

## FINANCIAL LITERACY OF INDIAN WOMEN

\*Riya Bindra

\*Guest Faculty, Department of economics, DAV College for Girls Yamunanagar, India

### ABSTRACT

Financial literacy means knowledge and understanding of financial concepts and their application to make well informed financial decisions. Due to the introduction of new financial products and with changing economic scenario concept of financial literacy has a significant role to play. Every individual needs to have an appropriate level of financial literacy. Various researches conducted show that level of financial literacy among women investors is very low in India. Women possess less level of financial knowledge and are less confident in making financial choices. The present study deals with finding the level of financial literacy based on NCFE report 2019 with a special focus on gender difference and about different schemes and programs launched by the government.

**Keywords:** Financial literacy, Financial inclusion, Financial knowledge, Financial attitude and behavior.

### INTRODUCTION

According to World Bank financial literacy is the ability to manage financial resources. It is a method by which individuals make decisions for financial choices about savings, budgeting, banking and ultimately being financially smart and confident.

OECD defines financial literacy as "A combination of awareness, knowledge, skills, attitude, and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing". Women are less financially literate worldwide and the same is the case for India. Women have immense potential for contributing to economic development. They constitute 50% of India's population and are conquering in every field whether it is sports, politics, entertainment but still they are lagging in terms of financial literacy. They are generally considered as caregivers of family, spending money on children and family rather than keeping money for their retirement. Before marriage, they are dependent on their father, brothers and after marriage, they are dependent on their husbands even if they are working too. Financial literacy is very important for the empowerment of women and their financial independence. To achieve the objectives of Digital India and a cashless economy financial literacy is very important. Various schemes have been launched by the government in this regard such as Sukanya Samridhi Yojna, Beti Bachao Beti Padhao, Sanchayan by SEBI, Pradhan Mantri Jan Dhan Yojana, NSFE 2020-2025, etc.

### OBJECTIVES

Financial knowledge is essential for every individual and particularly for women to make independent choices about retirement plans, budgets, loans, savings, and many others. There are manifold benefits of being financially literate. Thus, the present study aims the following objectives-

- To determine the level of financial literacy among women in India.
- To determine the initiatives taken by the government.

### REVIEW OF LITERATURE

Global financial literacy survey carried out by standard & poor's in 2014 in more than 140 countries shows that 30% of women are financially literate while 35% of men are financially literate but this 5% gender gap is wider in the case of India where 80% women are not financially literate as compared to 73% men. It also concluded that more than 70% of Indians do not have adequate knowledge about financial products and concepts.

Dwivedi et al. (2015) investigated the NCFE report and concluded that men are more literate financially than women and women showed more financial attitude but less financial behavior and knowledge. The study also founded that the urban population is more financially literate than rural.

Arora. A. (2016) investigated a study on working women in urban areas of Rajasthan and found that financial planning and techniques are poor among women. Women performed better in financial attitude but not in terms of financial knowledge and behavior.

Venkataraman (2004) conducted a study to compare the psychology of male and female investors and concluded that women are more likely to make secret spending on gold, jewelry, and prefer post office savings.

## RESEARCH METHODOLOGY

It is a secondary data-based study. Data is collected from the survey of financial literacy and inclusion in India conducted by the national center for Financial Education (NCFE) from June 2018 to October 2019. The first such survey was conducted in 2013. The total sample size is 75000 respondents which are redistributed among the districts. 20% of districts were selected from each state/UTs by the method of systematic random sampling. Total of 144 districts from 651 districts using the 2011 census frame. Criteria for selection of respondents are permanent residents and age 18-80 years. The basic parameters of the survey involve financial attitude (attitude of the population towards spending of money), financial behavior (behavior towards their short term and long term financial goals), and financial knowledge (such as interests, inflation). Total points for financial literacy are 22.

**Table 1: Financial Literacy Score (Source: NCFE 2019)**

CATEGORY	FINANCIAL ATTITUDE	FINANCIAL BEHAVIOUR	FINANCIAL KNOWLEDGE	FINANCIAL LITERACY
<b>India</b>	89%	53%	49%	27%
<b>Maximum score</b>	5 points	9 points	8 points	22 points
<b>Location wise</b>				
Urban	88%	57%	55%	33%
Rural	89%	51%	45%	24%
<b>Gender wise</b>				
Male	88%	56%	50%	29%
Female	90%	43%	45%	21%

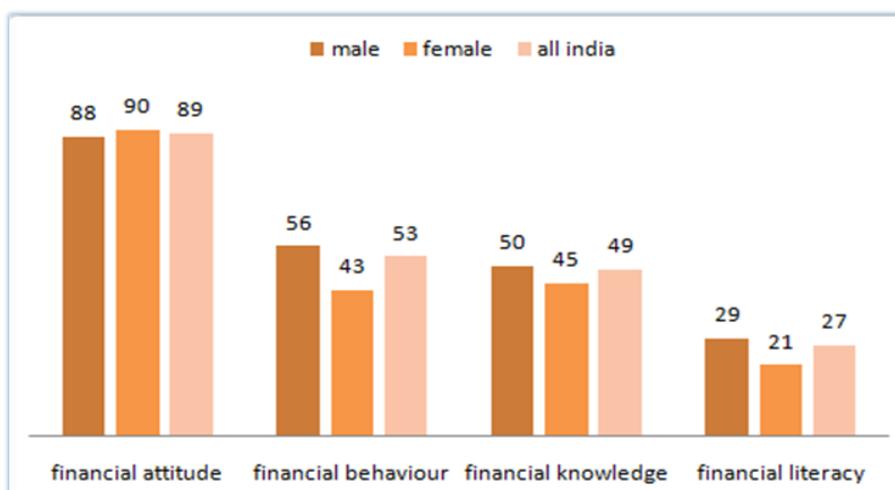
The above table shows that only 21% of females are financially literate whereas 29% of males are financially literate. It also indicates that financial literacy is less in rural areas as compared to the urban population.

