



FINANCIAL LITERACY: A KEY TO WOMEN EMPOWERMENT

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Abstract

The then first lady of America Michelle Obama famously quoted “No country can truly flourish if it stifles the potential of its women and deprives itself of the contribution of half of its citizens” – these lines precisely outlines the basis of women empowerment in recent times. Women empowerment is about ensuring equal rights to women as men in respect of education, freedom to speech, economic independence and many more. Talking about economic independence it is not only about earning money but also about taking proper financial decisions without depending on their male counterparts. This brings in light the necessity of “financial literacy”. Financial literacy refers to the ability to make informed judgements and to take effective decisions regarding use and management of financial resources. It leads to financial well-being and welfare of individuals. Earlier literatures have revealed that women are more financially illiterate than men. Women empowerment is a distant dream without financial empowerment for which financial literacy is indispensable. This paper attempts to find out the level of financial literacy among the salaried class of women in Kamrup district, their investment behaviour and the impact of financial literacy on the investment behaviour of women.

Keywords: financial literacy, investment behaviour, women empowerment.

INTRODUCTION

The prosperity and progress of a nation can be understood with the overall development of each and every citizen without any discrimination in terms of religion, caste, gender etc. Both men and women are imperative part of a country. Equality among them is the core of the development of a nation. Constitution of

India also provides for equality of rights to both the genders in terms of education, right to speech, political participation, economic independence and many more. Talking about economic independence, it is not only about earning money by women but also the ability to make proper financial decisions on their own. This brings into attention the need of “financial literacy”. India is amongst the world’s most efficient financial markets in terms of technology, regulation and systems. Financial markets are offering many opportunities to investors and financial services are becoming more accessible but a large percentage of population is unable to make proper financial decisions whether regarding to savings, investments, debts, insurance or any other financial decisions. The reason for this behaviour is that people are not financially literate, i.e. they lack basic knowledge and understanding about the financial concepts and management of money to make well financial decisions. Organization for Economic Cooperation and Development (OECD) has defined the term financial literacy as “A combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being”. Though women share the same level of excellence nowadays with men in every field, yet they depend on their male counterparts either their fathers, husbands or brothers when it comes to financial decision-making. A minimum basic level of financial literacy is very essential for every woman so that they become financially independent and at the same time live their life according to their own choices hence contributing to the healthy and prosperous life of their family as a whole. Government is giving all necessary attentions and taking initiatives to empower women through financial literacy as “women empowerment” is impossible without “financial empowerment”. This paper attempts to find out the level of financial literacy among the salaried class of women in Kamrup district, their investment behaviour and the impact of financial literacy on the investment behaviour of women.

LITERATURE REVIEW

D’Silva Bernadette, D’Silva Stephen and Bhuptani Subhodhkumar Roshni (2012) in the research paper “Assessing the financial literacy level among women in India: An Empirical Study” stated that financial education is not only important for an investor but also for the common man in the country and is very significant to achieve financial inclusion. They conducted a study to explore financial literacy level among women in Mumbai and their knowledge towards investment in various financial instruments. After analyzing the data collected through a structured questionnaire they have revealed that there is a great improvement in the financial status of women in India. They are becoming financially independent but most of them are still financially illiterate. They don’t have the knowledge regarding various investment options available in the market. Women are highly risk averse; as a result they mostly invest their money in banks and insurance policies. Also they don’t utilize the online services of making payments and transferring funds. It is, thus, suggested that the companies should come up with various awareness programmes in order to create awareness among the women investors about the various investment options available in the market in order to increase capital formation in the country.

Vasagadekar Priya(2014) in the research paper “A research paper on investment awareness among Indian working women with reference to Pune region” conducted a study on working women from different sectors in Pune and its outskirts and found that most of the women don’t like to take high risk; don’t have detailed knowledge about the financial instruments and depends on their husbands and parents while taking financial decisions. Thus it is suggested that it is very necessary for women to be financially aware and to take the investment decisions on their own which will result to ‘Women Empowerment’ in real sense.

