

A study on the Level of Financial Literacy Among Indian Women: A Review of Selected Literature

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Abstract: Financial Literacy has become an inevitable part of human life. This is useful for every person regardless of whatever is the occupation of the person. A person who is financially illiterate does not have the conscience of investing the money in a useful manner. Financial Literacy means the ability to use money in a correct manner. It provides a base to individuals to comprehend, manage and plan their personal financial planning. In other words, it means having skills and knowledge on the basis of which a person can take effective decisions. It becomes very important in the context of taking financial decisions, such as investment, financial planning, retirement planning etc. Thus, the significance of financial literacy becomes increasingly important. Women are the inseparable part of modern society. Women takes various financial decisions which cannot be effective without the having proper knowledge of financial literacy. Thus, it becomes interesting to know about their literacy level in women. This study reviews the various research papers. The objective of this study is to analyze the level of financial literacy among Indian women by using literature-based study. Secondary data is collected from various sources such as journals, websites research papers and articles. The study will be helpful for the state and central governments for the formulations of various policies regarding level of financial literacy.

Keywords: Financial decisions, financial illiteracy, financial planning, policies.

1. Introduction

Financial Literacy is the ability to use the money in an efficient way. In other words, it is concerned with the skill and knowledge which a person has on the basis of that effective decisions can be taken. The level of Financial Literacy is different across various countries. Financial literacy helps a person to gain common knowledge in the context of Investment, Financial Planning, Savings and various financial tools. As far as financial literacy is concerned, OECD (Organization for Economic Cooperation and Development) defines it as “a combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial

wellbeing”.

Women are an inseparable part of our life. They are a significant part of modern society. If we take the example of the situation of women, as far as ancient India is concerned, it shows the pitiable condition of them. Most of them were confined to the boundaries of the household. Now, the condition is totally different. Women are doing every kind of work and making a distinct image of themselves in different fields. In this study women are included because it will be very interesting to know the level of financial literacy. Financial Literacy is helpful in taking day to day financial decisions regarding spending the money on shopping, taking decisions regarding investments, savings, future planning etc. Literacy provides a base for the development of people in the society.

According to Census of India 2001, the literacy rate of women was 53.7% while male literacy rate was 75.3%. This gap has proved to be more in rural areas. The census of India 2011 reveals that there has been an increase in literacy rate in the country which is 82.14% for males and 65.46% for females. According to a survey conducted by National Statistical Commission in 2017, the literacy rate in women was 70.3% and 84.7% in men. National Statistical Office data shows that Male literacy rate at the India level in 2021 stands at 84.70% and female literacy stands at 70.30%. This data reveals that women in India are facing several hindrances to be financially literate. The low female literacy rate has a negative impact on family planning and efforts made for population stabilization in India. The government is making a lot efforts to make people financially literate yet there exists a lot of gaps in the level of financial literacy among man and women in India. Women constitute an important part of the society and the study is an attempt to analyze the actual level of financial literacy.

There are various factors which affect the level of financial literacy such as age, education, income, marital status, gender etc. These factors affect the level of financial literacy among women also. Shanti and Murty (2019) stated education, age and income are positively linked with financial literacy. The study

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also stated that married women are having lower level of financial knowledge as compared to single women. As far as India is concerned it is very important for the Indian women to recognize their true potential and get more confidence. Although the situation has been improved a lot yet there are still some places in which the level of financial literacy among women is very low.

2. Need of the Study

This study is an attempt to study the level of financial literacy among Indian women. The Indian culture still has male dominated societies in most of the parts. There exists a culture in which male takes all the responsibilities regarding financial matters and women have lesser control on it. Though the situation of women has improved significantly in comparison to previous one but the situation is not fully improved. Hence there is a need to study the actual level of financial literacy among Indian women.

3. Objectives of the Study

The objective of this research is to study the level of financial literacy in Indian women by using literature-based study.

4. Methodology

The study is qualitative in nature and literature-based exploration. The data is collected from secondary sourced such as websites, journals, articles and reports.

