



# Financial literacy of women and its impact on investment decisions

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## Abstract

Financial literacy is the ability to understand and effectively use various financial skills, including personal financial management, budgeting, investing, borrowing and taxation. Financial literacy means you have ability to weigh the pro and cons of a money decision and confidently choose what to do. Being financially literate doesn't mean that you know everything about money, but you do know what questions to ask to make an informed decision. In this study I have presented that today's women while they are working or non-working are at par with men in all fields, Women who are of young age, having children and facing disruption in marital life are more likely to face financial distress. Reasons behind women's less participation in financial decisions can be attributed to lack of financial education, less money management discussion with female members of the family and lack of awareness about innovative financial products and services.

**Keywords:** Financial literacy, working women, investment decision, economic development, budgeting

## Introduction

In our country, where poverty and unemployment are the major problems, it is very crucial to financially literate the women to fuel the engine of growth by providing opportunities to women to contribute to economic growth. There are instances of extreme poverty reported by women post the death of the earning member of the family. However, such instances could have been avoided with future financial planning, contingency savings and emergency funds. The investment and financial planning remains a weak point of Indian women, despite of being highly educated and working at good position (Arora, A. 2016).

According to the Humanity Welfare Council, 80% of women in India struggle with financial literacy. And around 62% of Indian women do not own bank accounts or have limited access to banking services (economic times 2023). Many Indian women face a number of cultural, economic, psychological, and physical restrictions that make it difficult for them to become financially literate, despite the fact that it is crucial that women be given equal power to conduct financial decision as men. Despite government efforts, a significant gender disparity remains in the percentage of adults who are financially literate. Therefore, more universities should be founded to educate women, and more programs tailored to women's financial needs should be provided. Financial literacy of women would not only help women to gain autonomy and agency, but it would also boost the nation's economy.

A financially literate person knows that if their take home salary or income in a month is Rs. 20,000, they cannot spend more than it each month without going into debt. Someone with a higher level of financial literacy may know that they should save some of that Rs. 20,000 for the future. someone with even more financial literacy might be familiar with the 80/20 budgeting rule. (spend 80% save 20% of your income) an aim to set aside Rs. 4,000 of the Rs.20,000 they have coming in each month. One person might choose to put all Rs. 4,000 in a high-yielding savings account and another choose to use that Rs. 4,000 to buy stock. both are financial literate's choices, depending on each person's goals, Understanding of those products and risk tolerance.

Women are good at budgeting and managing household expenses but many women take their steps back when it comes to take larger financial decisions and they generally leave it to their spouses ,fathers , brothers etc , believing them to be financial experts. Women are less experienced about the basic aspect of financial life. A minimum basic level of financial literacy is very essential for every woman so that they can live their life according to their own choices and take their savings and investments decisions in more effective and efficient manner hence contributing the healthy and prosperous life of their family as a whole (Singh C., Kumar R.2017). Research suggests that women tend to be more apprehensive about their future but are more uneducated about how to secure it, and usually face more monetary challenges than men while making financial decisions (Anthes and Most, 2000).

## Literature Review

Dr. Budheshwar Prasad Singhraul, Yashvi Batwe(2022) Conducted the study to examined over different professional women including salaried, business women, professionals who are regarded as more practical and knowledgeable about the financial world and even housewives as they are not much aware of the financial markets. The goal of the research was to answer questions about the investor behavior of housewives and professional women, as well as their investing patterns , in order to better understands their investment goals and satisfaction levels . The study is grounded from both primary and secondary data sources with the sample size of 100 women live in the Bilaspur city. The analysis of the study is based on SPSS software under which various statistical tests and tool were applied like frequency , percentage, and ANOVA.

Chetna Singh, Raj Kumar (2017) conducted a study on women's financial literacy level. The researcher shows a minimum basic level of financial literacy essential for every women so that they can live their life according to their own choices hence contributing the healthy and prosperous life of their family as a whole. The purpose of this study was to give an overview about the financial literacy among women in developing country like India.