Singh Chetan, Kumar Raj (2017) in the research paper “Financial Literacy among women- Indian scenario” stated that financial literacy is very essential for women empowerment. Women, nowadays, are at par with men in every aspects but they step back when it comes to large financial decision making and depends on their male counterparts. They have mentioned that there is a gender gap between male and female regarding financial literacy in almost all the countries. In India the gap is 7% where 73% of men and 80% of women are financially illiterate as per S&P survey, Dec 16, 2015. In India there are certain barriers to financial literacy among women like education, physical barriers, social and cultural barriers, financial barriers. They have suggested for more and more awareness programmes for women especially in rural and backward areas in order to provide them financial knowledge and make them aware about the various financial services available in the market in order to make better financial decisions.

Jariwala Vijaykumar Harsha(2013) in the research paper “Level of financial literacy and its impact on investment decision” carried out a study among individual investors and found that financial illiteracy is high among women investors compared to men. It concluded that financial literacy leads to controlled spending behaviour, encourage saving behaviour and have a significant impact on investment decision.

Mahapatra Kumar Santosh, Sanjib Das(2017) in the research paper “Measurement of financial literacy: A sample study among the people of Kamrup(M) district, Assam” stated that financial literacy in Assam is more than the average. They also concluded that financial literacy does get affected by various demographic and socio-economic variables and necessary measures need to be taken to increase financial literacy among students, women and poor people.

Nayak Purusottom, Mahanta Bidisha(2015) in the research paper “Women Empowerment in Assam” mentioned that women in Assam enjoys inferior status as compared to average women in India. They have also stated that for financial empowerment having employment opportunity is not enough rather they should have control over their financial resources. A very less percentage of women take financial decisions on their own. Thus for women empowerment, financial empowerment is also an important element.

After studying the literatures on financial literacy, investment behavior and women empowerment; it can be said that a very few studies have been carried out on financial literacy of women in Assam particularly and their investment behavior in general. Also studies showing the association of financial literacy and investment behavior of women in Assam is meagre in literature. This paper attempts to bridge the gap.

OBJECTIVES

1. To find out the level of financial literacy among the salaried class of women in Kamrup district.
2. To know the investment behavior of salaried women in the study area.
3. To study the impact of financial literacy on their investment behavior.

RESEARCH METHODOLOGY

To meet the objective of the study a descriptive research has been carried out in the Kamrup(M) district of Assam. The data was collected from both primary as well as secondary sources. The primary data was collected by using a structured questionnaire. A total of 100 salaried women from both public and private sectors were selected equally for the purpose of the study. Financial literacy was assessed based on basic financial literacy and advanced financial literacy questions including division of money, time value of money, diversification, inflation, simple interest, compound interest and regarding various investment avenues whereas investment behaviour was assessed based on their preference of Investment Avenue, purpose of investment and risk taking capacity.

In order to assess financial literacy scores have been assigned to each question. Median score is calculated and the respondents scoring more than median score were put in “High financial literacy” category and respondents scoring less than or equal to median score were put in “Low financial literacy” category.

RESULTS AND DISCUSSION

Table 1.1 Socio-Economic Profile of the respondents

	Frequency	Percentage
	Age Distribution	
20-30	24	24%
31-40	35	35%
41-50	26	26%
Above 50	15	15%
	Civil Status	
Married	68	68%
Single	32	32%

	Education	
10+2	15	15%
Graduate	40	40%
Post graduate	35	35%
Ph.D	10	10%
	Income per annum	
2-5 lacs	45	45%
5-10 lacs	25	25%
10-15 lacs	20	20%
More than 15 lacs	10	14%

Most of the respondents are between 31 to 40 years of age. Majority of the respondents are married, i.e., 68% and the rest are unmarried. Out of the 100 respondents 15% of the respondents are 10+2 qualified, 40% are graduate, 35% are post graduate and 10% are Ph.D. 45% of them are earning an annual income between 2-5 lacs, 25% are earning between 5-10 lacs, 20% are earning between 10-15 lacs and the remaining 10% are earning above 15 lacs yearly.

