

Indian Women's Financial Literacy

Author : Shashwat Parmar, BBA student, Department of Management
Galgotias University, Greater Noida (U.P)
Shashwat.20gsob1010195@galgotiasuniversity.edu.in

Abstract

Empowering women via education, financial freedom, and independence is essential if we are to solve the problem of women's empowerment, one of the most pressing problems confronting our country today. Financial literacy refers to an understanding of how money works in everyday life. Specifically, financial literacy is the set of skills and knowledge that allows an individual to make the most of their financial situation. Traditionally, men in India have been the primary breadwinners, while women have been the primary spenders. Despite significant improvements in women's access to financial services over the last decade, the inherent disadvantages of being a woman continue to limit their capacity to fully take advantage of these opportunities. Women are better at budgeting and controlling family expenditures than males, but they often defer to their husbands, dads, brothers, etc. when making major financial choices. Every woman should know enough about money to make her own judgments and contribute to her family's financial stability and success. A woman's ability to contribute to the growth of the economy is greatly enhanced when she is financially secure. The purpose of this research was to present a broad picture of women's knowledge of personal finance in developing countries like India.

Keywords : Financial Literacy; -Women's Economic Independence; -Financial Choices

Objective

Economic growth is greatly aided by a populace that is financially literate. Simply said, financial literacy is the capacity to understand and effectively apply financial principles. There is still a significant gender disparity in terms of financial literacy in India, where the vast majority of women are financially illiterate.

Secondary data from a number of writers was used to compile this study on the state of women's financial education in India.

According to the authors of this paper, women need to have the same legal rights as men when it comes to handling money. According to the research, women in India face a number of obstacles that prevent them from achieving financial literacy, including cultural biases, a lack of access to resources, and psychological and physical challenges. More money should be put into teaching women in India how to manage their money.

The Literary Scan

For the sake of our country's economic growth in the year 2020, financial literacy is among the most important subjects that should be taught to everyone. Yet, 80% of women in India struggle with financial literacy, and 62% of Indian women do not have bank accounts or have restricted access to banking services. One of the biggest problems our nation has is empowering women, and this can only be done by providing women with equal access to education, economic opportunity, and other forms of autonomy. Financial literacy is the knowledge and skills necessary to manage one's own finances effectively.

Despite the encouraging trend of women's parity in Business, women sometimes seek the approval of their male relatives before making major financial choices. I think it's critical for women to have a voice in household budgeting. Differences between the sexes extend beyond biology to include differences in personality and responsibilities. Women's perspectives on financial matters vary from those of men's because they prioritize supporting their families and nurturing their children. As compared to males, women are more adept at striking a healthy balance between their income, spending, and savings. There is just another strong reason why women should take charge of the family budget.

“Indian Women’s Financial Literacy”

Despite the need of giving women the same financial autonomy as men, many women in India face a variety of cultural, economic, psychological, and physical obstacles that make it hard for them to become financially literate.

These four financial basics are a must-know for any woman: -

- It is important for women to know their husband's and their joint income after taxes.
- Women should know how much money is in the home budget and how much money they need to live comfortably. How much, exactly, has to be saved?
- Women should be aware of the financial situation of themselves and their partners.
- Women also need to be aware of the family's financial decisions.

Women often have less financial literacy than males. These two factors, however, are by far the most important in the realm of finance. Investing can be a powerful tool, and it's important for women to know how to do it properly. Women, like other citizens, are responsible for paying taxes, and they should know whether they should file separately or jointly with their partner. As financial literacy is the ability to manage one's financial resources wisely and efficiently, this article will focus on the level of financial literacy among Indian women..

1- To Begin With: -

Financial literacy is the proficiency with which individuals and families manage their financial resources. Longer human lifespans bring with them higher costs of living, more intricate financial goods, more robust pension systems, and wider financial markets. Owing to these shifts, it is crucial to be financially literate in order to safeguard one's future. Despite data connecting financial literacy to people's economic conduct, research from throughout the globe shows that few individuals have a high degree of financial literacy. A lack of financial education is cited as a major obstacle to global financial inclusion and development in a United Nations study from 2012. Two billion adults, as stated in the UNSGSA Report¹, do not have access to the banking system. Moneylenders, pawnshops, and savings clubs are only some of the informal channels that these individuals often turn to since they cannot afford the more affordable options available via the organized sector. . Thus, it is crucial to teach the economically disadvantaged about the benefits of social participation from both micro and macro viewpoints. Throughout the last two decades, most studies on education and learning have focused on issues that are particularly important in today's highly industrialized society. Using state-of-the-art information technology and improving students' conceptual understanding or ability to think abstractly have been the two primary areas of study in the fields of science and mathematics, respectively. In addition, with the exception of a few recent studies, the majority of research has focused on classroom settings. Institutional limitations, financial restrictions, and national demands within the context of "developed" nations have propelled this expansive research agenda. Research may have a greater effect and more theoretical and empirical accuracy if it tackles understudied areas and involves stakeholders outside of the traditional research community.