Kamini Rai, Shikha Dua, Miklesh Yadav (2019) In the present study ,authors have presented an association of knowledge, financial behavior and financial attitude towards the financial literacy level among working women in Delhi ,India. The sample size of 394 working women from various public and private organizations of Delhi has been incorporated for the research. A structured questionnaires designed on a 5-point Likert's scale has been used based on purposive sampling. The finding revealed that financial attitude and financial behavior has strong association with financial literacy of working women then financial knowledge.

Dr. Garima Baluja year (2016) in this research it has been observed that although it is imperative that women should be given equal power to take financial decisions as taken by men, yet many Indian women are facing several cultural, financial, psychological and physical barriers that are creating hindrances in becoming financially literate.

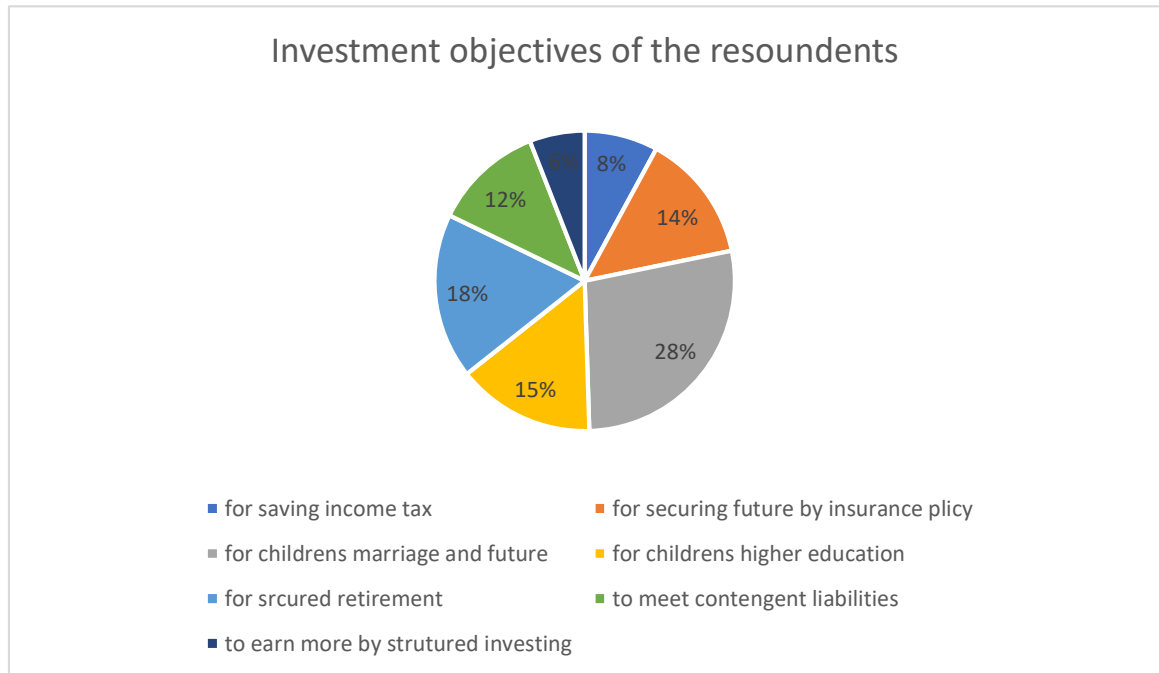
Akshita Arora (2016) in the study the researcher determines the financial knowledge of working women who have there origin in rural areas or villages prefer poor as compare to there urban counterparts and the lack of financial knowledge is severe among women especially with low education attainment.

