

An Empirical Study on Financial Literacy amongst Rural Women in the Prayagraj Region

Dr. Priyanka Saxena¹, Prof. Archana Chandra²

¹ Assistant Professor, Faculty of Commerce and Management, Prof. Rajendra Singh (Rajju Bhaiya) University, Prayagraj,

² Professor, Faculty of Commerce and Management, Prof. Rajendra Singh (Rajju Bhaiya) University, Prayagraj

Abstract

The primary challenge faced by the country revolves around empowering women, which can be achieved by ensuring their financial literacy and subsequent financial independence. It is commonly believed that women possess good skills in saving, budgeting, and managing expenses. Various studies support this notion, but it is observed that women often hesitate when it comes to making significant financial decisions, relying instead on their male counterparts whom they believe have better financial expertise. Additionally, it is assumed that even though rural women may be literate, they face specific obstacles that prevent them from actively participating in financial decision-making processes. To address these issues, a research study was conducted in multiple districts of the Prayagraj region to assess the level of financial literacy among rural women and identify the constraints preventing their involvement in financial decision-making. The study collected data on various factors such as age, marital status, education, and income of the rural women to analyze their level of financial literacy. Data was collected using surveys and the Participatory Rural Appraisal Method. The collected data was then analyzed using SPSS version 21, and an independent sample test was employed to test the hypotheses.

Keywords: Financial Literacy, women empowerment, Participatory Rural Appraisal, Economic Growth, Bank

Introduction

Women represent a major part of the population. Despite the fact that they can immensely contribute to sustainability, they are seen struggling even for their basic rights and essentials of living. It has been observed across various cultures, that women and girls are raised to take care of others since birth. Indian Women by nature are good at managing household expenses with their habit of saving and budgeting. Therefore, the need of financial literacy is necessary for women in the Indian context as well as around the world. The OECD (2013) defines “Financial literacy as a combination of awareness, knowledge, skill, attitude, and behavior of individuals that are required to make a good financial decision and to achieve individual financial well-being.”

Financial literacy helps individuals to take the right financial decisions related to the use of money. The lack of financial literacy tends to increase the wrong financial decisions and it ultimately contributes to the slow economic growth in various countries. It has been observed various studies show an adequate level of financial literacy increases the standard of living of individuals. People believe themselves well informed but actually, they are less informed than average and women are less financially literate than men (Lusardi, 2011). Gender is the main factor that describes the gap in financial literacy level between men and women. Men’s financial literacy is increasing faster than that of women. Women are not performing well in taking the right financial decisions (Jawak, 2021). Various studies around the world support the same findings, the gender gap in financial literacy among individuals (Raja L., 2017) which state that women face various difficulties in making savings and choosing financial products appropriately. However, the gender gap also exists in India. India is committed to women empowerment and providing various opportunities to women for enhancing and facilitating their personal financial activities. Various schemes of the Government of India are inclined towards economic, financial, and social development and growth of rural women. Government initiatives to spread awareness of these schemes will definitely show results in the coming decades. Also, educational institutions

play a crucial role in empowering these rural women through conducting financial literacy sessions and other related activities. Educational institutions can contribute by working on projects inclined towards the development and empowerment of women.

Review of Literature

(Khizwan, 2016) identified the level of financial literacy among working women in the Pune region and also assessed the knowledge of females towards investment in various financial instruments. A structured closed-ended questionnaire was distributed among working women in Pune. The result revealed that most of the females do possess certain kinds of financial knowledge, but they are still financially illiterate. Women in urban areas have the financial freedom to take decisions not only with respect to their personal investments but also for the family as a whole but still majority of females are highly ignorant about different investment opportunities in the market.

(Dubey, 2017) identified the level of financial literacy among women in rural areas of Tamil Nadu. The study found that the financial literacy of marginalized rural women is very low. Therefore, the proper development of financial literacy would help women to better financial decision-making and proper utilization of financial services and products. Dwivedi et al. (2015) analyzed the NCFE report on financial literacy and financial inclusion in India on the basis of occupation, geographical area, and gender mix. The study found that the urban population is more financially literate than the rural population.

