

A Review on Financial Literacy Among Women in India

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ABSTRACT: India's financial service sector has changed dramatically and due to increased market complexity and exposure to advanced financial technology, individuals' financial responsibility increased. Literacy is a key indicator of development. As per the national center for education, only 27% of Indians are financially literate. As far as women are concerned only a small fraction of women focus on developing their wealth and investing with confidence as compared to males. So Financial literacy is essential for every woman so that she can live her life according to her preferences, thereby contributing to the overall health and prosperity of her family. Although this paper provides insight regarding financial literacy among women by using a literature-based approach. The Paper is exploratory and uses secondary sources. Secondary data was collected from websites, journals, research papers, newspapers, and various regulatory bodies. It is found that women's financial literacy is quite poor and they prefer safe and low-risk investments.

Keywords financial literacy, women, development, financial education

I. INTRODUCTION

In the last 10 years, India's financial service sector has changed dramatically and the sector has continued to expand. Due to Increased market complexity, exposure to advanced financial technology such as mobile and online payments increased the financial responsibility of individuals, and concern for retirement planning and healthcare needs make it critical to understand financial concepts and make sound financial decisions. According to the Organization for Economic Co-operation and Development (OECD) "financial literacy is a combination of awareness, knowledge, skill, attitude, and behavior necessary to make sound financial decisions and ultimately achieve individual wellbeing" (OECD, 2012). financial literacy is seen

as "Knowledge of basic financial concepts, such as the working of interest compounding, the difference between nominal and real values, and the basics of risk diversification" (Lusardi, 2008). According to a global poll conducted by Standard & Poor's Financial Services LLC (S&P), India has 17.5 percent of the world's population, but roughly 76% of its adult population does not comprehend even basic financial concepts. It will not only assist you in accumulating wealth over time but will also safeguard you and your family in the event of an emergency. As far as the individual is concerned, they must gain a full grasp of the world of finance to make better decisions that are most relevant to their financial objectives and needs, especially in a climate where the range and complexity of financial products are broadening the reach of the entire market.

In an article on financial literacy published in financial express, "In a country like India, we have close to 80% literacy, but when it comes to financial literacy, we are not so lucky," GP Garg, executive director of the Securities and Exchange Board of India (Sebi), stated. According to a poll conducted last year by the National Centre for Financial Education, only 27% of Indians are financially literate (Garg, 2020). Our entire education is focused on acquiring a job and making money, money is not taught or discussed in any way in the curriculum. Financial security is not a prerequisite for living a self-sufficient and empowered life. Financial literacy is, in reality, the cornerstone of empowerment.

The biggest challenge for our nation is women's empowerment which can only be attainable when they will be educated and financially literate and independent (Singh & Kumar, 2017). financial literacy empowers women to make an independent decision. During an emergency, it allows an individual to rebuild their lives on their terms. Currently, despite our desire for

equality, only a small fraction of women have the opportunity to focus on developing their wealth, and of those who do, only 33% invest with confidence, compared to 64% of males. Indeed, women's empowerment is seen as a "prerequisite for sustainable development, pro-poor growth and the achievement of all the Millennium Development goals" (GENDERNET, 2011). However, in India, discussing finances at home is not usual, and many women lack the fundamentals of money management, such as saving, investing, purchasing insurance, and setting aside emergency funds. The country's lack of financial literacy, on the other hand, is a serious problem, as half of knowledge is more hazardous than no information. So, everyone should have basic financial literacy.

II. IMPORTANCE OF FINANCIAL LITERACY

We need financial literacy because it will provide us with the knowledge and skills to efficiently handle our money. In the absence of the same, actions and decisions regarding savings and investments will be based on shaky ground. On the other hand, financial literacy will enable us to better grasp financial ideas and manage our finances. It will also assist us in budgeting, making financial decisions, and obtaining financial security. Financial literacy provides an in-depth understanding of financial education as well as many techniques that are critical for financial growth and success. By using the greatest debt techniques, we will be able to become debt-free. Millions of lives have been put in jeopardy as a result of the Covid-19 pandemic, which has also resulted in many individuals losing their employment or facing financial hardship. The pandemic not only had a medical and mental impact on everyone, but it also had a financial impact. This increased people's awareness of the significance of investing and saving for a rainy day. Regardless of our age, gender, education, or whether we live in the city or the country, learning how to handle our finances can be life-changing.

One of the most important methods to bridge the gap between your wealth creation journey and economic growth is to improve your financial literacy. It entails a comprehension of how accounts function, how to utilize credit cards, and how to stay out of debt. Financial literacy will leave you with a weak foundation when it comes to making savings and investing decisions. On the other hand, financial literacy will provide an in-depth understanding of financial education and methods that are critical for financial success and progress. Understanding budgeting, debt management, saving, and investing

are the most basic steps to becoming financially literate.

