

Employability Skills

Module 8 - Financial and Legal Literacy

 CBSE

Financial Literacy

Financial literacy is the ability to understand and manage your personal finances effectively. It means knowing how to create a budget, save money, use credit wisely, and make smart financial decisions.

 ICSE

Being financially literate helps you understand how loans, interest rates, and investments work, so you can plan for your future—like buying a home, paying for education, or saving for retirement. With good financial literacy, you're better prepared to avoid debt, handle emergencies, and make choices that help you reach your financial goals.

 NTSE

Legal Literacy

Legal literacy is the understanding of basic laws and legal rights that affect your everyday life. It means knowing your rights and responsibilities as a citizen, employee, consumer, or business owner.

 Banking & Insurance

Legal literacy helps you understand how contracts work, what actions are legal or illegal, and how to protect yourself in legal situations. It also means knowing where to go for legal help if needed.

 Central Govt. Service

When you are legally literate, you are more confident in making decisions, solving problems, and standing up for yourself when your rights are challenged.

 State Govt. Services

1. Importance of Selecting the Right Financial Institution, Product, and Service

◆ **What is a Financial Institution?**

A financial institution is a place like a bank, post office, or insurance company where people can keep money, take loans, invest, or get financial services.

◆ **Why is Choosing the Right One Important?**

• **Safety:** Your money should be secure. Choose government-approved or RBI-licensed institutions.

• **Better Returns:** Some banks or financial products (like fixed deposits or mutual funds) offer better interest rates.

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- **Low Charges:** Different banks charge different fees for ATM use, account maintenance, etc.
- **Customer Support:** A good institution will provide quick help and easy-to-understand services.

✔ Example:

If you're opening your **first savings account**, compare banks on:

- Minimum balance required
- Interest rate
- ATM availability
- Online banking features

2. Carrying Out Offline and Online Financial Transactions Safely

◆ **Offline Transactions:**

These are done **physically**, such as:

- Withdrawing/depositing money at a bank
- Writing a cheque
- Using a debit card at a shop

Safety Tips:

- Never share your PIN
- Count cash before leaving the counter
- Sign your cheques carefully

◆ **Online Transactions:**

These are done **digitally**, using:

- Net Banking
- Mobile Wallets (PhonePe, Google Pay)
- UPI (Unified Payments Interface)

Safety Tips:

- Use strong passwords
- Don't share OTPs
- Avoid public Wi-Fi
- Log out after every session

✔ Example:

If you're paying college fees online:

- Double-check the website URL (should start with "https")
- Confirm the payment receipt and save a screenshot

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3. Components of Salary and Basic Financial Calculations

◆ **Common Components of Salary:**

- **Basic Pay:** Fixed amount of your salary
- **HRA (House Rent Allowance):** Given if you live in rented house
- **DA (Dearness Allowance):** Compensates for inflation
- **PF (Provident Fund):** A portion saved for your retirement
- **Deductions:** Includes tax, PF contribution, etc.

✓ **Example of Salary Breakdown:**

If your monthly salary is ₹20,000:

- **Basic Pay:** ₹12,000
- **HRA:** ₹4,000
- **Other Allowances:** ₹2,000
- **Deductions:** ₹2,000
- **Take-home Salary = ₹18,000**

◆ **Understanding Income, Expenditure, Taxes, and Investments:**

- **Income:** Money you earn (salary, pocket money, profits)
- **Expenditure:** Money you spend (food, clothes, phone bills)
- **Taxes:** Compulsory payments to the government (like income tax)
- **Investments:** Putting money into schemes (like FD, PPF, stocks) to grow your wealth

4. Legal Rights, Laws, and Legal Aid

◆ **What Are Legal Rights?**

These are the protections and freedoms given to you by the Constitution and laws.

Examples of Your Legal Rights:

- **Right to Education:** Free education till class 8
- **Consumer Rights:** Right to complain if you receive a faulty product
- **Right to Equality:** No discrimination based on religion, caste, or gender
- **Right to be Protected from Child Labour** (if under 18)

◆ **What is Legal Aid?**

It is free legal help provided by the government to people who can't afford lawyers.

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✓ Where Can You Get Legal Help?

- Legal Services Authority (LSA) in your district
- Lok Adalats (people's court) for quick and free settlement of disputes

Real-life situations related to Financial and Legal Literacy

1. Choosing a Bank Account (Financial Institution)

Situation:

Anita just turned 18 and wants to open her first savings account. She compares banks online to find one with:

- No minimum balance
- Free ATM withdrawals
- UPI & mobile banking options

👉 **Lesson:** Choosing the right financial product saves money and gives ease of access.

2. Making a UPI Payment (Online Financial Transaction)

Situation:

Ravi buys books online and pays via UPI using Google Pay. Just before making the payment, he checks the shop's UPI ID twice and doesn't share his OTP with anyone—even when a fake caller pretends to be from the delivery team.

👉 **Lesson:** Online payments are fast and easy, but you must stay alert to avoid fraud.

Assignment

1. Which of the following is NOT a financial institution?

- A. Bank
- B. Post Office
- C. Hospital
- D. Insurance Company

2. What is the safest way to do an online financial transaction?

- A. Share your OTP with a friend
- B. Use public Wi-Fi for fast speed
- C. Use strong passwords and trusted apps
- D. Keep your UPI ID on social media

3. If your monthly salary is ₹20,000 and deductions are ₹2,000, what is your take-home salary?

- A. ₹18,000
- B. ₹20,000

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- C. ₹22,000
- D. ₹2,000

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4. Which of the following is a legal right?
- A. Right to play video games
 - B. Right to equality
 - C. Right to own a mobile phone
 - D. Right to drive at any age

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5. Where can people get free legal help if they cannot afford a lawyer?
- A. Bank
 - B. Post Office
 - C. Legal Services Authority (LSA)
 - D. Income Tax Office

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