(Yadav, 2015) identified the financial literacy of eleven migrant African-Australian women entrepreneurs in the Cairns region. A qualitative case study approach was used to investigate the financial literacy of eleven women via semi-structured interviews, survey questionnaire, and the researcher's reflective journal. The result revealed that women had a high level of financial literacy. The higher level of education and English language proficiency of the women leads to a higher level of financial literacy.

(Shobha, 2019) conducted a survey on the perception of women towards personal financial planning in the city of Bengaluru. The study revealed that Indian women give priority to family and children's requirements more than their requirements for financial needs and individualistic financial security. Also, difficulty in convincing the spouse and family is also a challenge to the women to create their financial plans. The study also found that women still feel that gold, real estates, bank deposits, insurance products, and provident funds are the safest instruments for investing, while they feel that mutual funds, derivatives, chits, stocks, and shares as riskier investments. Hence, a lack of knowledge on new instruments influences their ability to earn returns for them.

(Jawak, 2021) identified the impact of financial literacy, financial attitude and financial well-being on women's economic empowerment. The survey was conducted through questionnaire. Total 300 working women of Pakistan from the non-financial sector participated in the survey. The target population consist of women working in the educational sector, telecom sector, medical sector etc. Non-probability convenient sampling technique was applied to select the sample from the population. The result disclosed that financial literacy, financial attitude and financial wellbeing are positively and significantly related to women's economic empowerment. Higher level of financial literacy and positive financial attitude in women greater will be the financial wellbeing it increase the women's economic empowerment. Women's economic empowerment was affected by age, education, income, profession, marital status, saving and investment behaviour.

(Kohli, 2018) identified various ways that can be implemented to raise financial literacy among women in Zimbabwe. Using the Relative Importance Index (RII), the study seeks to determine those ways with greater impact when implemented. The result revealed that 32 methods have been identified to have a positive impact on women financial

literacy levels. The study found a minimum RII of 0.7184 and a maximum of 0.8922, indicating greater importance of the identified methods. Using the Box and Whisker plot technique, no outliers were observed in the response data.

(Krishna S., 2018) identified the level of financial literacy among women employees working in banks. The data was collected through structured interview schedule, from 188 women employees working in bank branches situated in Kolhapur district. The financial literacy of women employees has been analysed by focusing on three dimensions of financial literacy i.e. financial knowledge, financial behaviour and financial attitude. The result disclosed that 48.4 % women employees have medium and moderate lower-level financial literacy and only 5.3% women employees have higher level financial literacy. Every bank should arrange training and development programme on financial literacy for their employees.

(Raja L., 2017) examine the level of financial literacy of women in Dharwad District. Total 100 women were interviewed to know their financial ability and proficiency. The statistical tools used were factor analysis, T-Test and One-way Anova. The result showed that only 30 percent women were comfortable and found that the gray area was mutual fund investment and return of it. The significant investment avenues which were important and not concentrated were bank deposits and gold markets. Women are careful during investments and they know very well about the risk involved in markets. They keep financial goals, targets and achieve them successfully. The women invest their funds across various portfolios to minimize the risk.

(Prakash S., 2013) identified the impact of financial literacy among the rural poor on their economic empowerment in Sri Lanka. The sample was drawn from underprivileged families who are living under the poverty line in 09 provinces in the country. A total of 386 completed questionnaires were taken for final analysis. Data were collected with the self-administrated questionnaire. The sample was selected based on the multilevel mixed sampling method. The findings revealed that financial literacy has a significant impact on women's economic empowerment among the rural poor. However, when it was considered under separate dimensions, financial well-being, and control over time allocation have a significant impact on financial literacy among rural women. Furthermore, all the hypotheses were accepted after the analysis. Therefore, financial literacy can be considered as a significant determinant of women's economic empowerment in the Sri Lankan context.

Objectives of the Study

1. To find out the level of Financial Literacy amongst rural women.
2. To identify the factors affecting financial literacy amongst rural women.

Hypothesis

Research Methodology

For the purpose of the study Primary data was collected through a self-structured schedule that was collected with the help of interaction and bond-building activities amongst 175 rural women in various villages in the districts of Prayagraj region. The data analysis was conducted with the help of the SPSS 21 version. Statistical test and independent sample test was applied to data for hypotheses testing. Chaka Handia, Meja Karchana Soraon

To understand level of Financial Literacy of rural women age, marital status, education and income level are being analysed with the help of hypothesis.