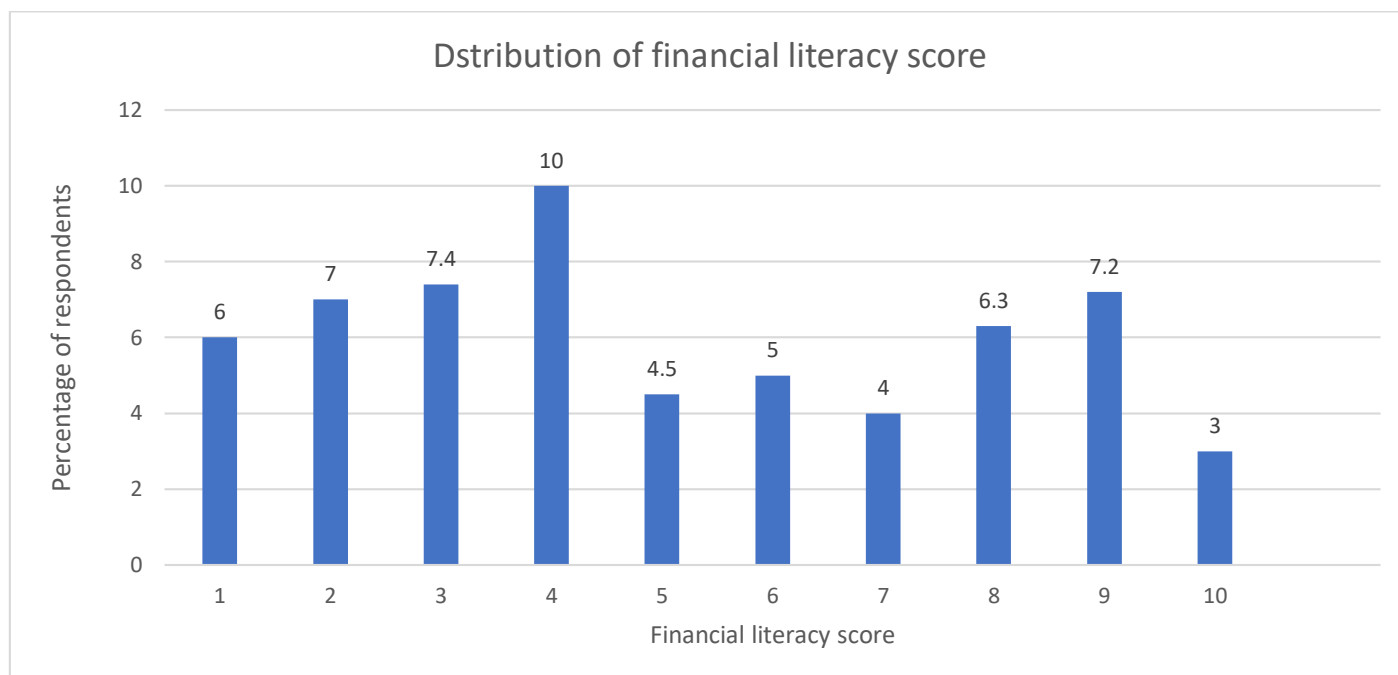
## Methodology

To measure the financial level of literacy a systematic sampling was used for data collection. The questionnaire was distributed to more than 130 women employes in govt. and private sector, but only 100 questionnaire were useful for the study. A structured questionnaire was formed for the purpose of study. The questionnaire also examine the awareness level of individual women based on their present investment pattern. Apart from the core questions, our questionnaire also asks the demographic information from the women individual such as their age, education, marital status, income, type of organization they work in etc.

Age -> between	20 – 30 years	12%
	30-40 years	60%
	40-50 years	18%
	Above 50	10%
Education	Intermediate	30%
	Graduate	34%
	Post graduate	21%
	Other degree	15%

Marital status	Married	52%
	unmarried	48%
Income per annum	2-5lakh	24%
	5-10	36%
	10-15	28%
	15 above	12%
Type of organization	Govt.	55%
	private	45%





**The average financial literacy score obtained in the survey is 6 implying that the financial literacy level of majority of employed women is not very high. This is the score when the sample belongs to educated working women; it would have been worse if the financial literacy of unemployed and uneducated women is surveyed.**

## Conclusion

The results shows that many women are cautious about saving money for future despite of being from middle income group but poor financial knowledge and lack of awareness about investment products available in market proves to be hindrance for them. This paper analyzes the issue of financial literacy among women in India. In the current circumstances we have to take initiative to uplift women's financial literacy level as they play a vital role in the country's economy, Once she is comfortable in financial affairs, she can teach the same to their children and other family members.

It is truly said that-

"It is impossible to think about the welfare of the world unless the condition of women is improved. It is impossible for a bird to fly on only one wing." - **Swami Vivekananda**

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