One of the many possible areas of study is the world's over a billion adult illiterates, the vast majority of whom live in south Asia with India having the highest proportion. Many of them, especially women, who were unable to pursue conventional education depend on informal or non-formal education for their empowerment and upward mobility. If this people ever hopes to break free of its crippling poverty, it must prioritize education above all else. The only way for this population to escape the cycle of poverty that has enslaved them and their offspring is to improve their educational standing.

The impact of increasing the number of educated women in a country may be thought of as a multiplier. Literacy stunts individual, social, and national development. The purpose of this article is to map and analyze the variation in female literacy rates throughout the states and union territories (UTs) of India, and to project

“Indian Women’s Financial Literacy”

such rates into the future. Almost every country has to deal with the problem of low financial literacy. If you want to provide for yourself and your loved ones, you need to have a firm grasp on basic financial concepts. Consumers' actions may be influenced by their money management skills, making them more vulnerable to financial crises. As a result, financial literacy education has become more important, since it may reduce the likelihood that an investor may be duped into making a bad investment. According to de Bassam Scheresberg, those who are financially literate are better equipped to take control of their own lives and find success in the marketplace. They make their own financial choices, including the use of both investment and savings methods. They also tend to choose more expensive forms of credit. Those with less financial literacy, however, are more likely to make limiting decisions, such as paying off debt with cash instead of credit cards. A basic understanding of personal finance is essential for everyone hoping to raise their quality of life. Researchers have discovered that factors including age, income level, education level, and gender all play a role in explaining the diversity in financial literacy. Although males tend to have a deeper understanding of money and investing, women who make more money tend to be more comfortable discussing and acting on their financial status. Female entrepreneurs are a symbol of a society that is flourishing on all fronts. The government's financial inclusion programs have inspired many women to start their own businesses. Financial inclusion and other factors including family situation, benchmarking, entrepreneurial drive, and entrepreneurial intention are being studied to see how they influence women's choices to get into business for themselves. Women often lack fundamental financial literacy skills and work in cultures where firms don't adequately explain pay scales to them. First, we used randomized controlled trials to analyze the efficacy of a program designed to increase women's knowledge of personal finance in the garment industry in India and Bangladesh. Hence, less verbal abuse occurred in the study workplaces where wages were made public. The findings show that women's experiences in the workplace and their vulnerability to financial abuse are affected by both financial literacy and pay transparency. Due to the worldwide nature of the financial market and the ever-changing nature of people's financial goals, it is now more important than ever that individuals take charge of their own financial lives. It is crucial that consumers acquire a deep understanding of the financial world so that they may make better choices that are most relevant to their financial goals and requirements at a time when the variety and complexity of financial products are increasing the reach of the whole market. Individuals may significantly affect national economic growth and development via their own financial decisions. But, it's not always easy to make sound financial choices. The risks, potential benefits, market conditions, regulatory climate, etc.

2. Techniques Employed:-

There are two types of information sources: primary and secondary. Primary data, in contrast to secondary data, is collected by the researchers themselves using techniques such as observation, surveys, questionnaires, and interviews, and is therefore considered to be fresher and more reliable than secondary data.

Secondary sources have been used for the purposes of this study. The secondary data comes from a wide range of published and online research publications written by a wide range of academics. The information gathered pertains to the state of women's financial education. This data was collected to better understand the gender disparity in financial education in India.

3. Resulting -

According to studies by Kiliyanni and Sivaraman (2016), men and women have very different levels of financial literacy. Due to the lower levels of financial literacy among women, the research stressed the need of adopting methods to address this issue. The research found that factors other than gender, such as

“Indian Women’s Financial Literacy”

occupation, marital status, and religious affiliation, all had an effect on women's financial literacy. Anova testing revealed this to be the case. Rawat, Singh, and Goswami found that just a small percentage of women in India's service industry were financially educated or aware in their 2022 study. The majority of women working in the service industry lack even the most fundamental financial skills, the survey found, despite widespread knowledge and understanding of the need of financial education.

According to Sharma and Johri's (2014) research, women need a financial literacy tool to fully appreciate the benefits of financial literacy. The findings also highlighted the benefits of using the community to provide training materials and help to rural women in India in order to increase their financial literacy. Katiyar's (2016) research found that women's literacy increased at a slower pace than men's, therefore this is a problem worth worrying about since it prevents women from acquiring financial literacy.