5. Review of Literature

V. Sornaganesh and A. V. Chellamma (2020) stated that financial literacy as a significant achievement of financial inclusion in the economy. Financial Knowledge is important not only for an investor but also for the common man in the country. Awareness about various investment products is needed in various stages of life. This study was based on awareness level of the respondents i.e., working women in the Thoothukudi district. The main objective of the study was to determine awareness level of working women regarding investment patterns and to identify the awareness level of women on regulatory bodies. The study was conducted on working women across the Thoothukudi district. Majority of the respondents are not aware about shares, debentures, mutual funds, real estate, government securities. Major part of the respondents is partially aware of insurance policy, gold and silver, government securities. Most of the respondents are fully aware of bank deposits and post office savings. Age, marital status, education, occupation, annual income and size of family influence awareness about income tax. It also concludes that type of family does not influence awareness about income tax. Occupation and type of family influence awareness about income tax. It also concludes that age, marital status, education, annual income and type of family do not influence awareness about regulatory bodies. Education and occupation of working women play an important role in suggestion offered by them.

Shanti and Murty (2019) stated in their study towards the impact of Financial Literacy on Women in Several Districts of

Andhra Pradesh. The study was conducted on approx 450 women from various districts of Andhra Pradesh on the basis of convenient sampling techniques with the help of questionnaire. The result was revealed after using multiple linear regression models where education age and income are positively linked with financial literacy. The study also stated that married women are having lower level of financial knowledge as compared to single women. Employed women have higher levels of Financial Literacy. Education level is not associated with Financial Literacy while Income level is positively associated with Financial Literacy.

Naranbhai (2018) published their findings in IJRSML, they conducted a Study on Investment Awareness among Working Women in Kutch district, Gujarat, India. The findings of the study revealed that 47% took investment decision independently whereas 39% took investment decision with their husband help. They selected growth oriented as the major objective of investing activities and short-term profit seeking as the least preferred objective for their investment purpose. Working women of Kutch district selected saving in post office as safest investment instruments and Commodity as lesser safe investment option. Working women of Gujarat use newspaper and magazine as the main source of information for the investment purpose.

Reshma Rachel Kurwala and P.N. Harikumar (2018) described that Women were ignored always in money making and financial management. They were not even given proper education. Even educated people are found to be illiterate in financial matters. The term financial literacy has huge importance for a business house since the impact of a uniformed decision making for a business house cannot be predicted in advance. Relationship between educational status of the entrepreneur and the marks scored in the test to measure financial knowledge was done using correlation coefficient. Author also made an attempt to know about the gaps in the financial literacy among women entrepreneurs to identify areas which need attention. From the findings, it can be understood that educational status of the entrepreneur is related with the marks scored by the entrepreneurs in the test conducted to measure financial knowledge. Majority of the women entrepreneurs had sufficient literacy of the basic financial matters. But their knowledge is limited only to the basic matters.

Sirajuddin and Kumar (2017) revealed in their study towards identifying of financial literacy of working women in Hyderabad. A survey was carried out on 68 working women of chosen area through structured questionnaire. The research revealed that all respondents were known to life insurance and saving account but the awareness towards health insurance was very low. Investment in shares and bonds was done by approximately 7% respondents. Their preferred investment area is saving accounts and fixed deposits where risk is very less. The research suggested that proper financial training should be provided for proper financial planning and diversification of investments.

Wahyuni (2017); Baqhir (2003) stated the most important role of a housewife in the family is to be a manager, a teacher,

and an accountant. Therefore, it is truly important for them to have good financial literacy.

Akshita Arora (2016) The lower level of financial literacy is one of the greatest concerns for Indian women since independence. To assess the financial literacy level of women, we conducted a survey for which, a questionnaire is prepared and distributed among the working women in the state of Rajasthan. The results of the survey show that the general awareness about financial planning tools and techniques among women remains poor even today, in 21st century. The findings suggest that women have performed comparatively better in terms of financial attitude and behaviour as compared to financial knowledge score. Also, the single women outperform married women in terms of their financial literacy score.

Dwivedi et al. (2015) analyzed the NCFE report on financial literacy and financial inclusion in India on the basis of occupation, geographical area and gender mix. The study found that urban population is more financially literate than rural population. Also, men are found to be more financially literate than women. Moreover, the study observed that women have higher financial attitude but less financial behavior and less financial knowledge, whereas men have slightly less financial attitude than women but scored more on financial behavior and financial knowledge.

Shobha and Shalini (2015) conducted a survey on the perception of women towards the personal financial planning in the city of Bengaluru. The study revealed that Indian women gives priority to family and children's requirements more than her requirements for financial needs and individualistic financial security. Also, difficulty in convincing the spouse and family is also a challenge to the women to create their financial plans. The study also found that women still feel that gold, real estates, bank deposits, insurance products and provident funds are the safest instruments for investing, while they feel that mutual funds, derivatives, chits, stocks and shares as riskier investments. Hence, lack of knowledge on new instruments influences their ability to earn returns for them.