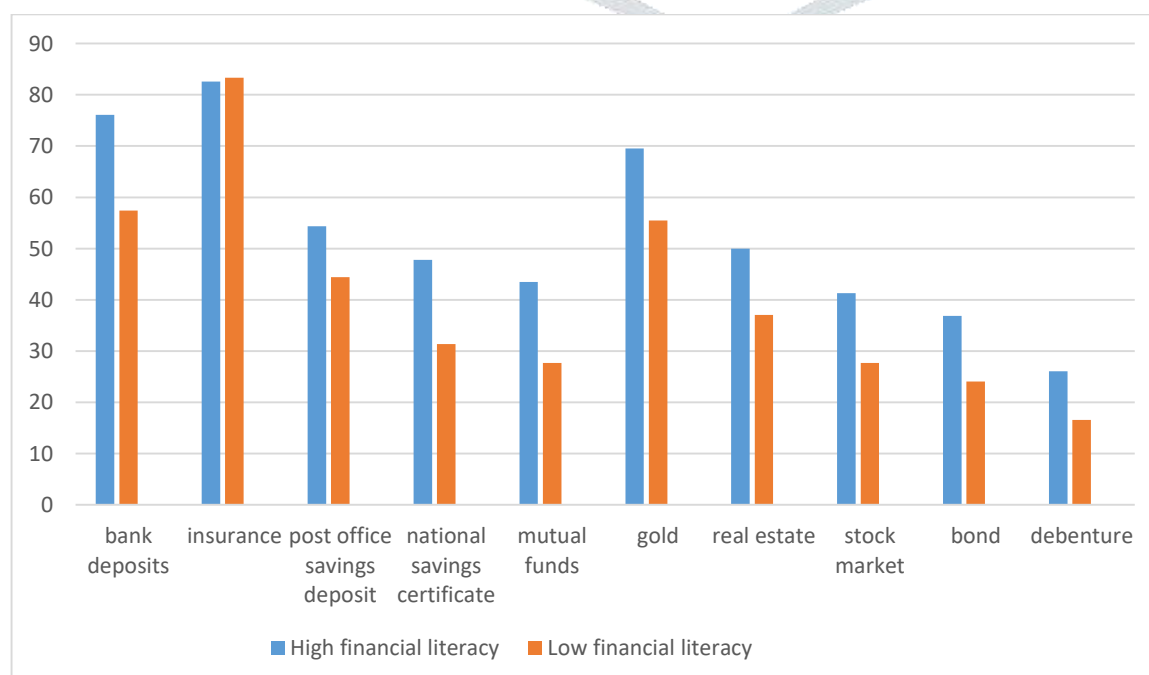
Table 1.2 Level of financial literacy

Score secured in basic and advanced financial literacy	Frequency	Percentage
More than the median score	46	46%
Less than or equal to median score	54	54%

Out of the total 100 respondents 46% of them have scored more than the median score and thus fall under “High Financial Literacy” category and rest 54% have scored equal to or less than the median score and therefore categorized under “Low Financial Literacy” group. Women under high financial literacy group are aware of almost all the investment avenues except investment related to stock market, bonds, debentures where they have little knowledge.