Although many Indian women have financial independence, the majority lack even the most basic financial literacy skills, according to study by D'silva, Bhuptani, and D'silva (2012). The majority of women, both rural and urban, don't invest because they don't have the knowledge or support to do so, a finding supported by this research. The study's hypothesis testing indicated that increasing female education to improve financial literacy is also important.

Kamini, Sikha, and Miklesh's (2019) research confirmed previous results that women generally had lower levels of financial literacy. Despite the widespread belief that financial knowledge is a strong predictor of financial literacy acquisition, the research found no such association between lower financial literacy in women and working women's financial literacy. This study's path analysis established a link between women's financial attitudes and actions and financial literacy, highlighting the importance of empowering women financially in India.

Prasad, Kiran, and Sharma (2021) investigated whether men or women make more rational investment choices, and they found that men and women make different investment decisions due to behavioral, socioeconomic, and financial literacy disparities. Because of their greater economic and social autonomy, males were shown to have a higher degree of financial literacy than women. The study's results, highlighting the importance of financial literacy for women who seek to engage in financial investment decision-making, showed that financial literacy is the most significant factor impacting men's and women's decision-making when it comes to investments.

Medhi, Singh, and Chhabra conducted research to determine how much of an effect financial literacy had on the entrepreneurial endeavors of women (2022). According to the results, financial literacy is crucial to the success of entrepreneurial endeavors. The premise of this research proposes that in order to help women become financially literate, support programs should be established. The poll found that women who were financially savvy were more likely to own and operate their own businesses. If they lack these skills, women may struggle to advance in this industry. The results of the research indicated a correlation between women's financial education and their likelihood of engaging in entrepreneurial endeavors.

Goel and Madan's (2019) research looked at how financial inclusion affected women business owners and found that it had a substantial influence. The poll also found that women are less knowledgeable than males about financial aid opportunities. The poll found that factors such as low levels of education and fear of making mistakes were also significant contributors to women's financial illiteracy.

Toosi, Voegeli, Antolin, Babitt, and Brown found that women's financial knowledge and the availability of information about salaries have a significant role in determining their exposure to financial exploitation in the workplace (2020). This research also highlights the challenges women face when trying to handle their money on the job, namely since most of them do not get enough training from their employers and hence cannot tell whether they are being underpaid. The study results confirmed the need of educating professional women more broadly about personal finance.

"Indian Women's Financial Literacy"

According to the results of this research, gender inequality in economic decision-making is a major contributor to women's poor financial literacy. This research adds to the growing body of data suggesting that gender bias and preconceived beliefs are preventing women from developing their financial literacy. The survey also found that women had the lowest levels of financial literacy and that educational attainment plays a role in this (Goyal and Kumar, 2020).

Jayanthi and Rau's (2019) research shows that demographic characteristics have a substantial positive link with financial literacy, with education and married status among the most important drivers of financial literacy for most women. The research also found that financial literacy in Indian families increased with age, working experience, and maternal education. They also discovered that both men and women benefit greatly from education in the area of financial literacy. The survey also found that female respondents were less likely to be interested in pursuing financial education via traditional channels.

Wagland and Taylor (2009) found a significant gap in financial knowledge between men and women. The findings highlighted the need of boosting students' financial awareness, particularly among women. Men in this research were more likely to have a complete awareness of the benefits and ramifications of financial literacy than women. This research also shown that women, more so than men, suffer from low self-esteem, which in turn makes males more adept at handling money.

Rohini, Monika, and Sudha (2015) report that the vast majority of residents in the rural parts of the district are unaware of the wide variety of financial options accessible to them. The poll also indicated that most rural regions suffer from a lack of knowledge about the banking services available to them, which has an effect on financial literacy given that banking services are one way to acquire this knowledge. According to the research, raising financial awareness also raises financial literacy.

The survey claims that many working women, especially those living in major urban areas, lack a fundamental understanding of financial principles and do not see a need to acquire such knowledge. One study found that compared to men, women were less knowledgeable about financial concepts including making cash payments and transferring funds to a different account. The need of teaching women on the connection between investing and financial literacy was further highlighted by the study's finding that women's saving and investment choices impacted their financial literacy. 2018 (Roy and Jain) (Roy and Jain).

There is still an issue with the link between gender and financial literacy, as shown by the several research papers listed in this article, which is why women in India continue to struggle with this issue.

