



## ROLE OF FINANCIAL LITERACY FOR SUCCESS OF WOMEN'S ENTREPRENEURSHIP IN INDIA

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### Abstract

Through employment creation and poverty reduction, women's entrepreneurship can be the driving force behind nations' global efforts to attain economic and social development goals. However, for development, success, and a long-term competitive edge, financial literacy is a vital and intangible resource. However, one of the main obstacles impeding the expansion of women entrepreneurs' businesses is a lack of financial literacy. The results show that women entrepreneurs' success is significantly influenced by their financial literacy. Therefore, it is recommended that women entrepreneurs receive concentrated, group-based training through appropriate programs to improve and equip their financial literacy.

**Keywords:** Financial literacy, women entrepreneurship, Economic development, gender equality, Micro, Small and Medium Enterprises.

### INTRODUCTION

The main goal of this study is to demonstrate that financial literacy and female entrepreneurship are positively correlated. Higher levels of financial literacy or understanding are associated with greater company success or profits for female entrepreneurs. Being financially literate helps one assess regular business performance, analyse and make wise business decisions, avoid debt, and take ownership of their investments. Because women's entrepreneurship helps to reduce poverty, promote gender equality, and creates jobs that are productive, it has become essential to the economic development of countries. This issue is made worse in emerging economies by a deficiency of expertise in financial management within the businesses. Thus, in order for productive entrepreneurship to flourish, it is imperative that governments, society, and business groups encourage more women to become entrepreneurs by providing supportive environments that increase the likelihood of new businesses succeeding.

**FINANCIAL LITERACY:-** The ability to comprehend and efficiently handle one's personal finances is known as financial literacy. It includes a variety of abilities and information, such as managing and paying off different kinds of debt, saving and investing, which concentrates on setting aside money and selecting investment strategies to reach financial objectives, and budgeting, which monitors and regulates income and expenses. Financial literacy also includes handling taxes, determining insurance needs, assessing credit reports and ratings, and making retirement plans. People who are financially literate can make wise judgments, steer clear of typical financial hazards, and work toward obtaining security and stability in their finances. For working women in particular, financial literacy is crucial since it enables them to become financially independent and make wise decisions. Being financially educated for working women means knowing how to set up and follow a budget, manage money, and save and invest wisely for future objectives. It also entails knowing how to manage debt, including credit card debt and student loans, as well as how to raise and keep a high credit score. Additionally, financial literacy aids with long-term financial goal planning, such as retirement, and understanding job benefits like health insurance and retirement plans. Gaining these abilities can help working women become more financially stable, more confident with their money management, and capable of making strategic decisions that benefit their overall.

Working women's financial literacy is essential for promoting financial stability and increasing economic opportunities, which help in fostering economic growth. Here's how to do it:

1. **Optimizing Financial Decision-Making:** Working women who possess a strong understanding of finance are more capable of handling their personal finances, choosing wisely when making investments, and creating long-term plans. Their own financial well-being as well as the stability of the economy at large are both enhanced by this proficiency.

2. **Enhanced Investment and Savings:** A Rise in Investments and Savings, women who are financially literate are more likely to make prudent investments and save. Increased cash available for economic development can assist business growth and innovation, and higher savings rates and wise investments can do just that.
3. **Improved Debt Management:** Well-informed women are better equipped to manage and cut debt, which minimizes the likelihood of financial instability and strengthens the economy. They lessen their financial stress and enhance their total economic contributions by staying away from high-interest loans and making wise financial decisions.
4. **Economic Self-Sufficiency and Gains:** Women who possess financial literacy are better equipped to take charge of their financial destiny, which encourages them to engage in both entrepreneurship and the workforce. Because of this greater participation, the economy grows and becomes more varied and dynamic.
5. **Impact on Generations:** Financial literacy among women also impact on generation as it serves as role models for children and communities. When a women effectively manage finance it allows them to give their kids access to greater resources and education, it also break the cycle of poverty with their families, they often share their knowledge to communities, they engaged in building wealth for future generations and they frequently create networks that support each other as these network can provide resources, mentorship and knowledge sharing that empower future generations.

## REVIEW OF LITERATURE

-**Arora,A.(2016)**, 'According to a survey conducted in the state of Rajasthan, many women are more cautious when it comes to setting aside money for the future as opposed to investing it. This is a result of having inadequate financial understanding and being unaware of the idea and practice of investing.

