

## **FINANCIAL LITERACY AMONG WOMEN IN INDIA**

Pari Pahil

Manav Rachna International School

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### **ABSTRACT**

Financial Literacy is a growing concern for the world, with the evolving economies. This study was done with the objective of understanding financial literacy among women in India. For conducting the research and coming to a conclusion, a questionnaire was conducted on google forms- taking 25 women as the basis of the study. The study is vital to know from a woman's perspective whether they feel financially included enough or what change they think is essential for development of economies. By conducting this research I hope to get a clear understanding on the current financial literacy scenario among females in the country.

**Keywords:** Women, females, Financial literacy, schemes, culture and society, gender

### **INTRODUCTION**

Although being one of the world's major economies, the biggest challenge our country sees even in the 21st century is Financial Literacy. Financial literacy or the understanding and proficiency in using different financial abilities, such as investing, budgeting, and personal financial management is vital for an individual's long-term success. The cornerstone of your relationship with money is laid out by financial literacy, which is a never ending and ever growing learning concept . In the evolving world, financing holds great value not due to the fact that it offers a foundation for informed economic selection-making, but the reality that financial obligation is growing. It's a crucial skill to possess as it contributes to enhancing a person's financial capabilities. As per the World Bank Group, financial inclusion is a crucial tool for reducing extreme poverty and fostering shared prosperity (world bank, 2022) . Statistics claim that the financial literacy of the country is struggling, if we keep women aside only 27% of adults meet the minimum financial literacy requirements (financial express, 2020). This means the percentage of financially aware women will be even lower. In India only 20% of women come under the financially literate category which means around 80% still don't have the basic knowledge when it comes to finance. Being a commerce student studying subjects like

economics and wanting to go into the finance field, I decided to take up this research. Although this is one aspect, being a woman in India this topic holds much more relevance than just being an economics academic paper.

**The goal of the study is to determine-**

- The awareness of Financial literacy among women in india and their opinion
- How gender, social and culture norms affect financial literacy of a women

**Financial literacy and being financially literate is a very broad concept**

even when it comes to women. Only a tiny proportion of exempt women in India, who make up 48% of the population, have a substantial voice in the "how" and "where" of financial concerns in homes. This is due to the fact that most women in India prefer not to become engaged in financial decisions and concerns because they are often handled by a male relative. Additionally, educational institutions do not teach financial literacy. Although, things like gender gaps and lack of the education system might somewhat contribute to lower financial literacy and involvement of women in the country. I believe a countries social as well as cultural norms play a huge role too. so, not only does the financial involvement as well as learning lie in the hands of a particular person or a small group but the society as a whole. Being financially literate is said to be empowering and crucial to bring about gender equality.

Ever since the country's independence, governments have worked to foster financial education since it is closely tied to financial inclusion, which is crucial for the nation's economic progress. Need for financial literacy in order to make the world grow economically has become more recognised by researchers, policymakers, stakeholders, bankers, researchers etc. Education plays a critical role in a person's life and contributes in their growth process, therefore literacy through financial education seems a fair way to achieve financial inclusion hence the overall growth of the country. As a result, the Reserve Bank of India published The National Strategy for Financial Education, which included a five-year strategy (2020-2025). The attainment of the Sustainable Development Goal on Education, which seeks to guarantee inclusive and equitable quality education and encourage opportunities for lifelong learning for all, is, incidentally, supported by financial education. The NSFED document aims to assist the government of India's and financial sector regulators' vision by enabling different segments of the people to acquire the necessary knowledge skills, attitude The actions that are required for improved money management and future planning The Strategy recommends adoption of a Multi-Stakeholder Approach to achieve financial well-being of all Indians. **(National Strategy for Financial Education: 2020-2025, executive summary,3 )** The following objectives have been laid down by RBI through this strategy-

