

Financial Literacy Among Rural Women in India

*Poonam¹, Manisha Kumari¹ and Ruchika Chaudhary²

¹Department of Extension Education and Communication Management, College of Community Science, Assam Agriculture University, Jorhat-785001(Assam)

²Department of Agronomy, Maharana Pratap University of Agriculture and Technology, Udaipur -313 001 (Rajasthan)

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The term "financial literacy" refers to a person's knowledge and awareness of financial issues and is most commonly associated with personal economic issues. It also necessitates a thorough understanding of financial principles such as compound interest, financial planning, credit card operations, cost-effective savings methods, and consumer rights. Rural communities have lower levels of financial literacy than urban and metropolitan areas. Financial literacy is required for efficient financial decision-making and money management, therefore financial information and understanding are critical for rural women. Individuals that are financially literate can make efficient use of financial products and services and they will not get cheated by people selling financial products not suited for them. Financial literacy is important for several reasons.

Financial Literacy Data

There is a gender gap between men and women in almost every country in case of financial literacy as well. Worldwide, there is a five-point gender gap, with 65% of men not being financially literate compared with 70% of women. In India, the gap is wider with 73% of men and 80% of women (more in rural areas as compared to urban) not being financially literate (S&P survey, 16thDec 2015).

Barriers to Acquire Financial Knowledge for Women:

Social and cultural: In order for services or programmes to be available to working women, they must be given in a culturally appropriate manner that respects varied social and cultural needs while also respecting women. Other than their immediate demands, the women acknowledged that poverty has many effects on women's ability to plan financially. Another motivation for women to get financial education is poverty, as they cannot afford to obtain information through the media. Access to financial services is also motivated by a partner's



dominance. Women in rural areas are subjected to low-paying jobs such as agricultural labour. Inadequate income is another barrier to financial inclusion.

Physical barriers: In rural and isolated locations, public transportation was so scarce that it was common for women to spend an entire day in the nearest town to conduct banking and other business. Physical hurdles for women in rural areas include the lack of banks, financial institutions, and financial education centres.

Educational barriers: The majority of rural women do not have a good education. They are unable to read and write information obtained through the media or other sources. Women's lack of higher education led to a lack of understanding of financial facts. A primary cause for getting information regularly is a lack of computer understanding. The inability to assess financial data is also due to a lack of knowledge and numerical skills. The majority of women in rural areas solely speak their native tongue. Bilingual communication in Hindi and English is used by the bank and central government financial entities.

Financial barriers: The majority of rural women do not contribute financially to their families. They are unable to make financial decisions for their families on their own. They cannot afford to receive financial education from for-profit colleges. A family's poverty is another reason to learn about money.

Efforts Made in the Field of Financial Literacy

RBI'S Initiatives on Financial Literacy: The Reserve Bank of India has undertaken a project titled "Project Financial Literacy". The Objective of the project is to disseminate information regarding the central bank and general banking concepts to various target groups, including, school and college going children, women, rural and urban poor, defence personnel and senior citizens. The project has two modules, first module is focused on the economy, functioning and activities of RBI and second module is focused on the general banking functions. The Bank on its web site has also created a link to facilitate easy access to information for the common people; the information is available in 13 regional languages which helps people in their dealings with banks.

SEBI'S Initiatives in the Field of Financial Literacy: Securities and Exchange Board of India (1992) has designed different modules in their financial literacy program at different segments like financial education at school level, at college level. They have different modules for executives, home makers and middle-income group. SEBI has their resource



person who have the knowledge of financial markets on different aspects and these executives organize different workshops for making aware of basic financial matters like savings, investments, insurance, retirement planning etc to all the target group.

IRDA'S Initiatives in the Field of Financial Literacy: Insurance Regulatory and Development Authority Act (1999) has taken various initiatives in the field of financial literacy. They conducted different awareness programs and circulated simple messages about the rights and duties of policyholders through television and radio channels. IRDA conducts an annual seminar on policy holder protection and welfare, and also publishes the "policyholder Handbooks" as well as various comic series on insurance.

Initiatives by other Banks: Apart from the Reserve Bank of India and other commercial banks, the private banks and multinational banks also do their effort to boost the financial literacy. The initiative in opening FLCCs in the country such as initiative of Bank of India, "ABHAY" Counselling centre and Disha Trust, an initiative of ICICI Bank Ltd. Many other Banks are reaching out to the financially excluded in at least three modes, separately or in combination. "Sarthee" Bank of India's Programme is "Abhay" and Canara Bank Mobile Van called "Canara Gramina Vikas Vahini" while Dena Bank named its programme as "Dena Mitra", Allahabad Bank has named its programme as "Samadhan" (Hemanath, 2012).

Initiatives by Non-Government Organisation (NGO) Non-Government: Organisations started financial literacy programme as a part of their Self-Help Groups development programme. The Mangalore based Institutions started a programme named "Jnana Jyothi Financial Literacy and Credit Counselling Trust" which was jointly sponsored by Syndicate Bank and Vijaya Bank. People's Education and Development Organisation (PEDO), Durgapur, Rajasthan, IBTADA, Alwar, Rajasthan, Centre for Community Economics and Development Consultants Society (CECOEDECON).

Suggestions to Improve Financial Literacy

- More awareness initiatives about fundamental financial services and their benefits should be developed at various levels, particularly in rural and regionally backward areas.
- The government should ensure that various promotional programmes, such as the "Jan Dhan Yojna," reach women, particularly those living in rural and tribal regions, in



order to achieve the goal of organising these promotional programmes, which is to provide basic banking facilities on a greater scale.

- The government may develop a women-only team to assist women in locations where they are unable to leave their homes for any type of information, so that they can learn basic money management skills its importance as well as how these can help in their own financial condition and family too.
- If women truly want to enhance their financial literacy, they must seize the opportunity and make use of the financial knowledge available to them. Women must attend an increasing number of workshops, seminars, and financial management courses in their local area in order to gain greater financial expertise.
- In rural regions, banks must communicate in vernacular, regional, or local languages, which may assist women in understanding information from banks, given the low literacy rate among women, particularly in rural areas.
- Basic financial and money-related concerns must be discussed among families, particularly with female children, so that they comprehend the fundamentals and its importance in their future thus helping them understanding the actual meaning of empowerment since their childhood.
- Women must develop the habit of financial planning as soon as they begin working and must be clear about their long-term financial goals so that they can more effectively use their earned money to ensure their future and after retirement, so assisting them in reaching their financial goals.
- Women should keep a financial diary in which they can record their weekly or monthly spending and attempt to regulate or spend wisely so that they can maintain regular savings, which will ultimately benefit them and their family in the event of unforeseen future expenses.

Conclusion:

The financial literacy of rural women who are marginalised is quite low. Financial literacy would assist women in making better financial decisions and making effective use of financial services and products. It would assist them in accumulating riches and improving their financial situation. It will contribute to both their personal and social growth. Their financial contribution would aid the economic development of our country.



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