

Financial Literacy Among Rural Women: A Case Study of Women Households in Uzhamalakkal Panchayath in Thiruvananthapuram District of Kerala

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Abstract : Financial inclusion of vulnerable is essential for empowering rural population and bringing them in the forefront of economic activities. Access to financial services to the women and marginalised, is a prerequisite for poverty reduction employment generation social upliftment and thereby achieving inclusive growth. Women are excluded from formal payment system and access to financial market due to their secondary status in the society and lack of financial literacy. The current article investigates the awareness of rural women about various financial services and products and also the use of financial services. An analysis of primary data collected from, 120 rural women households in Uzhamalakkal Panchayath in Trivandrum District of Kerala State show that majority of the respondents have awareness about bank deposits and ATM cards. But the respondents awareness regarding shares and debentures, mutual funds, stock markets and various innovative banking services are very poor. Regarding the use of financial products or services, the study reveals that the majority of rural women are using traditional financial services. The uses of various innovative financial services are very rare among rural women.

Key Words: Regional Disparity, Women empowerment, inclusive growth, financial literacy, financial inclusion.

Introduction

India has achieved remarkable growth in various fields of the economy in post reform period. But the fruit of growth is not distributed uniformly across different communities and sectors of the country. The rural urban divide in access to various socioeconomic infrastructure still persists in different facet in various part of the country. Removal of regional disparity is essential for achieving inclusive growth in India, where majority of population live in rural area. Bringing rural India, especially women, in mainstream is a biggest challenge for inclusive growth in India. Financial inclusion of vulnerable is essential for empowering rural population and bringing them in the forefront of economic activities. Access to financial services to the poor and marginalised, is a prerequisite for poverty reduction, employment generation, social upliftment and thereby achieving inclusive growth. Women are excluded from formal payment system and access to financial market due to their secondary status in the society and lack of financial literacy. In addition to this, caste, class, ethnic identity, religion, community and further hinders their accessibility to financial resources.

Financial inclusion means making available accessible and affordable financial services to vulnerable through the formal financial system. According to World Bank (2008) low access to financial services leads to increased income inequalities, poverty, and low growth rates. Access to finance and an inclusive financial system which caters for all groups of people has been advocated as a means to reduce inequalities and poverty in developing countries. According to Amartya Sen, 'Poverty is not merely due to low income, but deprivation of basic capabilities' (2014). Financial exclusion is a serious concern among SC, ST, OBC and women households as well as small businesses, mainly located in semi-urban and rural areas (Reena Agrawal 2011). People with low levels of financial literacy have a greater likelihood of facing complications in repaying debt (Lusardi & Mitchell, 2009). Lack of financial literacy can hamper the ability of individuals to make well-informed financial decisions. The problem of financial exclusion is more prevalent in rural and marginalised people, especially tribal women who are thrown out of mainstream. Women's Financial Inclusion can result in better management of home which will reflect the nutritional status, health and educational performance of children and family members.

Objectives of the Study

1. To study the knowledge and awareness of rural women about various financial services and products
2. To understand the use of various financial services and products among rural women

Methodology

In order to study the financial literacy among rural women in Uzhamalakkal Panchayath a sample of 120 households has been selected. Uzhamalakkal a small village in Vellanad Block in Thiruvananthapuram district of Kerala. The selection of sample area was based convenient sampling. Random sampling method was used to gather primary data from the women households by using questionnaire. Descriptive statistics have been used for the analysis of data

Analysis and interpretation of Data

1. Socio -Demographic profile of respondents

Table: 1

Variable	Category	Respondents(in Percentage)
Age	20-40	30 %
	40-60	46 %
	60 and Above	24 %
Marital Status	Married	93%
	Unmarried	2%
	Widow	5%
Educational Qualification	Below SSLC	28 %
	SSLS	40 %
	Plus Two	22 %
	Degree and above	10 %
Employment Status	House Maker	22 %
	Agriculture	13 %
	Private Sector	7 %
	Self Employed	50 %
	Government Job	8 %

Source: Survey Data

An observation of Socio Demographic profile of the sample population shows that majority of them are middle aged. The low educational background of the respondents itself reflects the job status where majority (50%) are self employed and only a very few (8%) are employed in Government sector

2. Participation in Community Groups

Table :2

Groups	participation
Kudumbasree	86%
Grama Sabha	8%
Others	6%

Source: Survey Data

The survey data shows that most of the women (84) are participating in Kudumbasree. And 8% are participating in Grama Sabha. And 6% of the respondents are participating in various social groups initiated by voluntary organisations and religious groups. This reveals that participation of rural women in various social groups are very high. This may be due to the government policy to encourage women empowerment and participation of women in decision making and governance.

3.Details of Keeping Records of Income and Expenditure

Table :3

Keeping Income and Expenditure	Response	Percentage
Yes		12 %
No		88 %
Total		100 %

Source: Survey Data

The details of keeping income and expenditure will reflect the financial management of people in their life. The survey shows that majority of the rural women (88%) do not keep the record of income and expenditure. Only 12% of the people keep record of income and expenditure. Majority of the respondents opined that they do not have regular intervals of incurring expenditure like weekly or monthly, instead they purchase items daily with their limited income and most often the purchase is made by their spouse or children. Also most of them are employed in unorganised sector where there is no formal and systematic mechanism for payment of remuneration. So they do not keep correct records of income and various items of expenditure.

