



Original Article

The Financial Literacy in Promoting Student Entrepreneurship Life-Long in India

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Manuscript ID: **Abstract**

JRD -2025(I)-170954

ISSN: 2230-9578

Volume 17

Issue 9(I)

Pp. 241-243

Sept. 2025

In today's rapidly evolving Indian economy, financial literacy has emerged as a critical life skill, particularly for the younger generation. Despite its importance, surveys indicate that only a limited percentage of Indians are financially literate, which often results in poor financial decisions and missed opportunities. This paper examines the role of financial literacy in shaping entrepreneurial intentions among students, highlighting its impact on financial independence, decision-making, and long-term security. Using secondary data and a quantitative research approach, the study explores how financial education equips students with budgeting, saving, investing, and money management skills necessary for entrepreneurial success. The findings emphasize that financial literacy not only enhances individual confidence and responsibility but also strengthens entrepreneurial capacity by enabling access to resources and informed decision-making. It concludes that integrating financial education into the academic curriculum is vital for nurturing entrepreneurial abilities and fostering sustainable economic growth in India.

Submitted: 9 Aug. 2025

Revised: 20 Aug. 2025

Accepted: 20 Sept. 2025

Published: 30 Sept. 2025

Keywords

Financial Literacy; Student Entrepreneurship; Financial Education; Money Management; Youth Empowerment; India; Financial Independence; Decision-Making; Entrepreneurial Skills; Sustainable Development

Introduction

In a rapidly evolving economy like India, financial literacy has become increasingly important. As financial products and services become more complex, the need for a strong foundation in financial management is crucial. However, financial literacy in India remains a challenge, particularly among the youth. According to a survey by the National Centre for Financial Education (NCFE) only 27% of Indians are financially literate. This lack of financial knowledge can lead to poor financial decisions, such as falling into debt traps or missing out on important investment opportunities. Recognizing this, the government and the Reserve Bank of India (RBI) have launched various initiatives to promote financial education and awareness. This article explores the concept of financial literacy, its importance, and the key initiatives by the government, RBI, and other institutions aimed at improving financial literacy in India. Financial literacy is essential for gaining knowledge of finance and money-related aspects. Financial Growth and development can be achieved through dedication and determination towards a particular thing. It is also very important for kids to have proper financial literacy at an early age. Financial literacy also helps in getting proper life knowledge. The journey of life can be understood by implementing financial decisions, which will help in achieving future goals.



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How to cite this article:

Agale S.V, Kalam P.G, Sarsare S. M. (2025). The Financial Literacy in Promoting Student Entrepreneurship Life-Long in India. Journal of Research & Development, 17(9(I)),241-243





Financial literacy isn't only related to business; it also plays a crucial role in education and daily life. Financial literacy also helps in achieving short-term and long-term goals.

What is Financial Literacy?

Financial literacy refers to the ability to understand and effectively use various financial skills, including personal financial management, budgeting, investing, and financial planning. It is the foundation upon which individuals can build a secure financial future, enabling them to make informed decisions about their money. Financial literacy is not just about managing expenses and saving; it encompasses a broader understanding of financial products, services, and the risks and opportunities they present.

Importance of Financial Literacy among Students

Financial education makes students more active and prepares them for future opportunities. Below, you can check the importance of financial education for students.

Financial Independence:

Budgeting, saving, and investing are all skills that financial literacy teaches students, preparing them for financial independence. They are better able to make financial decisions and stay out of debt as a result.

Understanding of Credit and Debit:

Students who are financially literate are also taught about credit and debit cards as well as their operation.

For upcoming loans, credit cards, and mortgages, they learn how to establish and preserve a high credit score.

Financial Security:

Financially literate people can create a plan to secure their financial future and are better able to handle financial risks such as unforeseen expenses or losing their jobs.

Money Management Skills:

In order to achieve greater financial stability, financially literate people understand how to effectively manage credit and debt, save, invest and create a budget.

Boost Confidence:

An increased sense of financial empowerment can result from financial literacy, which can increase one's confidence in one's capacity to handle money.

All things considered, having a solid understanding of finance is a great life skill that can help you become more successful and secure financially.

