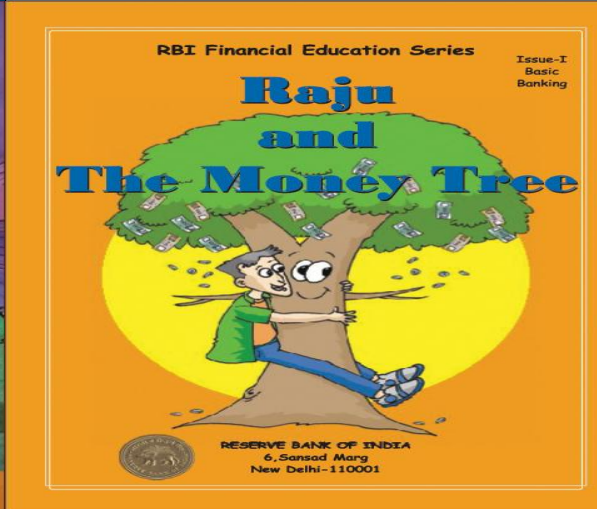
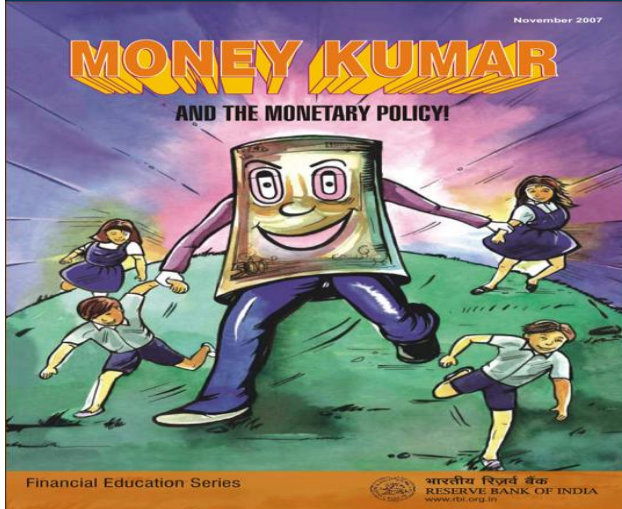
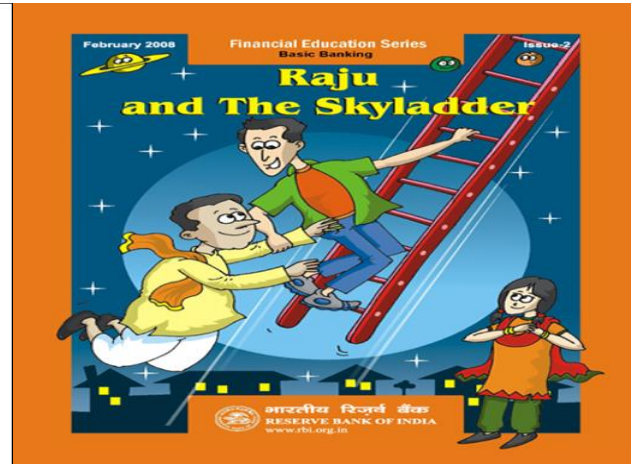
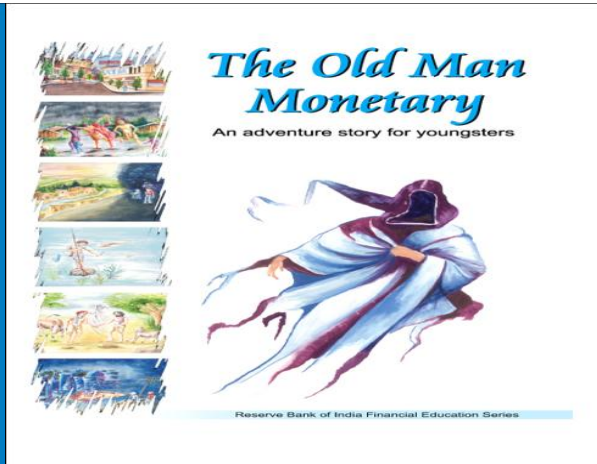
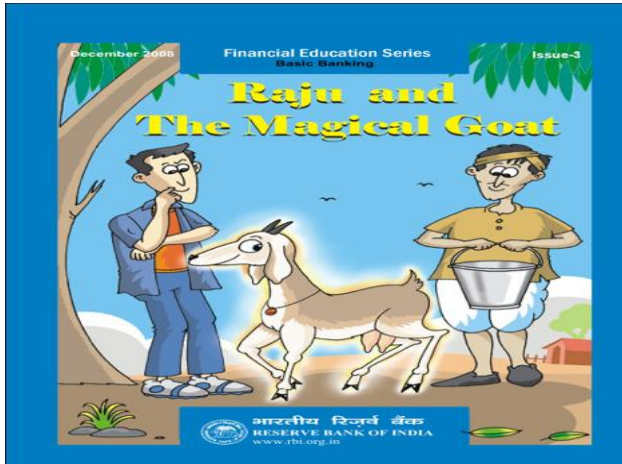
ACHIEVE YOUR GOAL WITH FINANCIAL PLANNING