4. Achievements in the Field of Financial Education

4.1 The Reserve Bank of India's Efforts to Promote Financial Education "Project Financial Literacy" was launched by the RBI. The project's overarching objective is to increase knowledge of the Federal Reserve and basic banking concepts across a wide range of demographics, including young people in school and college, women, the rural and urban poor, members of the armed forces, and senior residents. The first section of the study examines the economy, RBI procedures, and RBI activities; the second section examines banking in general. The public may now easily access information through a link posted on the Bank's website. The link may be used to communicate with financial institutions and is translated into 13 different regional languages. The Securities and Exchange Board of India (1992) has developed a number of educational initiatives aimed at improving the country's financial literacy. Designed for a wide range of participants, including those in higher education and those still in elementary school. There are distinct modules designed for high-powered professionals, homemakers, and the middle class. The SEBI has access to a resource person who is well-versed in the intricacies of the financial markets. These business leaders present a variety of events designed to educate their audiences about important financial concepts including saving for retirement, understanding insurance policies, and making smart investments.

“Indian Women’s Financial Literacy”

4.3 Initiatives of Non-Governmental Organizations (NGOs):- NGOs have introduced a financial literacy training as part of their growth agenda for Self Help Groups. Institutions in Mangalore, with support from Syndicate Bank and Vijaya Bank, have created a program named "Jnana Jyothi Financial Literacy and Credit Counselling Trust." Association for People's Education and Development in Durgapur (PEDO). IBTADA (International Business and Technical Advisors Association) and Alwar (Rajasthan) (CECOEDECON)

5. Conclusion:-

Someone who has financial expertise is able to use their abilities to manage the economy in a manner that is favorable over the long run. It also necessitates training and insuring that all parties engaged with economic goods have a firm grasp of the risk and return factors inherent to such items. The survey claims that female bank customers are similarly unfamiliar with fundamentals like cash deposits and wire transfers. They are also issued debit and credit cards, which are seldom used. Research shows that women are less likely to seek the advice of financial professionals when it comes to managing their money.

Girls' access to school is prioritized in India, and this has led to a significant rise in their economic status. Nonetheless, most women continue to be rather careless when it comes to investing in other financial products. To this end, it is critical that firms launch a broad education campaign to boost capital creation in the nation. They need to be shown how to make the most of the cutting-edge banking options that are accessible to them. Hence, domestic saving and investment will rise, helping to spur economic development and international trade. It's a win-win for women everywhere.

6. Limitations:-

Women typically have difficulty with mathematics because of a lack of fundamental education. This hinders their ability to make informed decisions about their finances, which in turn impacts their ability to invest and save, as well as the well-being of their families. Non-college educated women may have trouble grasping fundamentals of finance including risk and reward in trading, compound interest, analyzing inflation, and diversifying their portfolios.

Men have always been in charge, and women have always been expected to follow men's lead. As males have traditionally been the major breadwinners, it's time to expand that circle to include women. These women play crucial roles in society and the economy. In almost every Indian household, the woman is the primary breadwinner. The men in the household tend to be the main breadwinners.

Another challenge that women face is the "what if" scenario. Lack of financial self-assurance and competence is a major barrier to women's economic success. Many women feel uncomfortable asking about their own finances for fear of seeming naive. The complexity of the process and their lack of access to and understanding of financial information are other concerns.

Most women do not make any kind of monetary contribution to their households. They can't provide for their families financially even if they have a job. Since it was meant as a complement to the family's income, it could not be used on anything other family activities. The unstable economic status of many families is a major factor in encouraging women to enter the workforce.

Inadequate facilities may be a major barrier for women. Due to a lack of private mobility and a decreased dependence on public transportation services, fewer women were able to participate in financial education classes or government-run awareness efforts. Due to a lack of convenient means of transportation, they often avoided making use of financial services, which they believed to be an unpleasant and costly experience. The absence of banks and financial education institutes is another real obstacle for women.

REFERENCES

"Indian Women's Financial Literacy"

- Bless, R., & Jain, R. (2018). A study on the level of financial literacy among Indian women. *Journal of Business Management*.
- Chhabra, M., Singh, L.B, & Medhi, S.A. (2022). Women entrepreneurs 'success factors of Northern Indian community: a person-environment fit theory perspective. *Journal of enterprising communities: People and Places in the Global Economy*, (ahead-of-print).
- *Journal of Entrepreneurship and Management*, 1(1), 46.
- Goel, N., & Madan, P. (2019). Benchmarking financial inclusion for women entrepreneurshipA study of Uttarakhand state of India. *Benchmarking: An international Journal*.
- Goyal, K., & Kumar, S. (2021). Financial literacy: A systematic review and bibliometric analysis. *International Journal of Consumer Studies*, 45(1), 80-105.
- Jayanthi, M., & Rau, S.S. (2019). Determinants of rural household financial literacy: Evidence. From South India. *Statistical Journal of the IAOS*, 35(2), 299-304.
- Katiyar, S.P. (2016). Gender disparity in literacy in India. *Social change*, 46 (1), 46-69. Kiliyanni, A. L., & Sivaraman, S. (2016). The perception-reality gap in financial literacy:evidence from the most literate state in India. *International Review of Economics Education*. 23, 47-64