



Anjuman Khairul Islam's

95-Commerce

# POONA COLLEGE OF ARTS, SCIENCE & COMMERCE



Camp, Pune-411001

**Department of Commerce**  
(Post Graduate and Research Centre)

Sponsored Under  
**Quality Improvement Program (QIP)**  
Savitribai Phule Pune University (SSPU), Pune

R. S. COLLEGE LATUR  
Inward No. 5230  
Date 13/2/2019

**International Conference on**

## "New Trends in Commerce, Economics, Banking, Cooperation, Management, Computer Science, IT & Environment"

**8<sup>th</sup> and 9<sup>th</sup> February 2019**

**C e r t i f i c a t e**

*This is to certify that*

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*has actively participated /Presented a Paper entitled*

Role of Securities and Exchange Board of India (SEBI) in Promoting

Financial Literacy in India

*in International Conference on "New Trends in Commerce, Economics Banking, Cooperation, Management, Computer Science, IT & Environment", organised by Department of Commerce-PG & Research Centre held on 8th and 9th February, 2019.*

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Peer Reviewed Referred  
and UGC Listed Journal  
(Journal No. 40776)



ISSN 2277 - 5730  
AN INTERNATIONAL MULTIDISCIPLINARY  
QUARTERLY RESEARCH JOURNAL

# AJANTA

VOLUME - VIII, ISSUE - I  
JANUARY - MARCH - 2019  
PART - III

IMPACT FACTOR / INDEXING  
2018 - 5.5

[WWW.SJIFACTOR.COM](http://WWW.SJIFACTOR.COM)

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## 19. Role of Securities and Exchange Board of India (SEBI) in Promoting Financial Literacy in India

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### Abstract

The Securities and Exchange Board of India (SEBI) has been making sustained efforts to spread financial literacy and useful information related to the financial markets money market and capital market so that larger number of Indians participates in India's growth story. With the developing financial market in India, there is an urgent need for the more financial education and literacy of the investors in the financial market. It is necessary that structured regulations are put in place which not only make products available to the clients but in effect enhance the knowledge of the investors, therefore achieving the financial inclusion in the financial market. The need of the hour in the financial sector is the active participation of the investors so they can invest in market with active mind and this is possible only when proper advice is provided to these investors to enable them to make an informed decision about the investment. SEBI have proposed a nationwide survey for assessing financial inclusion and literacy in the country in the draft '**National Strategy for Financial Education**' that seeks to "create a financially aware and empowered India" and convert savers into investors. Through this information and objective advice, they develop the skills and confidence to become more aware of financial risks and opportunities and make informed choices to improve their financial position. "We can create confidence in market by spread financial literacy and merit of investment could be widely spread, hence time is ripe to motivate our educated upper middle class to climb from saving mode to wealth generation mode." These promotional activities are very helpful to the Indian financial system for promoting financial education and financial literacy. The financial literacy is important to invest saving in market and to provide three objectives namely, safety, return and liquidity. If investment made with plan mind so it is absolutely safe while it's generate handsome income.

**Keywords:** Securities and Exchange Board of India (SEBI), financial inclusion, financial literacy, stakeholders, Promotion.





## Introduction

In 1988 the Securities Exchange Board of India was established by the Government of India through an executive resolution and was subsequently upgraded as a fully autonomous body (a statutory board) in the year 1992 with the passing of the Securities Exchange Board of India Act, 1992 on 30th January, 1992 (Shah, 2011). In the place of Government control, statutory and autonomous regulatory boards with defined responsibilities, to cover both development and regulation in the market, and independent powers have been set up. Paradoxically this is the positive outcome of the security scam of 1990-91. The first decade of the twenty-first century has seen a universal recognition for spreading financial literacy among people (Kapoor, 2014). The concepts of improving financial literacy as a national project has been gradually evolving most countries have adopted a unified and coordinated national strategy for financial education. Given the fact that India has a large population, is a fast growing economy with national focus on inclusive growth and has an urgent need to develop a vibrant and stable financial system, it is all the more necessary to quickly formulate and implement a national strategy for the country (Vasant, 2016). Also, since a large number of stakeholders, including the central and state governments, financial regulators, financial institutions, civil society, educationists and others, are involved in spreading financial literacy, a broad national strategy is a prerequisite to ensure that all the stakeholders work in accordance to the strategy and not at cross purposes. The formulation and implementation of National Strategy for Financial literacy will reap rich benefits to the country and can be attributed to following

## Concept of Financial Literacy

"Financial literacy refers to the ability to make informed judgments and to take effective decisions regarding the use and management of money. A combination of awareness, knowledge, skills, attitude and behavior is necessary to make sound financial decision and ultimately achieve individual financial wellbeing (Kapoor, 2014)".