Hypothesis 1

H01: There is no relation between age and financial literacy level of women.

Table 1: Financial literacy of different age group

Variables	Total sample	No. of Respondents	Financial literacy Mean value	Test value	Significance
Age (years)	18-30	71	91.32	18.896	0.001
	31-40	49	99.39		
	41-50	30	93.53		
	51-60	19	56.29		
	More than 60	6	28.42		

Interpretation: The table 1 describes financial literacy of different age group rural women. From the table it can be seen that the p value is 0.001 which is less than 0.05. Therefore, the null hypothesis is rejected and conclude that the financial literacy level and age of the women are related to each other.

Hypothesis 2

H02: There is no relation between marital status and financial literacy level of women.

Table 2: Financial literacy of different marital status

Variables	Total sample	No. of respondents	Financial literacy Mean value	Test value	Significance
Marital status	Single	62	89.15	0.05	0.823
	Married	113	87.37		

Interpretation: The table 2 describe the financial literacy of married and single respondents. The table shows that the financial literacy level of single respondents are more than married respondents. From the table it can be seen that the p value is 0.823 which is larger than 0.05.

Hypothesis 3

H03: There is no relation between education and financial literacy level of women.

Table 3: Financial literacy of different educational background

Variables	Total sample	No. of Respondents	Financial literacy	Test value	Significance
Education	No education	4	8.38	32.332	0.000
	Primary	9	26.94		
	Secondary	11	53.05		
	Higher secondary	17	94.88		
	Graduation	57	96.97		
	PG or above	77	97.19		

Interpretation: The table 3 describe the financial literacy of different educational background. "PG or above" group women are more financial literate as compare to other. From the table it can be seen that the p value is 0.000 which if less than 0.05. Therefore, the null hypothesis is rejected and conclude that the financial literacy level and education of women are related to each other.

H04: There is no relation between income and financial literacy level of women.

Table 4: Financial literacy of different income group

Variables	Total sample	No. of respondents	Financial Literacy Mean value	Test Value	Significance
Income	Less than 2 lakhs	42	82.76	6.825	.004
	2-4 lakhs	43	80.17		
	4-6 lakhs	46	84.97		
	6-8 lakhs	28	94.28		
	More than 8 lakhs	16	109.27		

Interpretation: The table 4 describe the financial literacy of different income group. From the table it can be seen that the p value is 0.004 which is less than 0.05. Therefore, the null hypothesis is rejected and conclude that the financial literacy level and income of women are related to each other.

Findings

1. Financial literacy level amongst rural women is not good as the p-value is 0.001 which is less than 0.05.
2. The financial literacy level is higher in the age group 31- 40, the mean value is 99.39 The result shows that the difference is statistically significant. Therefore, the financial literacy level and age of the respondents are related to each other.
3. Single respondents are more financially literate as compared to married. The result shows that the p-value is 0.823 which is larger than 0.05 and therefore the difference in women's financial literacy level based on marital status is not statistically significant.
4. Education of the respondents is positively correlated with financial literacy level. The result indicates an increase in education level with an increase in the financial literacy level of women. The result was also statistically significant.
5. The income of respondents has positively correlated with the level of financial literacy and the p-value is 0.004 which is less than 0.05 exhibits that the financial literacy level is increases with the increase in income level. The result is statistically significant.

Factors Affecting Financial Literacy amongst rural women

Participatory Rural Appraisal (PRA) Method is used to identify the factors affecting financial literacy among rural women. In the PRA method end users i.e., rural women were involved, and based on their interaction and opinion following factors are being identified. And during the study, some suggestive measures were also taken to improve the level of literacy.

1. **Family ties:** Women in India are very emotionally attached to their families. They are supposed to attend to all the domestic work, to look after the children and other members of the family. They are overburdened with family responsibilities like extra attention to husbands, children, and in-laws which take away a lot of their time and energy. In such a situation, it will be very difficult to concentrate on Financial Literacy programs.
2. **Male-dominated society:** Even though our constitution speaks of equality between sexes, male chauvinism is still the order of the day. Women are not treated equal to men. Their entry to business requires the approval of the head of the family. Entrepreneurship has traditionally been seen as a male preserve. All these put a break

in the growth of women.