Table 1.3 Preference of investment avenues

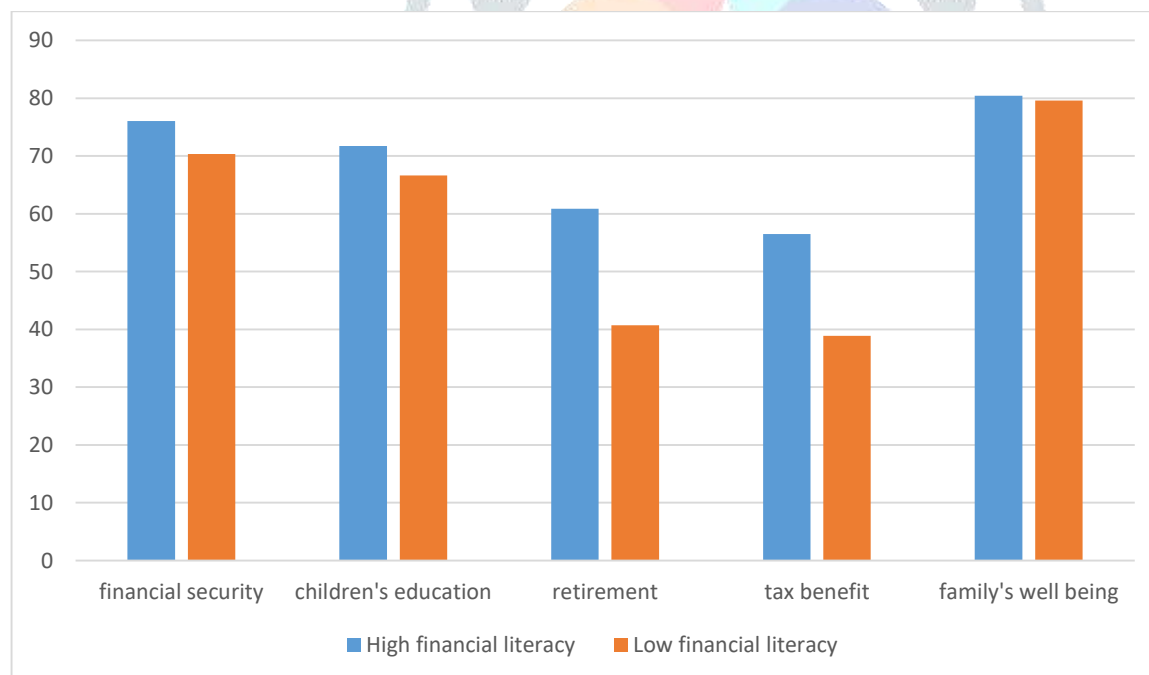
Investment avenues	High Financial Literacy Group		Low Financial Literacy Group	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Bank Deposits	35	76.08%	31	57.4%
Insurance	38	82.60%	45	83.3%
Post Office Savings Deposit	25	54.34%	24	44.4%
National Savings Certificate	22	47.8%	17	31.4%
Mutual funds	20	43.47%	15	27.7%
Gold	32	69.56%	30	55.5%
Real estate	23	50%	20	37.03%
Stock market	19	41.3%	15	27.7%
Bond	17	36.9%	13	24.07%
Debenture	12	26.08%	09	16.6%
Total respondents	46		54	



Women mostly prefer to invest in bank deposits, insurance, post office savings, national savings certificate, gold, real estate compared to the other investment avenues mentioned in the above table. Investment in mutual funds, stock market, bond and debenture are less among the women population. The trend of investment in mutual funds, stock market, bond and debenture are less in both high financial literacy and low financial literacy group. Simultaneously Financial literacy have showed an upward trend in investment in almost all the investment avenues by the women falling under high financial literacy group.