1. Financial education should be used to instil principles of financial literacy across the diverse segments of the population, making it a crucial life skill.
2. Encourage engagement in financial markets to achieve financial goals and objectives through encouraging active saving behaviour
3. Encourage the use of credit discipline and official financial institutions as necessary.
4. Increase the safe and secure use of digital financial services.
5. Manage risk at different phases of life by purchasing pertinent and enough insurance.
6. By purchasing appropriate pension plans, you may prepare for old age and retirement.
7. knowledge of one's rights, obligations, and available complaint resolution options
8. Enhance research and assessment techniques to evaluate financial education progress.  
**(National Strategy for Financial Education: 2020-2025, executive summary, 4)**

Although this is one recent strategy or scheme initiated by the RBI, many have made their way into the economic and financial world previously too by the government as well as the reserve bank. Following are the ones listed by RBI

1. Pradhan Mantri Jan Dhan Yojana (PMJDY): Pradhan Mantri Jan Dhan Yojana was unveiled as the National Mission on Financial Inclusion on August 15, 2014, to enable full financial inclusion of all families in the country by giving universal access to banking services. A person who does not have a savings account may start one without any minimum balance requirement, and they may create a small account if they self-certify that they do not have any of the officially acceptable documents necessary for creating a savings account. The inclusiveness of this is demonstrated by the fact that 23,87 crore (more than 55.47%) of PMJDY account holders are female and 28,70 crore (66.69%) of PMJDY accounts are located in rural regions. ([Important schemes, 2022](#) )
2. Financial Literacy Centres (FLCs): On February 4, 2009, the Reserve Bank of India (RBI) urged all banks to establish Financial Literacy Centres (FLCs) in their lead districts. The FLCs' overarching goal is to provide free financial literacy and credit counselling to all segments of society. FLCs raise financial awareness of various financial products such as deposits, loans, insurance, and digital goods, allowing the general people to better organise their finances and instil the habit of financial prudence. With the primary goal of increasing financial literacy and promoting the effective use of financial services. ([FLCs, 2022](#))

3. Global Partnership for financial inclusion: The Global Partnership for Financial Inclusion (GPFI) is an open platform for all G20 countries, interested non-G20 countries, and relevant stakeholders to advance financial inclusion work, including the implementation of the G20 Financial Inclusion Action Plan, which was endorsed at the G20 Summit in Seoul. The Leaders of the G20 supported a specific Financial Inclusion Action Plan at the G20 Summit in Seoul, recognising financial inclusion as one of the fundamental pillars of the global development agenda. ([GPFI](#))
4. Financial Awareness and Consumer Training: FACT (Financial Awareness and Consumer Training) is a NCFE programme that provides financial education to our young graduates and postgraduates on topics that are relevant to them and will improve their financial well-being. ([FACT](#))
5. National Financial Literacy Assessment: In accordance with OECD recommendations, the NCFE's National Financial Literacy Assessment Test (NFLAT) promotes school children from Class VI to XII to gain fundamental financial skills essential to make educated and productive financial decisions throughout their life. The NFLAT programme began in 2013-14. It is one of the world's largest FREE yearly financial literacy tests for school kids. ([NFLAT](#))

## **LITERATURE REVIEW**

In a research conducted by AmraSabic-El-Rayess, they found out that as one of the key conclusions of their study that women are more likely to engage with financial service providers and bring about life changes for themselves, their families, and their communities when they receive their own wages, have accounts in their own names, are the direct beneficiaries of the goods and services provided, and receive social benefit payments. The material and financial gains in the lives of the impoverished women depend on changes in their families and communities. Other beneficial improvements for women, their families, and their communities inevitably follow when women make material adjustments that are advantageous to them personally and financially. This is not to say that many changes cannot happen simultaneously, but there is an initiator impact and a possible multiplier effect. ([Sabic-El-Rayess, 2019](#) )

Women's reduced engagement in home financial decision-making is one of the frequently cited causes of their lower degree of financial literacy. Being financially responsible offers the chance to learn about finances via practical experience. People who oversee home money, for instance, educate themselves on the various savings and investment options and research the potential advantages and hazards of their financial assets. Such activities necessitate regular encounters with bank employees and other clients who share your interests. This might improve a person's

financial literacy and widen the knowledge gap with a partner who is less financially responsible. ([Ute Rink, Yabibal M. Walle, Stephan Klasen, 2021](#))