3. **Lack of education:** Women in India are lagging far behind in the field of education. Most of the women (around sixty percent of total women) are illiterate or less educated. Those who are educated are provided either less or inadequate education than their male counterpart partly due to early marriage, partly due to their son's higher education, and partly due to poverty. Due to a lack of proper education, women remain in the dark about the development of the financial sector and other governmental support which will encourage them to invest.
4. **Social barriers:** The traditions and customs that prevailed in Indian societies towards women sometimes stand as an obstacle before them to grow and prosper. Casts and religions dominate. and in rural areas, they face more social barriers. They are always seen with suspicious eyes. This is why they feel shy or hesitant to attend these financial literacy programs.
5. **Fear of taking decisions:** Rural women generally hesitate to take decisions related to money or express their point of view on money matters. As they have grown up with the mindset that their job is only related to household management, taking care of family members. Since they are not allowed to participate in the financial decision-making of the family or visit financial institutions, they have developed a fear because of a lack of knowledge.

Suggestive measures taken during the study



Figure 1: Participatory Rural Method: Interaction with Rural women

- **Visit to the bank:** Basic understanding of cash withdrawal and deposit. During the interaction, it was pointed out that few people in the village charge fifty percent of the money to be deposited or withdrawn as a service charge. So, when these women were taken to the nearby bank i.e. Bank of Baroda they were quite hesitant initially but bank employees motivated them and told them about basic bank facilities and important government schemes.

Participatory Rural Appraisal (PRA) Method was used where end users i.e. rural women were involved and based on their opinion some suggestive measures were planned.



Figure 2: Visit to Bank of Baroda

Conclusion

In the present scenario, there is a crucial need for financial literacy among rural women. Their financial literacy will contribute towards financial inclusion. In this paper, several factors were identified which are affecting the financial literacy of rural women after understanding the level of financial literacy. Based on the inferences drawn it can be concluded that marital status does not affect the level of financial literacy. It means no difference exists between single and married women in respect of financial literacy. Other demographic and socio-economic variables age, education level, and income status differ significantly in terms of financial literacy. The current study is not free from limitations. Firstly, the study has been conducted on rural women of various villages in the districts of Prayagraj Region only it may not be applicable in other cities in India. Secondly, the study covers only rural women which may not be applicable to the financial literacy of urban women, males and students, etc. At last, only demographic and socio-economic variables have been included in the study while other variables like the influence of Self- Help Groups, religious influence, the influence of male members of the family, etc. Pradhan of the village is also playing an important role in the development of the village and hence plays a vital role in improving the level of financial literacy. All these variables could be investigated in the future. For future studies, the researcher can reduce these limitations and can include a larger sample size.

References

- Dubey, P. S. (2017). Improving Financial Literacy among Women: The Role of Educational Institutions. *Economic Challenger*, 309-315.
- Jawak, K. M. (2021). Financial Literacy in Women of Developing Nations. *Journal of Research in Business Management*, 451-458.
- Khizwan, M. K. (2016). A Study of Financial Literacy among Working Women in Pune. *International Journal for Scientific Research and Development*, 2457-2459.
- Kohli, K. G. (2018). Financial Literacy: the case of migrant rural families. *International Journal of Research in Education*, 567-573.
- Krishna S., T. P. (2018). Economic development through the upliftment of Women. *International Journal of Commerce and Management*, 2567-2574.
- Prakash S., S. P. (2013). Impact of Financial Literacy on Women's Economic Empowerment. *Journal of Research in Economics*, 521-530.
- Raja L., L. K. (2017). Financial Literacy a Tool for Economic Growth. *Journal of Research in Management*, 32-41.
- Shobha, P. S. (2019). A study on the Perception of Women towards Financial Planning in the City of Bengaluru. *Asia Pacific Journal of Research*, 15-22.
- Yadav, K. K. (2015). Women's Economic Empowerment through Financial Literacy. *International Journal of Business and Social Science*, 227-236.