Mathivathani and Velumani (2014) conducted a study to know the level of financial literacy among women in rural areas of Tamilnadu. The study found that financial literacy of marginalized rural women is very low. Hence, the proper development of financial literacy would help the women for better financial decision making and proper utilization of financial services and products.

Paramashivaiah et al. (2014) quantify the risk appetite score of 120 women grouped on various socio-demographic bases in Mysore city. The analysis through regression model suggests that there is a negative influence of age of women on their risk tolerance levels. Whereas, Prasad et al. (2014) examined the impact of certain emotions, such as greed, fear, love and disbelief, on the Indian woman's investment decisions. The study found that these emotions block the logic and rationality of investors, affect their prospects of generating wealth, cause financial distress, and further deteriorate their emotional stability.

Saravanan, Arulmozhi, Manjula, Srisundar and Subapriya (2014) stated that in the ancient times, women were not allowed

to even get education. Their role was purely to look after home. Their world was limited to their families. But then, the people slowly started recognizing the importance of education for women. And today, we find many highly educated women. They are progressing in real sense because in almost all sectors we find women working successfully. And of course, while doing so, they haven't forgotten their job of homemaker. On both the fronts i. e. home & job, they are doing just fine. They know how to manage work life balance. Now-adays, we find more and more women who are financially independent. Men and women are born equal and both play an important role in the creation and development of family in particular and society in general. In the traditional family husband earns for the family and wife maintains it. Her role was mainly confined to domestic works. She creates life, nurtures, and guards and strengthens it. She plays the role of wife, mother, sister, sister-in-law, daughter, daughter-in-law, grand-daughter etc. She is the transmitter of tradition and the instrument by which the family culture is preserved.

Priya Vasagadekar (2014), From ancient times, women have been managing homes and their activities. Hence, they are called 'Home makers.' This situation has been changing. These days, in all sorts of fields, women are working efficiently and enthusiastically along with men or if it is said that women work more efficiently than their male colleagues, it wouldn't be an exaggeration. In the metro cities, the percentage of working women is more and Pune is getting transformed into metros. The present research has been done to know the investment awareness among Indian working women with reference to Pune region. Now- a- days, women want to be financially independent & secure their future with enough funds. This research is based on the study of investment behavior & patterns followed by working women in various sectors in Pune region. As most of the women are low in financial literacy, it becomes hardly possible for them to manage their portfolios on their own. Also, the risk bearing capacity of working women in India is low. This is due to lack of sound financial knowledge.

Agarwalla Sobhesh Kumar, Barua Samir, Jacob Joshy, Jayanth R. Varma (2013) conducted a study among 3000 individuals, and found that financial knowledge among Indians is very low than the international standards. But the financial behavior and attitude of the employees and retired seems to be positive. The financial knowledge among the women is marginally high than the men. Greater access to consumption credits has influenced the financial behavior of young employees.

Lusardi and Schereberg (2013) stated that financial literacy is decided by the needs of a person, experience, and expertise, and may have a constructive effect on the personal involvement of customers in the services offered by the financial system. Further, it is the personal capability to make informed decisions about the management and employment of funds.

Lusardi and Mitchell (2007) suggested that financial literacy is needed to develop the measures related to the financial competence; to have more knowledge related to the financial matters. Literate people usually participate more in the transactions related to financial matters. Authors have found

that lack of financial insight is common among the particular groups, like the elders, women and those who are less educated. Singh (2004) as well as Balasari (2004) support that working women are more aware of the type of investment instruments and take better investment decisions than non-working women. Moreover, it is found that working women spend less on themselves as compared to the non-working women. Agrawal (1988) observed that the decision-making power of women in India in economic field lies in the hands of their husbands irrespective of the wives' income, education and profession.

6. Conclusion

In the present time, government of India is making a lot of efforts to make women financially literate. It is really helpful to ensure the growth and development of the country in a true manner but still there is an urgent need to boost up these efforts. Though government has launched various schemes to make women financially educated but there exists a large number of women who are not financially literate. Especially in rural areas there is an urgent need to focus on the financial literacy in women. Government should set up some institutes which provides financial education. From the school level, financial literacy should be taught so that women get awareness regarding this matter at a very early age. Some financial education programs should be established to create awareness among women regarding financial literacy.

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