RESERVE BANK OF INDIA





# ELEMENTARY APPROACH



Financial Education included in the school curriculum in several States



# INSTITUTIONAL MECHANISM

Government of India and Reserve Bank of India



Financial Stability & Development Council – Technical Group on Financial Inclusion & Financial Literacy



Financial Inclusion Advisory Committee of RBI



17 Offices of RBI spread across the country



46 Public and Private sector Banks, 67 RRBs, 35 SLBCs, 644 LDMs



Partnership with other stakeholders UIDAI, NABARD, State Governments



# CHILD & YOUTH FINANCE – INDIAN CONTEXT

India's demographic dividend presents the country with a great opportunity to enhance its growth

The banks have a very crucial role in facilitating pursuit of education by resource constrained youth.

Banks in India provide loans to students for pursuing various educational courses.



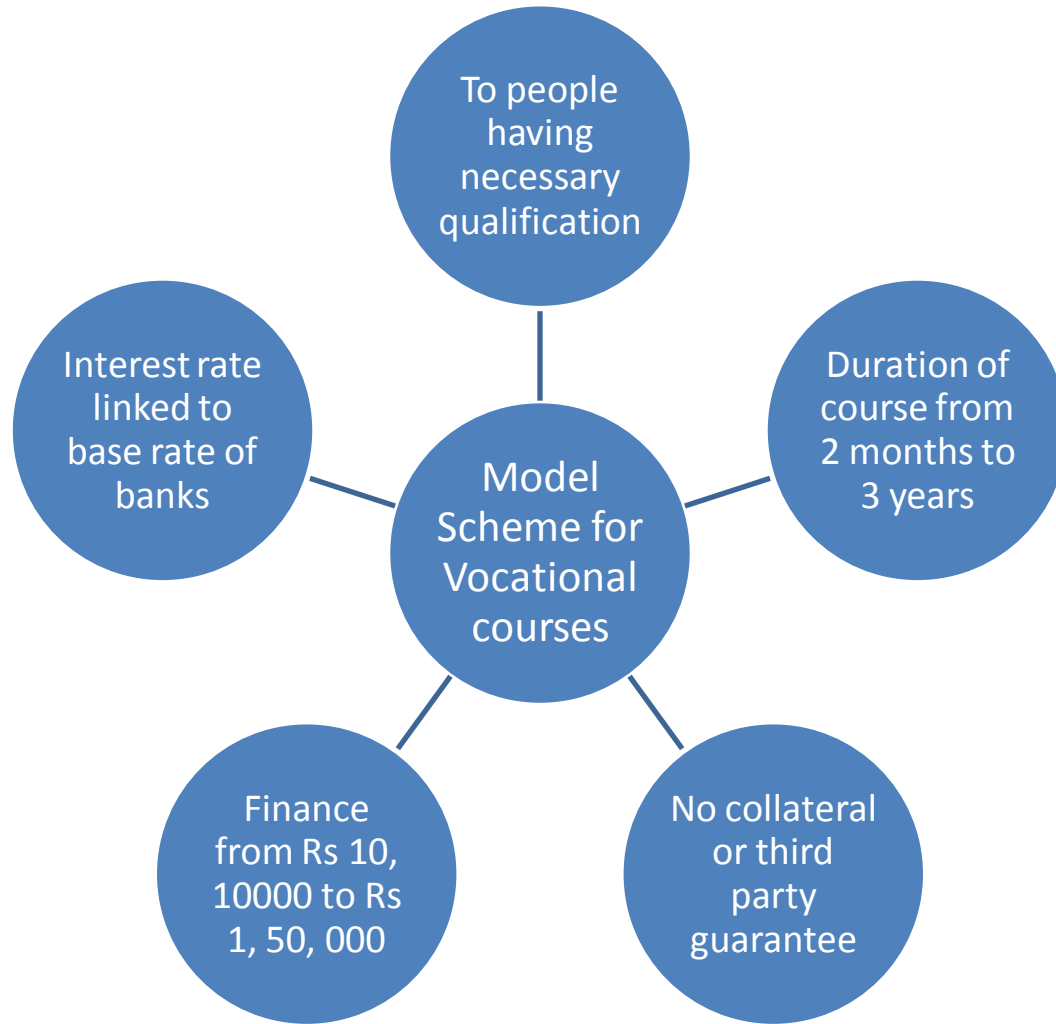
# DATA ON EDUCATIONAL LOANS

(No.of A/cs in thousands and Amt.o/s in Rs.million)