**Vibhuti Shivam Dube, Dr. Pradeep Kumar Asthana (2017)** An Analysis of Uttar Pradesh's and the Central Zone States' Financial Literacy According to the study, institutions must start educating people about the advantages of financial planning with greater vigor. After weighing the advantages and disadvantages of the financial instruments that are widely available in the market, individuals should invest and save more cautiously and safely on a personal level. Education should also be incorporated into the curriculum at the school level to help people understand the advantages of financial planning at an early age.

-**Naidu,G,2017** According to the study's author, financial literacy is the combination of the abilities, information, and attitudes that are essential for each individual to have in order to make wise financial decisions. The study's foundation is a comparison of the financial literacy of men and women.

- **Ms.Priyanka Agarwal, Radhika Choudhary Kureel and Dr.Suman Yadav (2017):** The study focuses on financial literacy instruction for young people. This article concludes that including basic topics in school curricula will inevitably improve people's investment behaviour, which will ultimately lead to their financial well-being.

-**Chetna Singh, Raj Kumar(2017)**This study aimed to provide an overview of women's financial literacy in emerging nations such as India. Based on ideas gleaned from numerous data sets and earlier research, this study discovered that while several organizations have undertaken steps to increase financial literacy, additional awareness campaigns are still required.

-**Dr. Krishna Vaghela(2019)** An investigation among Gujrat women According to this study working women are not aware of the fundamentals of everyday money management. Working women have extremely little basic knowledge about interest, compound interest, and the time worth of money.

-**Blessy Roy and Dr. Ruchi Jain(2019)** The paper's conclusion is that, given their propensity to rely on their spouses or other family members, women ought to know more about investing. They are concentrating on certain investment options, such as fixed deposits at banks and post offices.

-**Nur Najihah Ashaari, Zahayu Md Yusof, Masnita Misiran, Hasimah Sapiri (2020)** discovered that women's participation in the workforce had boosted Malaysia's GDP. As such, the Malaysian economy must take into account the location and mode of employment of women when determining how and where to spend or invest their money. In this instance, working women must be financially aware in order to manage funds appropriately. The purpose of this study is to ascertain the association between the variables influencing financial literacy in working women and to look into the financial literacy risk in this population.

## THE GOVERNMENT SCHEMES FOR WOMEN ENTREPRENEURS

**Trade Related Entrepreneurship Assistance and Development (TREAD) Scheme:** During the 9th Plan period, the Ministry of Micro, Small, and Medium Enterprises (MSME) is offering this program to support female entrepreneurs. Through the provision of finance (through NGOs), training, development, and counselling, as well as extension efforts pertaining to commerce, products, services, etc., this initiative aims to empower women economically. By giving financing to projects that don't have easy access to bank credit, it seeks to empower women. Additionally, it aids in providing specialized training and guidance on issues relating to commerce. Under this initiative, banks will contribute up to 30% of the entire project cost, up to a maximum of Rs. 30 lakhs.

**Mahila Coir Yojana:** One of the major initiatives under the Scheme Coir Vikas Yojana, which was introduced in November 1994, is the Mahila Coir Yojana (MCY), which offers job creation, skill development and training, empowerment of women, welfare activities for coir workers, and the development of domestic and export markets. For skill development programs, each trainee will only get a monthly

stipend of Rs. 1000. If a training program lasts less than a month, the stipend will be paid out pro rata. This program is only open to rural women artisans who live in areas that produce coir fiber. The goal of this program is to provide rural women with the necessary training to enable them to become self-sufficient.

**Mahila e-Haat:** An initiative called Mahila e-Haat was created to address the requirements of female business owners. Under Rastriya Mahila Kosh, it was introduced on March 7, 2016, by Smt. Maneka Sanjay Gandhi, the Honourable Minister for Women and Child Development. It is an online platform for marketing women-owned businesses where users can showcase their merchandise. As a component of "Digital India" and "Stand up India," it is a campaign for women nationwide. Thus, Mahila-e Haat serves as a direct conduit for buyers and sellers to promote the goods of SHGs and female entrepreneurs.

**Rashtriya Mahila Kosh (RMK):** A separate entity under the Ministry of Women & Child Development is Rashtriya Mahila Kosh. It is an elite microfinance organization and a society registered under the Societies Registration Act of 1860. The primary goal of RMK's establishment was to help low-income women's socioeconomic development by offering microcredit for a range of livelihood-supporting and income-generating activities on concessional terms through a client-friendly process.