Financial literacy is the education and understanding of various financial areas including topics related to managing personal finance, money and investing. Financial literacy focuses on the ability to manage personal finance matters in an efficient manner, and it includes the knowledge of making appropriate decisions about personal finance such as investing, real estate, budgeting, retirement and tax planning.

## Objectives of the Study

The study is made with the following objectives

1. To understand the concept of financial literacy and innovations made by the SEBI

2. To introduce financial inclusion of investors with the help of literacy initiatives and programs.
3. To study new ideas, creative activities about financial education and literacy of SEBI.

### **Research Methodology**

Primary data is collected through respondents of SEBI personnel, investors, Share brokers, sub-brokers, Share Transfer Agents, Share transmission agent etc.

Secondary data is being collected through various sources such as books, magazines, journals, newspapers, bulletins, handbooks, annual reports, and websites.

### **Inclusive Growth, Financial Inclusion and Financial Education**

Financial education plays a vital role in making the demand side respond to the initiatives of supply side interventions. Financial inclusion is a top most policy priority of the Government of India. One of the most visible aspects of governance has been the agenda of social inclusion, of which financial inclusion is an integral part. As the Hon. Union Finance Minister, Shri Pranab Mukherjee, said in his speech at the Reserve Bank of India - Organization for Economic Cooperation and Development Workshop on Delivering Financial Literacy in March 2010, "Financial literacy, and education, plays a crucial role in financial inclusion, inclusive growth and sustainable prosperity".

- a) **Knowledge and skill:** Increasing range and complexity of financial products has made it very difficult for an ordinary person to take an informed decision. Financial literacy imparts knowledge and skills and, thereby, confidence to the ordinary person to manage financial products and services and enabling him to have more control over his/her present and future financial well being.
- b) **Freedom from exploitation:** Financial literacy helps protect the society and individuals against exploitative financial schemes and exorbitant interest rates charged by moneylenders.
- c) **Avoidance of over-indebtedness:** Financial education will help avoid over-indebtedness, improve quality of services and promote wise financial decisions.
- d) **Promoting entrepreneurship:** Awareness about financial products will help small entrepreneurs, who are educated and who already have business sense, understand dynamics of market mechanism and improve their business dealings.
- e) **Positive spill-over effects:** Financial education can lead to multiplier effects in the economy. A household that is well educated in financial matters would resort to regular savings, which, in turn, would lead to investments in right channels and greater income



generation. The financial well being of individuals will, in turn, increase the welfare of the society.

- f) **Reducing strain on social programs:** A financially aware person would be in a better position to assess his/her own requirements and make savings in appropriate schemes. It reduces strain on social programs and pension plans and fosters a more resilient economy.
- g) **Behavioral change:** The proliferation of financial products has led to its indiscriminate usage without users realizing their financial implications. "In fact, the recent global financial crisis has raised the question whether individuals' lack of financial knowledge led them to take out adjustable rate mortgages or incur credit card debt they could not afford. Financial education can become an agent of behavioral change.
- h) **Deeper participation in financial markets:** India needs to convert savers into investors. Greater participation of domestic retail investors in securities market will make securities market deeper. Domestic savers will also reap the benefits of corporate growth.

#### National Institute of Securities Markets

National Institute of Securities Markets (NISM) is a public trust, established by the Securities and Exchange Board of India (SEBI), the regulator for securities markets in India. It is located in Navi Mumbai (India). NISM seeks to add to market quality through educational initiatives. It is an autonomous body governed by its Board of Governors.

NISM consists of six different schools and National Centre for Financial Education (NCFE) as follows:

- School for Investor Education and Financial Literacy (SIEFL)
- School for Certification of Intermediaries (SCI)
- School for Securities Information and Research (SSIR)
- School for Regulatory Studies and Supervision (SRSS)
- School for Corporate Governance (SCG)
- School for Securities Education (SSE)
- National Centre for Financial Education (NCFE)

#### SEBI's Investor Awareness Programs

Region	2016-17	2017-18	Cumulative total since launch of initiative
HO	88	53	294
ERO	129	125	542