Year	Public Sector Banks		Private Sector Banks		Foreign Banks	
	A/cs	Amt	A/cs	Amt	A/cs	Amt
2003	239	28703	10	1164	2	662
2004	347	41795	11	1919	3	220
2005	470	63978	16	2760	3	205
2006	641	108038	21	3808	3	348
2007	1002	140120	24	3777	Negligible	13
2008	1298	198442	33	5093	--do--	10
2009	1580	269127	47	7967	--do--	1
2010	1912	352921	61	10676	--do--	1
2011	2213	413438	76	16524	--do--	Negligible
2012	2371	467405	110	16750	--do--	--do--



# FACILITIES FOR VOCATIONAL COURSES





# MAIN ISSUES - CHALLENGES AHEAD...

- Literacy level very low mostly in rural / remote areas.
- Dependence mainly on informal sources of credit from moneylenders on exploitative terms
- Still perceived more as an obligation than a business opportunity by stakeholders.
- Appropriate Business Model by banks for enhancing its presence through involvement of all stakeholders to make Financial Inclusion & Literacy a reality.
- Lack of Infrastructure necessary for scaling up: Physical and Technical Infrastructure.
- Extension from banking products to other financial products



## **FOR FINANCIAL ACCESS AND EDUCATION IMPERATIVES TO SUCCEED .....**

- The key is establishing an appropriate Business and Delivery Model through the involvement of all stakeholders to make Financial Inclusion a reality.
- Access to financial services and Financial Education must happen simultaneously.
- It must be continuous and must target all sections of the population simultaneously.
- Ongoing task.



## **BANKING OMBUDSMAN - QUICK AND INEXPENSIVE FORUM OF ALTERNATE DISPUTE RESOLUTION MECHANISM**

Banking Codes & Standards Board of India (BCSBI) is the standards setting body for banking services

Indian Banks Association has evolved a fair practices code to be adopted by its members.

The Reserve Bank of India has instituted the Banking Ombudsman, an alternate dispute resolution mechanism





# CONSUMER PROTECTION - ALERTS

## Beware of Fictitious Mails offering Money

Fraudulent offers of huge money in foreign exchange are being made through letters/emails by certain foreign entities or individuals, including Indian residents acting as representatives of such entities or individuals. The offers of huge money in foreign currency are made to resident individuals/entities (including schools/hospitals) on the pretext of helping them in their business/ventures in India. Once the contact is established, the entities request for details of bank account of the Individuals or Indian entity and ask for some amount to be remitted to them as initial deposit/commission so that the offer money could be transferred. Even copies of fake certificates or deposit receipts purported to have been issued by the Reserve Bank of India are produced by such operators.

### The Reserve Bank of India has cautioned members of public:

- Not to fall prey to fictitious offers of winnings in lottery coming through emails, post or courier, etc.
- Not to make any payment or remittance towards participation in such schemes/offers from unknown entities.
- That remittance in any form towards participation in lottery schemes is prohibited under Foreign Exchange Management Act, 1999; and that
- The Reserve Bank of India does not maintain any account in the name of individuals/companies/trusts in India to hold funds for disbursement.



Issued in Public Interest by  
**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**  
[www.rbi.org.in](http://www.rbi.org.in)

Release Ad 12x23 cm

## Do Not Fall Prey to Fictitious Offers of Cheap Money



### The Reserve Bank of India cautions the public :

- Not to fall prey to fictitious offers of cheap funds and expensive items claimed to have been remitted/ transferred by overseas entities to banks in India or to the Reserve Bank of India.
- Remittance of foreign exchange in any form towards participation in lottery or lottery like schemes is prohibited under Foreign Exchange Management Act, 1999.
- Not to make any remittance towards participation in schemes/offers from unknown foreign entities or individuals, including Indian residents.
- The Reserve Bank of India neither maintains any account in the name of individuals/companies/trusts in India nor holds funds for disbursement and authorises any official or representative to make offers of lottery schemes and effect payments.



Issued in public interest by:



**Ministry of Consumer Affairs, Food and Public Distribution**  
 Department of Consumer Affairs, Government of India,  
 Krishi Bhawan, New Delhi-110 001 Website: [www.fcamin.nic.in](http://www.fcamin.nic.in)

Consumers can also call  
 National Consumer Helpline No. (1800\_11\_4000 Toll Free) (From BSNL/MTNL lines) 011\_27662955,56,57,58  
 (Normal Call Charges Apply) (9.30 am to 5.30 pm - Monday to Friday)

Job No. 19832 Fictitious Offer Ad Size: 25X16 English



# FINANCIAL INCLUSION IN INDIA – A SEGMENTED APPROACH

India trying to leverage on its demographic dividend to attain higher growth rates.