Table 1.4 Purpose of investment

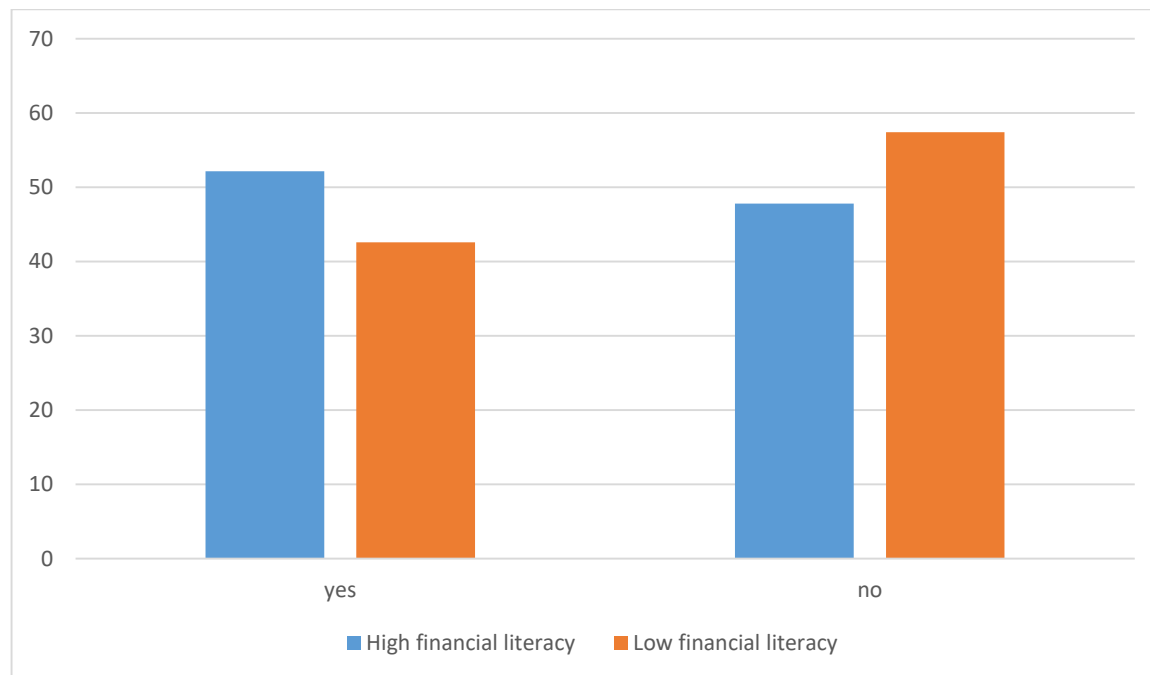
Purposes	High financial literacy group		Low financial literacy group	
	Frequency	Percentage	Frequency	Percentage
Financial security	35	76.08	38	70.37
Children's education	33	71.73	36	66.66
Retirement	28	60.86	22	40.74
Tax benefit	26	56.52	21	38.88
Family's well being	37	80.43	43	79.62
Total respondents	46		54	



Women while investing their money gives priority for family's wellbeing, children's education, financial security and neglects retirement and tax benefits. This negligence shows the lack of financial literacy.

Table 1.5 Risk taking capacity

Prefer to take risk	High financial literacy group		Low financial literacy group	
	Frequency	Percentage	Frequency	Percentage
Yes	24	52.17	23	42.59
No	22	47.82	31	57.40
Total respondents	46		54	



From the above table and chart we can see that women are mostly risk averse which is the reason why most of them are likely to invest in safer avenues like bank deposits, gold, post office savings, NSC, real estate rather than investing in shares and debentures.

Results show that financial literacy among the women respondents in the study area is average. They don't prefer to invest in shares and debentures as they are risk averse. While making investments they prioritize family wellbeing more than their benefits. But the above results also gives a picture that women falling under high financial literacy group have better performance than low financial literacy group of women which clearly focus the importance of financial literacy in financial empowerment of women.

CONCLUSION

India is taking all possible measures for economic upliftment of women and to achieve much desired 'WOMEN EMPOWERMENT'. To achieve women empowerment one of the major factor is financial empowerment for which financial literacy is sacrosant. India is the fastest growing economy and therefore financial awareness and knowledge is very important for everyone, both men and women. A financially literate individual can make the best possible utilization of their financial resources and can also protect themselves from the financial malpractices and fraudulent activities in the society. It has been said that the best way to empower a woman is financial literacy. Women being an integral part of the society and family

must be capable of taking financial decisions for which financial literacy is indispensable. It will make them self dependent while making investment decisions rather than depending on their male counterparts. The government should take necessary initiatives to provide financial literacy to all the sections of women. Various financial literacy programmes and training should be conducted in a more broader spectrum where awareness regarding various financial concepts and products should be highlighted. Financial literacy will bring confidence in them to invest their money in all the avenues available in the market which will not only lead to economic development of an individual woman but the nation as a whole.

“Empowering women is key to building a future we want”- Amartya Sen