III. THE OBJECTIVE OF THE STUDY

The study's main objective is to investigate the financial literacy level among women in India by using the literature-based approach.

IV. RESEARCH METHODOLOGY

The study is exploratory and based on a secondary source of data which comprises books, research papers, articles, newspapers, magazines, journals, reports, and websites of regulatory bodies.

V. REVIEW OF LITERATURE

V. Mathivathani et al. (2014) assessed the Financial Literacy among Rural Women in Tamilnadu. The study determines the level of financial literacy among rural women in Tamilnadu. Women in that area have a low level of financial literacy. They concluded that the financial literacy of marginalized rural people is low. The percentage of women in the workforce is extremely low. Research suggests the development of financial literacy would assist women in making better financial decisions, financial judgments, and proper financial service use as well as items. It would also aid in the accumulation of wealth and their personal development is aided by their financial well-being as well as societal progress.

Akshita Arora (2016) focused on the Assessment of Financial Literacy among Working Indian Women, to determine women's financial literacy levels. Only 444 women replied to the survey, which was performed on 700 working women in Rajasthan's urban areas. The level of financial literacy was assessed using three parameters: financial knowledge, financial conduct, and financial attitude, and it was discovered that women's overall awareness of financial planning tools and approaches remains low.

Prajakta Joshi's (2013) work on, The Way of Financial Capability is through Financial Literacy: Indian and Global Scenario, she seeks to explain financial literacy and its relevance, as well as contemporary financial literacy activities that are taking place in India and other areas of the world. Her research is descriptive, and she relied on secondary data from the World Economic Forum, books, and journals to support her findings. According to the survey, financial literacy in India is now on the rise. The Reserve Bank of India, commercial banks, SHGs, NGOs, and the government have all taken steps in this direction, but coordinated efforts are still needed because the bulk of the people is still dependent on day-to-day

earnings and is unable to think about saving and investing.

Ratna Achuta Paluri (2016) investigated the factors that influence Indian women's economic attitudes and classified them according to their attitudes. It is found that only one-third of respondents did not buy any financial products, most preferred products were fixed deposits and insurance. And also found that cluster 1 followed by cluster 3 seems to be attractive for marketers, cluster 4 is unattractive. Baluja (2016) observed that several cultural, economical, psychological, and physical challenges are preventing many Indian women from becoming financially literate.

Lusardi and Mitchell (2008) conducted a study on planning and financial literacy: how do women fare? The result showed that variables are closely related that is financial knowledge and planning and women who show higher financial literacy are good in planning but in the case of older women financial literacy level was low and the majority of women did not plan for retirement.

Roy and Jain (2018) studied 150 working women of Jaipur city. Their result shows that females are highly risk-averse and they have to lack knowledge regarding banking services. and also, they do not take consultant service in managing their saving.

Kamini Rai et al. (2019) conducted a study on 394 working women in Delhi. They analysed three main factors of financial literacy: financial knowledge, financial behavior, and financial attitude and for testing the hypothesis, they used path analysis. the result shows that there is a strong association of two independent variables i.e., financial behavior and financial attitude with financial literacy but the third variable is not shown any significant association with the financial literacy of working women.

(Agarwal, Ansari, Yadav, & Kureel, 2015) conducted a study on financial literacy importance for managing finances and investment patterns of both teaching and non-teaching female staff (20 teachings and 20 non-teaching female staff) in the education sector of Jhansi District. It is found that most working women preferred only bank and post office fixed deposits. they have a lack of knowledge regarding other avenues.

Gupta and Sinha (2020), assessed the level of financial literacy amongst 538 women residing in a slum area of Delhi NCR and the result showed that around three fourth of the respondent i.e., 74.33 percent are financial literate in that area which is above the national average of 20% as per of survey by S & P in 2015. Results also revealed that women are highly risk-averse and their most preferred

instrument is fixed deposit followed by the pension scheme.

(solanki & prasad, 2020) assessed the financial literacy level among the working women in the city of Jaipur, the assessment was based on their financial knowledge, attitude, and behavior. Data were analyzed through frequency and percentage and gap analysis. the study concluded that they were aware of financial products, but their involvement is limited in decision-making issues related to finance due to traditional beliefs.

VI. CONCLUSION AND SUGGESTION

Women have a low level of financial literacy. Women are more risk-averse than men, preferring safe or low-risk investments including fixed deposits, post office schemes, gold, insurance, provident funds, and national saving certificates. Their decisions are frequently based on the family's best interests. However, research indicates that the majority of Indian women do not have bank accounts or have restricted access to banking services. As a result, every individual, regardless of gender, age, or social class, must arm themselves with knowledge of the many financial products available on the market. It is a personal decision whether to use them or not, and family and partner support are also important in acquiring financial literacy. Though the Indian government has taken several steps to empower women and make them financially independent, more has to be done to help them take control of their lives.

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