Another study taken up by prof from IIM, Ahmedabad sought to ascertain if financial literacy programmes had any appreciable long-term (eighteen to twenty months after the intervention) or short-term (one to three months after the intervention) effects on financial literacy. The level of change in financial literacy over time was then evaluated using the gains in literacy scores over the short- and long-term. The study also looked at the effectiveness of six alternative teaching methodologies utilising three methods: lectures, lectures and movies, and lectures, movies, and games. The training was given both with and without an adult present (generally spouse). ([Prof. Sobhesh Kumar Agarwalla Prof. Samir K. Barua Prof. Joshy Jacob Prof. Jayanth R. Varma, 2014](#))

Dr. Garima Baluja believes some of the crucial factors affecting a women's financial literacy are:

**Lack of Independence:** Despite the fact that many ideologies advocate for gender equality, women lack the same level of independence as men do.

The fundamental issue is that women aren't given the independence they need to handle their finances on their own.

**Culture:** Another element that prevents women from receiving financial education is culture. As some cultures prevent women from participating in family finances

**Lack of women centric financial schemes:**The majority of financial institutions offer general financial services rather than creating schemes tailored specifically for women.

**Lack of basic education:** Compared to men, women in India have far lower levels of basic literacy. The majority of social groups forbid women from pursuing higher education. ([Dr.GarimaBaluja, volume 9 Issue 4, Oct 2016](#))

Financial literacy among Indian women was examined in a research by Bernadette D'Silva, Stephen D'Silva, and Roshni SubodhkumarBhuptani. Where it was concluded that although most Indian women do have some financial stability, they are nonetheless financially uneducated. The majority of women, particularly those who live in cities, are unaware of their alternatives for investing in various financial instruments. The majority of women have put their extra money in insurance plans or banks.

Few people genuinely choose to put their money in stock markets or mutual funds. According to them the main cause of this is that Indian women are mostly unaware of the most current market

developments in finance that can significantly boost their returns on investing. ([Bernadette D'Silva , Stephen D'Silva and Roshni SubodhkumarBhuptani, Volume 1 Issue 1 February 2012](#) )

In a wormhole it can be concluded that in some way or the other women do lack financial literacy and knowledge whether that may be due to unawareness, culture or lack of self dependence and we still have a long way to go till women can be considered completely financially literate.

## **METHODOLOGY**

The chief objective of the study was to look at financial literacy amongst all types of women in India. The whole study was based on a questionnaire in which respondents were asked a variety of questions relating to culture, society, and how well aware they're about government schemes, the aim was to find out how society and certain norms contribute to a women's financial literacy . 25 women were chosen as the basis of this study, ranging from ages 25 to 50. The questionnaire was put through google forms and was circulated amongst women in the family and outside. Out of the 22 questions most of them were objective based as the answer had to be chosen out of the options while a few were kept as subjective to know the respondents opinions on the same. Following were the questions asked for the study-

1. What is your full name
2. What is your age?
3. Till where have you completed your education?
4. Did you learn about financial literacy in school/college?
5. Type of work you currently do
6. How do you manage your money?
7. Are you aware of banks and their functions?
8. Do you have a bank account?
9. Do you have savings?
10. Do you have a DEMAT account?
11. Are you aware that the banks pay interest on deposited money

12. Are you enlightened about schemes by the government like and if so have you participated in them?

13. Pradhan Mantri Jan Dhan Yojana (PMJDY)

14. Atal pension yojna

15. Pradhan Mantri Mudra Yojna

16. Should one borrow from banks or money lenders and untrusted sources?

17. Is it important to invest? Have you taken part in some sort of investing?

18. Do you have a say when it comes to managing finances in your house?

19. Are you dependent on a male figure of your family when it comes to financing?

20. Are you earning more than your other male family members?

21. Do you think it's important to plan when it comes to investing or saving?

22. Are you aware of the insurances given below? Have you taken up any?

- money back policies
- home insurance
- car insurance
- travel insurance
- property insurance
- workers compensation insurance