Financial inclusion an imperative for inclusive growth.

Financial Inclusion is the process of ensuring access to appropriate financial products and services to all sections of the society.

Child finance through opening of account and FL initiatives.

Youth finance through educational loans at concessional terms.

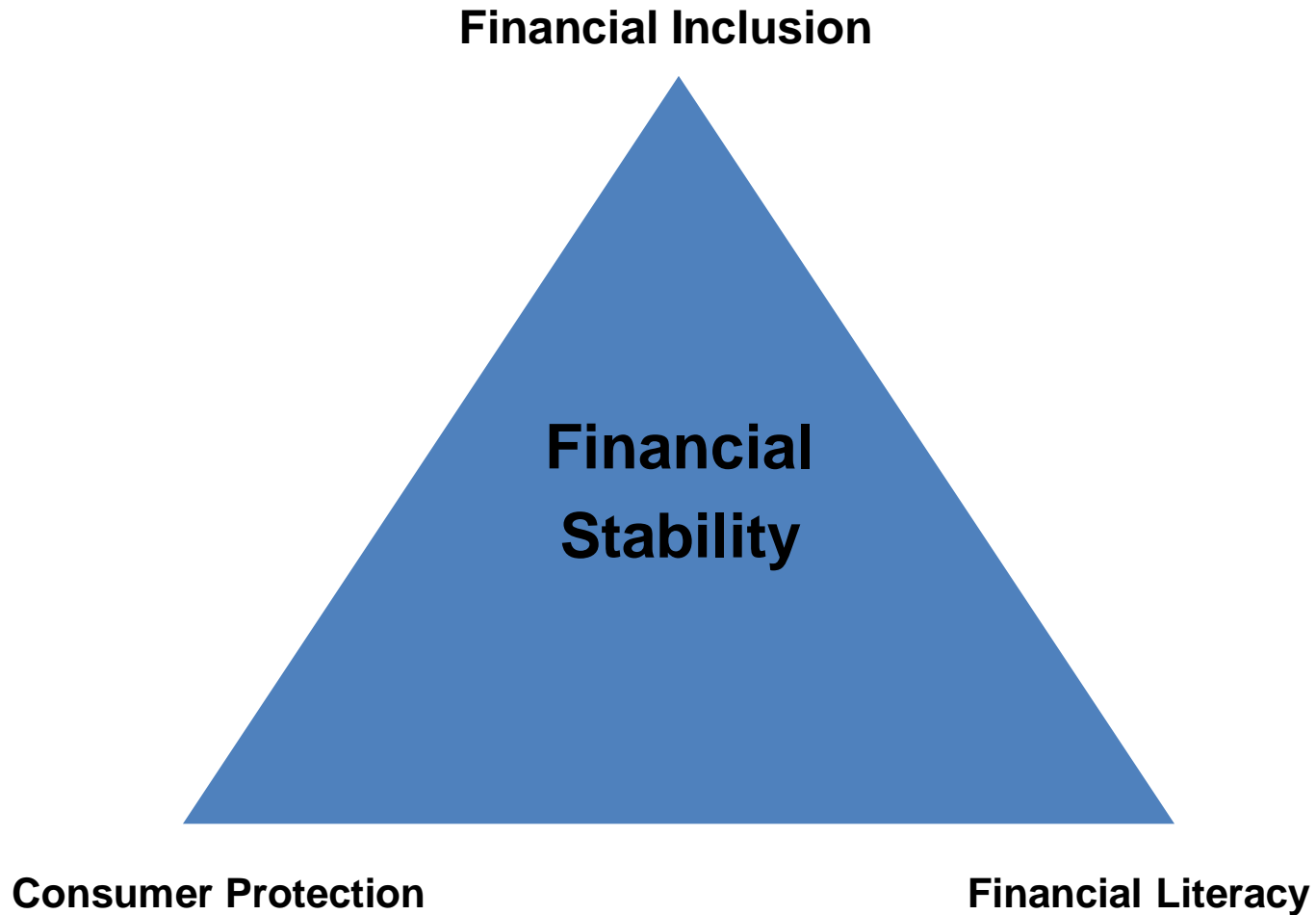
Collateral free loans from banks upto Rs 1 million available to young entrepreneurs in Micro and Small Enterprises sector.

Finance inclusion to other people through Financial Inclusion initiatives

India taking lead in promoting child and youth finance in South and South East Asia.



# TRINITY TO MAKE FINANCIAL STABILITY POSSIBLE — THE ULTIMATE OBJECTIVE





# Thank You.

---

Assistance provided by A K Nigam, AGM, Bipin Nair, AGM and Mruga Paranjape, Manager in preparing the presentation is gratefully acknowledged.