**Support to Training and Employment Programme for Women (STEP):** In 1986–1987, the Central Sector Program known as the Support to Training & Employment Programme for Women (STEP) was introduced. The goal of the STEP program is to give women the training and skill-building they need to pursue entrepreneurship. Women nationwide who are 16 years of age or older are the target audience for this program. The program provides grants of aid to institutions and organizations, including non- governmental organizations. Assistance under the STEP initiative would be provided in any sector, including but not limited to agriculture, horticulture, food processing, handlooms, tailoring, stitching, embroidery, zari, etc., to impart skills linked to employability and entrepreneurship.

**The Women Entrepreneurship Platform (WEP):** With the overriding theme of "Women first, prosperity for all," NITI Aayog (National Institution for Transforming India) inaugurated the Women Entrepreneurship Platform (WEP) on International Women's Day 2018. It is a single access point that enables women from all economic backgrounds and geographical areas of India to get together and pursue their entrepreneurial goals. SIDBI and NITI Aayog are working together to support this effort. WEP's 360- degree perspective on female entrepreneurship is based on three main principles: Ichha Shakti: to inspire would-be business owners to launch their venture, Karma Shakti: to offer practical assistance in starting and growing businesses; Gyan Shakti: to impart knowledge and ecosystem support. Through its numerous partners, WEP provides incubation and acceleration support to women-founded or co-founded start ups. These partners hold up female entrepreneurs who have registered with WEP and give them the assistance they need to get started and grow.

**Stand- Up India Scheme:** The Indian government established Stand up India on April 5, 2016, with the goal of promoting and funding women, SC/ST, and/or entrepreneurial endeavours. The aim is to provide bank loans ranging from Rs. 10 lakhs to Rs. 1 crore to a minimum of one borrower belonging to a Scheduled Caste (SC) or Scheduled Tribe (ST) and one borrower who is a woman per bank branch for the establishment of greenfield enterprises. In this context, the term "greenfield" refers to the beneficiary's maiden foray in the manufacturing, services, agriculturally-related industries, or trading sectors. The borrower ought not to be behind on any payments to banks or other lenders.

## OBJECTIVE OF THE STUDY

- To study women entrepreneurs' socioeconomic profiles.
- To determine the degree of financial knowledge among Indian women entrepreneurs.
- to study women entrepreneurs' financial management abilities.
- To find out the women entrepreneur's knowledge in relation to her financial decisions.
- To assess women entrepreneurs' knowledge of several government initiatives.

## RESEARCH METHODOLOGY

**Scope of Study** - to study how crucial financial knowledge is to women's business success.

**Methods of Data Collection** - Secondary data are used to support this investigation.

**Secondary Data:** Research papers and websites were the sources of secondary data.

## ANALYSIS AND INTERPRETATION OF DATA

The Humanity Welfare Council reported in March 2023 that **62%** of Indian women lack bank accounts and have restricted access to banking services, and that **80%** of Indian women struggle with financial literacy. The data paints a vivid picture of Indian women's appallingly low levels of financial independence and literacy. Women must be financially empowered in order for them to play a crucial role in helping India's economy progress to the next level. The modern woman is thriving in many areas of life, including business, politics, sports, entertainment, literature, and technology, as she starts to realize her full potential. We are all living in a more advanced ecology thanks to the efforts of women generally. To help them overcome the obstacles, financial literacy then becomes crucial.

## The obstacles to financial literacy improvement and their remedies

Though attitudes regarding women becoming financially conscious are changing, they appear to be more pronounced in urban areas. There is opposition to teaching women financial literacy in rural and semi-urban areas where there is poor general literacy. As a result, women are excluded from reliable sources of financial education. The goal of several government initiatives is to assist women in overcoming social obstacles. Through pertinent projects and campaigns, self-help groups and development programs, such FLCC



(Financial Literacy and Credit Counselling Centres), the National Centre for Financial Education (NCFE), etc., continue to create and distribute financial

literacy resources. Furthermore, programs like "Beti Bachao, Beti Padhao" and Pradhan Mantri Jan-Dhan have increased the efficacy of social measures.

### **The importance of financial literacy is increasing**

Having financial literacy empowers women to make decisions on their own. A woman who is financially knowledgeable frequently makes more confident and well-informed life decisions. Women who are financially aware can so manage inflation and growing costs. There are numerous benefits: It gets them ready for unexpected events. Mothers and their children are frequently closer. A financially educated mother or wife might encourage her kids to maintain their financial prudence. Women are frequently in charge of overseeing the household's daily spending. Knowing how to use the money most effectively is therefore beneficial to them.