Types of Finance

There are different domains of finance that deal with different arenas in life, including the following:

Personal finance: This deals with managing our day-to-day financial needs. Through this, we are able to manage our finances on an everyday basis. For every individual, personal finance is one of the most important subjects to learn.

Corporate finance: These refer to activities and transactions that are related to raising capital for creating, developing, acquiring and operating a business. This domain of finance is related to making company-related decisions with monetary and financial impact. Corporate finance is concerned with maximising shareholder value through short-term and long-term financial planning. It ranges from capital investment to tax considerations.

Public finance: This domain of finance is related to allocating finances for the purpose of development. Here, the funds are borrowed from banks, insurance companies, the government and dividends from companies.

Literature Review

Agarwal et al., (2017), Thus, each individual has the responsibility in managing his own personal finance and developing an understanding on the financial market in order to secure his financial well-being.

Chaterjee, A.V. (2018), It is therefore, a need for youth and every student to be given the chance to be exposed to financial education in order for them to have skills, motivation, and confidence to apply the knowledge and ability to make effective decisions.

Khair M. (2015), Apart from that, entrepreneurship has also been as one of the government's focuses towards youth growth. Entrepreneurship represents an important source of employment and is vital for economic and social growth by creating a successful business.

Objectives of the Research Paper

- To examine the relationship between financial literacy and student entrepreneurship
- To study the level of awareness of Financial Literacy among youth in India



Methodology

This study is conducted using a quantitative research method and adopts secondary sources to collect data as part of the initial measurement to obtain view concerning the relation of financial literacy with entrepreneurship intention

Finance as a Knowledge

Finance basics include developing, managing, and analyzing funds and investments. It comprises projected cash flows to fund current projects via credit and debt, securities, and investments. Because of its temporal component, finance is intimately tied to the time value of money, interest rates, and other related subjects.

The entrepreneurial choice or Decision Making

The entrepreneurial choice in a competitive economy without uncertainty and with perfect information may be interpreted as any economic choice, for example, a consumer choice. This reasoning can be applied in the entrepreneurial choice without uncertainty. Suppose that in society there are only two job's situations, being employed or being an entrepreneur, and that these situations can be distinguished by four characteristics (management, accountability, independence, sociability, etc. The job of the entrepreneur is characterized by high levels of management, accountability, independence and sociability, and vice versa for the employee. In this case, the agents must make a discrete choice between both options depending on their preferences i.e. how they value characteristics of each of these options. If the occupational choice (being self-employed or an employee) was along a continuum, then individuals would have to reason at the margin. An optimal decision would be such as a small variation would not add anything more. Typically, each status presents an opportunity cost which depends on the preferences of agents i.e. how they value each of these attributes. A person who values the four characteristics of the entrepreneur prefers the situation of the entrepreneur because he will get more utility from the entrepreneur status than from the employee status. In this case, the choice is easily done but it is nevertheless extraordinary that such situations arise because there are actually many more features that in our simplified example. One can imagine people who dislike the task of management but who appreciate the sense of responsibility and independence. Some will choose to become entrepreneurs because, consistent with their preferences, the cost for them (to bear the management's responsibilities) is less than the benefits they obtain from responsibility and independence. Another way to express it is to say that the opportunity cost of giving up independence and responsibility is greater than the benefit of employee status, which does not have to bear the responsibilities of management. Other people with different tastes will prefer the opposite employee status. For them the benefits of non-management will more than offset the disadvantages of the loss of independence and responsibility.

Entrepreneurial abilities to access resources

There is therefore some skills to entrepreneurs. In this regard, Lucas (1978) challenges the standard theory for which the U- shape of the curve production costs determines both the size, the number of companies and entry and exit of the firms on the market⁴. It is more appropriate to postulate that there are individuals with various managerial capacities and that the distribution of managerial capacity is explanatory of the various sizes of companies.

Conclusion

This study examines concepts related to financial literacy and the significant influence of financial literacy on entrepreneurship intention among students in India. Along with the development of the economy, businesses, and the development of the community, focus should also be given to entrepreneurs and their skills in financial management. Universities' education curriculum should be improved in order to contribute to this skill among students. Studies revealed that good financial literacy among the younger generation is an important element in achieving a brighter tomorrow, as youth have to live a longer life.

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