4.Details Regarding Bank Account

Table :4

Details of Bank Account	Response	Percentage
Reason for opening Bank Account	For receiving the remuneration of NREGP	70%
	For making deposits and availing loans	5 %
	For getting any subsidy from the Government	25 %
Period of using Bank Account	Less than One Year	2 %
	1-3 years	30 %
	3-6 years	60 %
	Above 6 years	8 %

Source: Survey Data

Majority of the respondents (70%) opened a bank account to receive the remuneration of NREGP work and getting any kind of subsidy (25%) from the government .Most of (60%)of respondents are using financial services 3-6 years .This may be due to the policy of the government regarding Direct Benefit transfer and to link various social security benefits to bank and other financial services The linking of social security contribution with Bank account of the customers have been contributed positively to financial inclusion by access banking services to rural community especially marginalised .

5. Awareness and source of Information Regarding Financial Services

Table:5(a)

Source	Number of Respondents
Friends	2 %
Family	5 %
Media	70 %
Kudumbasree and other social institutions	21 %
Others (like religious institutions)	2 %

Table : 5 (b)

Financial Products/Services	Aware	Partially Aware	Not Aware
Bank Deposit	54 %	44 %	2 %
Bank Loan	32 %	58 %	10 %
Interest rate on loan	24 %	46 %	30 %
ATM	46 %	44 %	10 %
Credit Card	6 %	40 %	54 %
Cheque	32 %	52 %	16 %
Insurance	46 %	42 %	12 %
Shares and Debentures	0 %	6 %	94 %
Mutual Fund	1 %	2 %	97 %
Stock market	2 %	4 %	94 %
Pension Schemes	10 %	56 %	34 %
Internet Banking	8 %	20 %	72 %

Source: Survey Primary Data

An analysis of the awareness of rural women regarding various financial items shows that majority of the respondents have full awareness about bank deposits and ATM cards. And nobody is fully aware of shares and debentures. Only 1% is fully aware of mutual fund. And 54% of are partially aware of credit cards and 56% of partially aware of pension schemes. 2% is partially aware of mutual funds. The respondents awareness regarding shares and debentures, mutual funds and stock markets are very poor (more than 90) This shows that majority of rural women are unaware of innovative financial products and services. Regarding the source of information about financial services and products the survey result shows that media (70%) including print visual and social platform play an important role in imparting financial awareness to general public. The participation in Kudumbasree and other social groups also play a significant role in promoting financial awareness and financial inclusion of rural people especially women. The educational qualification of husband and children is another factor that determines the financial awareness and financial literacy among rural women.

6. Use of Various Financial Items

Table :6

Financial items	Using(in Percentage)	Not Using(in percentage)
Bank pass book	100 %	0 %
Cheque	100%	0 %
Insurance	86 %	14 %
Mutual Fund	0 %	100 %
Post office Deposit	19 %	81 %
ATM/Debit Card	92 %	8 %
Credit Card	3%	97 %
Stock market Securities	2 %	98 %
Internet banking	5 %	95 %

Source: Survey Data

The analysis regarding use of various financial items, among those who are aware or partially aware on various financial products and services depict that majority of women are using traditional instruments like bank pass book and insurance. The use of cheque and ATM are high among rural women. Nobody use mutual funds in the study area. Only 2% of respondents use stock market instrument and 5% are using internet banking facilities. This reveals that the majority of rural women are using traditional financial services. The uses of various innovative financial services are very rare among rural women.

Findings

1. Majority of the household belongs to the age group 20-60.
2. Majority of rural women are self employed. Only 8% are government employees.
3. Financial literacy of women is high when their children are highly educated .
4. Majority of the respondents do not have the practice of keeping records of their income and expenditure.
5. All women in the study area have bank account.
6. The main reason for opening a bank account is for receiving the remuneration of NREGProgramme and also for receiving various social security contributions or making deposits and availing loans and other direct benefit transfer.
7. Rural women are highly aware of traditional financial items and less aware of modern or innovative financial items.
8. Nobody is fully aware of innovative financial services like shares and debentures.,mutual funds etc. □
9. The analysis of the level of usage of various financial services by the respondents shows that majority of the respondents are using banking facilities But the use of mutual funds, pension funds, and financial market are not much popular among the respondents.

Conclusion

Financial literacy is an important factor for promoting financial inclusion and inclusive growth in any country. Financial exclusion and lack of financial literacy are the main reasons for over dependence of money lenders and highly exploitative informal credit and lending mechanism among rural people. Due to illiteracy and social exclusion and also due to secondary status of women in the family, most of the rural women are unaware of financial products and services and access to various financial products especially innovative financial services. The present study reveals that even though the rural women are aware of traditional financial instruments, they are poorly informed about various modern or innovative financial products and practices . So it is necessary that steps should be taken to make these people informed about financial products and services .Government should undertake financial awareness programme especially for rural women to increase their financial literacy. Inclusion financial literacy programme in school curriculum to educate and aware new generation will be an important step towards financial literacy. Organising financial literacy programme in social organisations like in Kudumbasree will help in promoting financial literacy among vulnerable to a greater extend. Banks, insurance companies and other financial services providers may concentrate more on the rural people because rural areas especially remote areas are not yet fully financially included.

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