23. What is financial literacy according to you?

24. What is one thing that you'd like to change in society when it comes to earning or financing as a woman?

25. Are women in your touch aware about these things too?

By using these questions from cultural as well as societal aspects, the main aim was to evaluate and conclude how being a woman can affect financial literacy and hamper the learning process of such important elements in one's education. Age, working sector, investing knowledge and

say in the household were factors considered. Although some of the answers and overall choices were something I predicted beforehand, the others came to a surprise. With a variety yet similar pool of answers I hope to come up with a conclusion to the study.

## **RESULT AND DISCUSSION OF STUDY**

When asked about their age, it lay between 25-60 with 4% being 25, 4% being 51 years of age and the highest number of respondents ages lay around 40's. When it came to education 80% of the respondents completed their postgraduate while 20% only managed to complete their graduation. Surprisingly even with everything becoming more and more advanced, more than 50 % of the women never got the opportunity to learn about financial literacy neither in school nor other educational institutions. The fourth question talked about their concentration of work and they were given options like- private sector work, public sector work, current unemployed or other, From the responses it can be concluded that the highest number of women are involved in private sector work(52%), followed by 24% being unemployed and staying at home. Although it can be observed that some also own business and are self employed. The next question talked about managing money, with options like Saving for retirement, Personal Budgeting, Tracking your spendings, saving for emergencies, Establishing Good Credit Habits and other, 60% of the respondents opted for personal budgeting as an option, followed by 48% tracking their spendings and 52% saving for emergencies or future use.

When it came to basics like asking whether they are aware of banks and their functions, 96% of the women were aware of these. However, somewhere we still cannot say that everyone is conscious of banks and their corresponding functions. In the same respect of being aware of banks and functions, the next question talks about having a bank account. It can be noted that 96% of the women had themselves registered for bank accounts, the 4% still not making it. The 8th question asked whether females were mindful of the fact that banks pay interest on deposited money, 96% of the respondents believed that they're aware of the function that banks perform on the deposited money and give back a fixed interest on the same. When questioned about savings all of the respondents were involved in some or the other type of saving. Upon questioning about DEMAT accounts, to the utter surprise most of the females did not have themselves registered for the same and were not aware of the role and purpose of DEMAT. In the next question respondents were asked whether they're enlightened about schemes by the government like- Pradhan Mantri Jan Dhan Yojana (PMJDY), Atal pension yojna, Pradhan Mantri Mudra Yojna and if they've participated in any, most were aware about them while a lot of them were not enlightened, with only a few actually participating in the same. Talking and asking about basic awareness of the unfair practices that are usually taken up and are used against people(especially ones with lower income), everyone was clear on where their loans should be borrowed from.



Investing is becoming a more and more known practice 54% of the respondents have partaken in investing, while 36% invest sometimes and nearly 12% never.

Gender related unfairness was one of the main objectives of the study, when it came to gender role in family and financing- more than 50% of the females were dependent on their counterpart for the same, however it was a close call between the two. Often, women tend to sacrifice for the benefit and sake of the whole family, for the same 36% of the female respondents believe that family duties or their role in the family does play a role in lack of financial independence. In the 16th question of the study, women were asked if they have a say when it comes to managing finances in their houses- although discussing and financing in families is a group game, but when it comes to gender roles in the same- 60% of the respondents only had a say sometimes while 8% never had a say in financing in their families. When it came to pay a shocking of only 12% women were earning more than the males in their family. Does that mean the controversy about females having lesser salaries than men is true? Planning before saving and investing comes hand in hand, 92% of the women believe that it's crucial when it comes to planning for investments and savings beforehand. Insurance plays a significant role in everyone's life whether it may be- money bank policies, home insurance, car insurance, property insurance, car insurance etc. 40% of the women were aware about basic insurances and had also taken them up, 16% were still not aware about them let alone take them up. Does that mean there is a lack of awareness even with the world advancing technologically? In the last three questions where the answers were more subjective and personalised, respondents were asked what financial literacy means according to them- although the answers varied most of the respondents came to a common conclusion of being able to save and plan in one way or the other. Upon asking one of the most important questions of the questionnaire regarding what they'd like to change in society when it comes to earning or financing as a woman, Majority of the females felt that gender biasness, inequality and no financial independence in society were something that needed to be eliminated . In the concluding question- Are women in your touch aware about these things too? 60% of the respondents believed that women in their touch are aware about basic financial literacy