-In addition, having a self-sufficient income helps women even after the death of the male family member.

Women still confront obstacles even as the world around us is getting rid of prejudices and unfavourable beliefs and views to promote greater gender equity. To empower women and girls in our society, more work needs to be done. That will enable them to contribute significantly to India's economic prosperity. They can focus on their own success and tear down obstacles with the aid of financial knowledge.

### **Here's what women entrepreneurs expect from Nirmala Sitharaman: Budget 2023**

One of the important sectors of the Indian economy, women entrepreneurs, have also outlined some of the main things they anticipate from the Finance Minister in light of the high expectations that various industry players have for the Union Budget 2023.

#### **Dr Jasmine B Gupta, CEO and Co- founder, LXME**

Budgets and financial goods are typically created with men in mind. It is ironic to observe that, despite Lakshmi being revered as the Goddess of Wealth in India and accounting for 48.5% of the country's population, women and wealth do not have a tight association. As of October 2022, 56% of women are unable to make financial judgments, according to the most recent TATA AIA research. It will take an additional 132 years to completely close the gender gap worldwide, according to the World Economic Forum's July 2022 Global Gender Gap Report. India has closed only 62.9% of its gender gap, placing it 135th out of 146 countries.

In this case, it just asks for reduced tax slabs and improved tax benefits for working women who have flexible work schedules in order to encourage a greater participation of women in the workforce and accelerate economic growth. Since just 6% of startups today are run entirely by women, promoting women-driven startups and enterprises through tax breaks and holidays will greatly encourage more women to launch their own companies. Given their potential importance in MSME enterprises, women's ownership of MSMEs has the potential to rise from 14% to 30% in only a single year if they are offered an enticing tax incentive.

Women are 8–10% more likely than men to be unbanked, according to the World Bank's Global Findex Data, which was published in June 2022 and measures global financial inclusion. Thus Micro investment and micro savings plans, together with Jan Dhan accounts, will be crucial to enhancing financial inclusion when combined with the appropriate financial literacy and education initiatives.

More than 60 million women in the nation are tech-savvy today, and many more may join them in contributing to the nation's economic expansion if provided with the appropriate financial incentives to accelerate their advancement.

#### **Shinjini Kumar, Co-founder, SALT**

The ongoing decline in the participation of women in the labour is a fundamental fact that worries all of us. Maintaining emphasis on equal opportunity workplaces is one strategy to combat this, but it's even more crucial to establish equal possibilities for women in entrepreneurship. As everyone knows, women's access to capital—both debt and equity—is far more limited than that of men's. This is true even if women are just as skilled, if not more so, at managing workforces and enterprises and repaying debt. As the Minister of Finance, I would like to see everything done to lessen the hardships faced by women who want to start their own business. In particular, financial incentives geared at female entrepreneurs, incentives for remote work, and expenditure deductions for self-employed business owners.

#### **Upasana Taku, Co-founder and COO, Mobikwik**

For female entrepreneurs, unconscious gender bias remains a barrier that prevents them from obtaining capital and realizing their full potential. But we can remove these obstacles and make room for a more diverse and inclusive business environment if the government provides the necessary assistance. The actions we take today will determine how women will entrepreneurship in India in the future, from raising funding caps and tax incentives to offering social security and education benefits.

The law requires public corporations to have at least one female member on their board, but it's time to go beyond symbolic activism and even the playing field by requiring a certain percentage of female directors. In order to help businesses select the best candidates for their

boards, let's also give women entrepreneurs the tools and venues they need to highlight their credentials and expertise.

**Shaily Maheshwari Kajaria, Co- Founder, Tezzract FinTech Private Limited**

In comparison to men, women must go through more hoops to receive the same funding, shares, pay, etc. More women would apply if the government provided support in the form of a special fund to guarantee loans to women-owned small and medium-sized enterprises. Because we now need to keep track of not just the percentage of women in the workforce but also the number of women who are business owners.

### **Contribution of female entrepreneurs to India's economic development.**

Women-owned enterprises comprise about 20.37 percent of India's MSME sector and employ roughly 23.3% of the labour force. The number of women entrepreneurs in India's economy is increasing, and their contributions should not be underestimated. Due to their ability to create jobs, accelerate growth, and promote wealth, these female entrepreneurs are vital to the Indian economy. According to recent statistics, there are 8 million entrepreneurs in India, or 14% of whom are women. Additionally, women own 10% of all formal businesses.