## COMPONENT WISE FINANCIAL INCLUSION

**Table 2: Financial Inclusion Scores (Source: NCFE 2019)**

CATEGORY	SAVING RELATED BANKING	NON-BANKING PRODUCTS AND SERVICES	FINANCIALLY INCLUDED	OTHER SAVING RELATED PRODUCTS	CAPITAL MARKET	COMMODITY FUTURE MARKET	INSURANCE	PENSION
<b>India</b>	87%	16%	15%					
<b>Category wise</b>								
Male	88%	17%	16%	18%	9%	4%	73%	14%
Female	85%	12%	11%	13%	6%	3%	68%	10%

Gender-wise status of financial inclusion shows that only 11% of women are financially included as compared to 16% financially included men. In saving related products women's percentage is 85 and just 12% in the case of non-banking products and services. Overall figures for women are less in every component as compared to men.



**Figure 1: Gender Mix and Financial Literacy**

The chart shown above indicates that financial attitude among women (90%) is more as compared to men(88%) but the level of financial behavior is just 43% as compared to 56% of men. Also, women have 45% financial knowledge while men have 50%. It clearly shows that level of overall financial literacy among women which is 21% is lower than that of men. The survey points out that women are actively making savings decisions, budgeting but due to insufficient knowledge and awareness they are not taking independent financial decisions.

### **INITIATIVES TAKEN BY THE GOVERNMENT**

There are various schemes launched by the government over a period of time to promote financial support so that women can participate better in financial decisions.

- SEBI – It has constituted “Sanchayan” to promote financial literacy through programs, seminars, workshops, and campaigns to equip people with knowledge of financial products.
- Beti Bachao, Beti Padhao –Launched in 2015 due to a drop in child sex ratio that aims to increase awareness and to save girl child and educating them.
- Sukanya Samridhi Yojna – The scheme aims to encourage girl child parents to open up funds for their education and marriages this will provide financial support to girls which will further help in enhancing financial literacy.
- Pradhan Mantri Jan Dhan Yojna – The scheme aims for access to various financial services like saving accounts, pension, insurance, credit, and others. To use them, there is a need for financial knowledge and literacy.
- NCFE-The National center for financial education(NCFE) has been established which aims to conduct financial education campaigns and create education materials all over the country to spread awareness for a different level of consumers regarding understanding, skills, knowledge of financial concepts.
- NSFE- National Strategy for Financial Education(NSFE) for 2020-2025 has been released on 20th August 2020 which recommends **5C** approach for financial education in India, that is, content, capacity, community, communication, and collaboration to encourage saving, planning for old age and retirement, to maintain risks and increasing use of digital financial services.

### **CONCLUSION**

There has been immense progress achieved by India in financial inclusion by the various schemes introduced by the government which is spreading awareness among people and especially women to make informed choices yet there are many gaps in levels of financial literacy particularly among women. Women have a special status in our society but for their empowerment, there is a need of introducing more women-specific financial programs and public awareness which can play a very important role in this respect by conducting seminars, workshops, schemes, and programs at schools, colleges, workplaces so that target group can enjoy maximum benefit. Since we are living in a digital age E-learning would be very helpful to spread literacy and awareness. Moreover, our society is male dominating there is a need to remove cultural barriers. Women are generally hesitant in making financial decisions proper training should be provided to them by introducing special courses and establishing financial institutions near to them so that distance barrier can be avoided.

### **REFERENCES**

1. Klapper, L. (2015, November 27). Financial Literacy Around the World: Insights from the Standard & Poor's Ratings Services Global Financial Literacy Survey. Retrieved November 12, 2020, from <https://responsiblefinanceforum.org/publications/financial-literacy-around-the-world-insights-from-the-standard-poors-ratings-services-global-financial-literacy-survey/>
2. <https://www.oecd.org/daf/fin/financial-education/48303570.pdf>
3. Financial literacy and inclusion in India. (n.d.). Retrieved from [https://www.ncfe.org.in/images/pdfs/reports/NFLIS\\_2019.pdf](https://www.ncfe.org.in/images/pdfs/reports/NFLIS_2019.pdf)
4. Venkataraman, R. (2004). Keeping Investment Secrets of Women. Businessline, Chennai, 1-3.
5. Akshita Arora, (2016), Assessment of Financial Literacy among working Indian women.
6. Writer, S. (2015, December 15). S&P survey: More than 70% Indians fare badly in financial literacy. Retrieved November 15, 2020, from <https://www.livemint.com/Money/2l9bZsVo7eempRU9yLvPAL/SP-survey-More-than-70-Indians-fare-badly-in-financial-li.html>
7. Dwivedi, M., Purohit, H. and Mehta, D. (2015). Improving Financial Literacy among Women: The Role of Universities. Economic Challenger.
8. [https://en.wikipedia.org/wiki/Beti\\_Bachao,\\_Beti\\_Padhao\\_Yojana](https://en.wikipedia.org/wiki/Beti_Bachao,_Beti_Padhao_Yojana)
9. [https://en.wikipedia.org/wiki/Sukanya\\_Samridhhi\\_Account](https://en.wikipedia.org/wiki/Sukanya_Samridhhi_Account)
10. [https://en.wikipedia.org/wiki/Pradhan\\_Mantri\\_Jan\\_Dhan\\_Yojana](https://en.wikipedia.org/wiki/Pradhan_Mantri_Jan_Dhan_Yojana)