On the basis of the research and study it can be observed that although the majority of the women are aware about the basic financial literacy, they aren't fully equipped with the knowledge a person with a graduation or post grad degree should be. The major topics of discussion that can be concluded are

- Education: While most of the women did at least complete their graduation, they were still not taught financial literacy or how to manage their finances. Although schools and colleges teach us many important aspects. However, awareness about finances, money and investing which plays a crucial role in everyone's lives regardless of their age, status in society or even

gender, is missing. OECD believes that Financial literacy should be taught in schools and should begin as early as feasible. Including financial education in the academic programme is a just and effective instrument for policy. The process of financial education takes time. Children can gain the information and abilities to develop appropriate financial behaviour throughout each stage of their education by including it into curricula from an early age. Given that financial literacy is often poor around the world, parents may not be well-equipped to teach their children about money. ([OECD, 2012](#) )

- Gender: Through the questionnaire it can be viewed that gender plays a major role when it comes to financial say in household or earning. Even though some women did have a voice when it came to making financial decisions still, majorly females felt that they only had a say sometimes and a few even felt it was never. Apart from this, when asked about earning more than their male counterparts, hardly any of the women were able to firmly believe or say that this was the case. The UN believes that women only make 77 cents for every dollar earned by men ([UN women](#)). So, could gender be a reason for lack of financial literacy and independence amongst women?
- Culture and Society: When asked whether family duties acted as a conflicting role when it came to finances most women did not feel so, however quite a few did feel like family duty or how culture of the male counterpart being more independent is still submerged in our thinking? In one of the subjective responses one of the respondents felt that women take the lead in helping the family adjust to new realities and challenges rather than being able to take leadership roles on the global level. Another contradicting answer that is worth pointing out was how a female felt that the other female family members or close relatives don't support each other and that their thought process should evolve to the benefit of women and their financial independence.
- Government schemes: When asked about certain government schemes, insurances and banks most of the women were enlightened to a certain extent. However, we still can't say there is complete awareness when it comes to schemes related to financial benefit of citizens. Even with the altered and innovative technology that has taken over the world, a lot of the women are still not aware about insurances or schemes whose information can be easily accessed through the internet. When asked about one thing you'd like to change as a woman when it comes to financing, one of the responses said more schemes for homemakers, which means that females still feel the need for more financial inclusion in society as well.

## CONCLUSION

After reading through already established material and conducting a study, it can be concluded that over time although women are being more established and are somewhat feeling a part of society. It cannot be completely said that females have reached the optimum level of financial inclusion. Having women participate more in financial decision making and being able to take part in equal pay as well as receiving financial education will not only empower women individually, but contribute to the economic process. Being financially literate can uplift families as they can have more financial support pillars, but all this can only be achieved through financial literacy and education.

Even though the government and RBI have worked on financial literacy schemes in the past, bringing out schemes or initiatives that focus particularly on housemakers or more of the less heard and spoken out groups can help them reach a higher level of economic growth worldwide. Working towards less gender pay gap can also make females more included on the financial literacy path. When it came to investing and saving it can be concluded that although women were partaking in forms of personal budgeting, saving for emergencies etc. they were still not included in the more important or bigger financial decisions in their families like the male members. In the end gender has always hampered the growth process of women as well as society as a whole, the government along with all the people regardless if they are a female or not should work towards a common goal of achieving financial literacy completely starting with their homes and schools, because all in all the future and growth of our nation as well as the world lies in the hands of all combined.

“The number one problem in today’s generation and economy is the lack of financial literacy” - Alan Greenspan

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