In India, women-owned firms account for about 20.37 percent of the MSME sector and employ roughly 23.3% of the labor force. Women run between 13.5 and 15.7 million enterprises and employ between 22 and 27 million people. They are regarded as India's economic cornerstone. Women's employment opportunities can be increased, but they can also experience less strain from working two shifts a week. The 3Rs approach—Recognizing, Reducing, and Redistributing unpaid care work performed by women—must be implemented in all areas of legislation.

**Manu Awasthy, CEO and founder, Centricity Wealthtech,** : stated, "India's social and economic demographics have been greatly impacted by women entrepreneurs and their growing presence in the country. Fifty per cent of India's startup ecosystem is being driven by women entrepreneurs, who are motivated by recognition, results, education, and meeting unmet needs. A Bain & Company survey found that women-headed start-ups have a 35% better return on investment than those led by men, and that over 45% of Indian women living in rural regions were motivated to launch a business in order to become recognized. India ranks among the top nations in the world for producing these experts, with up to 40% of women completing degrees in science and technology. Women-led enterprises are seen to operate very effectively because they require less capital but produce more net revenue, women are excellent multitaskers, women entrepreneurs are known to take more risks, and women have a dynamic capacity for adaptation.

**Sonica Aron, Managing Partner, Marching As** per the Ministry of Statistics and Programme, out of the 58.5 million entrepreneurs in India, 8.05 million are women, representing 13.76 percent of the total. Women controlled 40% of the businesses being presented on Shark Tank Season 2. In addition to generating additional job opportunities, the growing number of female entrepreneurs and business owners is also dismantling long-standing gender conventions and stereotypes and serving as role models for younger females. This will cause a significant change in the way society thinks.

Currently, women account for 22% of India's GDP, which is less than the 45% global average. Women-owned businesses are a major force behind economic growth. Even though entrepreneurial endeavours provide unique challenges, a supportive environment will make this profession incredibly lucrative and essential to the nation's progress.

### **FINDINGS OF THE STUDY**

- India has closed only 62.9% of its gender gap, placing it 135th out of 146 countries.
- 6% of startups today are run entirely by women, promoting women-driven startups and enterprises.
- women's ownership of MSMEs has the potential to rise from 14% to 30% in only a single year if they are offered an enticing tax incentive.
- Women are 8–10% more likely than men to be unbanked, according to the World Bank's Global Findex Data, which was published in June 2022
- Out of the 8 million entrepreneurs in India, women make up 14% of the total.
- Women own 10% of all officially recognized businesses.
- Women-led companies account for about 20.37 percent of India's MSME sector and employ roughly 23.3% of the labour force.
- Women run between 13.5 and 15.7 million enterprises and employ between 22 and 27 million people.
- According to Centricity Wealth tech's CEO and founder, Manu Awasthy, 50% of India's startup ecosystem is being driven by women entrepreneurs.
- A Bain & Company poll found that over 45% of Indian women living in rural regions were motivated to launch a business in order to become well-known, and that women headed start-ups have a 35% higher return on investment than those led by men.

- India ranks among the top nations in the world for producing these experts, with up to 40% of women completing degrees in science and technology.
- The Ministry of Statistics and Programme estimates that of India's 58.5 million entrepreneurs, 8.05 million are women, or 13.76 percent of the total.
- Women controlled 40% of the businesses being presented on Shark Tank Season 2.
- Currently, women account for 22% of India's GDP, which is less than the 45% global average.

## CONCLUSION

All women has unique creativity and abilities that should be nurtured for the good of society as a whole as well as for their own self-actualization. Giving women access to knowledge, technology, and credit is essential to improving their prospects and, consequently, their standing in business and the economy. Women must receive training in order to improve their technology aptitude as well as their commercial and entrepreneurial acumen. There are more and more women taking the chance to launch their own companies. Women's contributions and concerns are still far too frequently disregarded in economic structures, including financial markets and institutions, labour markets, economics as a discipline in academia, economic and social infrastructure, taxation and social security systems, as well as in families and households, due to a lack of attention paid to gender analysis. The advancement of women entrepreneurs can be aided by the provision of training, support, encouragement, suitable awareness, and a favourable atmosphere. Significant outcomes can be achieved by women entrepreneurs who are determined and have a friendly environment behind them. This has the potential to improve things and advance the socioeconomic growth of the area. In actuality women entrepreneurs have the power to leave a lasting legacy and significantly accelerate the growth and development of rural India.

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