

Research Article

**Evaluation of Financial Literacy among Rural Women in India: With Special Reference
Himachal Pradesh**

¹Dr. Sunita Kumari,

Assistant Professor, Management Department, Abhilashi University, Himachal Pradesh

²Dr. Jyoti Sondhi ,

Assistant Professor, Management Department, Abhilashi University Himachal Pradesh

Email:sunitakumari.iiu@gmail.com

Abstract

Financial literacy and economic growth are the two sides of the same coin and this is very important for the people of a country to be financially literate to participate in the growth of the country. It is not so that only tax payers of the country are the sole basis of the development of the country, in order to observe an overall growth people from all the dimensions and fields participate equally in the same. In the lieu of the same present research is based on the financial literacy of the women in various districts of Himachal Pradesh. It has been observed from various reports and researches that the women in the rural areas are the earning members of the family but their efforts are being not really recognized, this is because of the male dominated society. But against all odds the rural women are notifying their active participation in the development of the society and financial literacy is the important aspect of the same. This study is based on the analysis of financial literacy of the women in rural areas of Himachal Pradesh. This present study is based on primary data and 100 women are taken as the sample of the study and all the relevant dimensions are being evaluated. Statistical analysis is done by SPSS and presented in the graphical and tabular form.

Keywords: Women, Financial Literacy, Development.

Introduction

The concept of inclusive growth calls for the far reaching effect of financial literacy and in a developing country like India this becomes more important because in the rural as well as urban areas there are people who are thriving for basic education and for them to understand the financial matters is a thing of next level. This is a well-known fact that the overall development of the country is based on the knowledge of its people about the finance related matter. Here the basic requirement is that the people are able to understand their own financial matters and are able to operate their bank accounts. The drive of financial inclusion in the country is trying to assimilate each and every individual, irrespective of the cast, creed and gender. It is the motive of the government that all the scheme related benefits should reach directly to the beneficiary and all the intermediaries are eliminated.

Evaluation of Financial Literacy among Rural Women in India: With Special Reference Himachal Pradesh

In case of women in rural areas, the level of financial literacy is at its lowest stair, they are not able to operate their account, keep the track of their own finances and even there are women who are not literate. The OECD (Organization for Economic Co-operation and Development) defines “Financial Literacy as a combination of financial awareness, knowledge, skills, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial well being. People achieve financial literacy through a process of financial education”.

Demographic Profile of Himachal Pradesh

In the below given table the growth of population and other demographic components can be clearly observed. The tables state the said detail in two formats, table 1 shows the summary of males and female population (including sex ratio) and table 2 shows the details of the same components along with literacy rate.

Table 1: Summary of Demographic Components

Year	Population (in Lakhs)			Decennial growth of population (%)	Sex Ratio		Male female literacy Rate (%)		
	Male	Female	Total		(0-6)years	Average	Male	Female	Total
1951	12.48	11.33	23.35	5.42		912	7.5	2.0	4.3
1961	14.51	13.61	28.12	17.37		935	27.2	6.2	17.1
1971	17.67	16.93	34.60	23.04	-	955	43.20	20.20	31.96
1981	21.70	21.10	42.50	23.71	-	973	53.19	31.46	42.43
1991	26.17	25.53	51.70	20.79	951	976	75.36	52.13	63.86
2001	30.55	29.50	60.77	17.53	397	965	55.30	67.40	76.50
2011	34.74	33.33	63.57	12.31	909	974	90.53	76.60	83.73

Source: Census of India-1951, 1961, 1971, 1981, 1991, 2001 and 2011.

Table 2: District Wise summary of Population

District	Persons	Total Population		Literacy Rate (percent)			Sex Ratio	Child sex ratio (0-6) years
		Male	Female	Persons	Male	Female		
Bilaspur	332056	192327	139229	35.67	92.39	73.90	931	900
Chamba	518344	260348	257996	73.19	34.19	62.14	939	953
Hamirpur	454293	216742	237551	39.01	95.23	33.44	1096	337
Kangra	1507223	743559	753664	36.49	92.55	30.62	1013	376
Kinaur	54293	46364	37934	30.77	33.37	71.34	313	963
Kullu	437474	224320	213154	50.14	33.30	71.02	950	962

L.&S	31523	16455	15073	77.24	36.97	66.50	916	1033
Mandi	999513	496737	502721	32.31	91.51	74.33	1012	916
Shimla	313334	424436	383898	54.55	90.73	77.30	916	925
Sirmour	530164	276301	253363	79.93	36.76	72.55	915	923
Solan	575670	306162	270503	35.02	91.19	73.02	334	399
Una	521057	263541	257516	57.23	92.75	31.67	977	575
Total	6356509	3473392	3332617	33.73	90.33	76.60	974	909

Source i Census of India. 2011

Literature Review

Taft et.al (2013) stated that the demographic, social and economic components are having a important role to play in the course of financial literacy. The researcher found that the married men and women gradually become more financial literate, this may be the result of their regular practice of financial avenues. They also stated that literacy may result in more appropriate knowledge of financial avenues and the practice of the same and a literate person is more financially strong than a illiterate person.

Gupta (2014) this study was based in the areas of Kangra in Himachal Pradesh. He conducted a study on the micro entrepreneurs of the area and found that only being financially literate is not sufficient, safe keeping of financial records, habit of saving money with the government financial institutions, vague financial and cash arrangement and reluctance to learn about the different financial products and instruments can be the reason of financial backwardness. Most of the public and private sector agencies are trying their best to reach the bottom of social pyramid.

Fatoki (2014) the researcher opined that all the government and private agencies are required to make certain changes in their strategic framework so that the situation can be improved on the other hand it is very important to gain the attention of people, because if the people are not motivated they will not take interest in such drives. The research was based on primary data and conducted in the different provinces of South Africa.

Prawitz et al (2016) stated that any given person, either from rural or urban background, has to be financially literate so that he or she will be able to keep the track of own income and expenditure. This study was conducted in Europe and the sample respondents were from the rural areas.

Objectives

- To evaluate the knowledge of women in rural areas regarding financial matter.
- To know the impact of impact of financial literacy on financial inclusion.
- To know about the hurdles in the way of rural woman in acquiring financial literacy.

Evaluation of Financial Literacy among Rural Women in India: With Special Reference Himachal Pradesh

Research Methodology

- Present study is an exploratory in nature. Both primary and secondary data is being collected for the sake of the study.
- A detailed questionnaire is prepared and used to collect data; the researcher has personally contacted all the female respondents.
- Various districts such as Una, Mandi, Kangra and Bilaspur of Himachal Pradesh were considered as research area.
- Total sample size of the study was 100 respondents, these respondent were the women living in rural areas of the selected research area.
- Convenient sampling technique is adopted for selecting the samples.
- Data is analyzed by using MS Excel and present in the form of tables and graphs
- One Way ANOVA is used to test the hypothesis.
- SPSS Ver. 20.0 is used.

Hypotheses of the Study

Hypothesis I

H₀: There is no significant relationship between socio-economic factors and financial literacy among rural women in the districts of H.P.

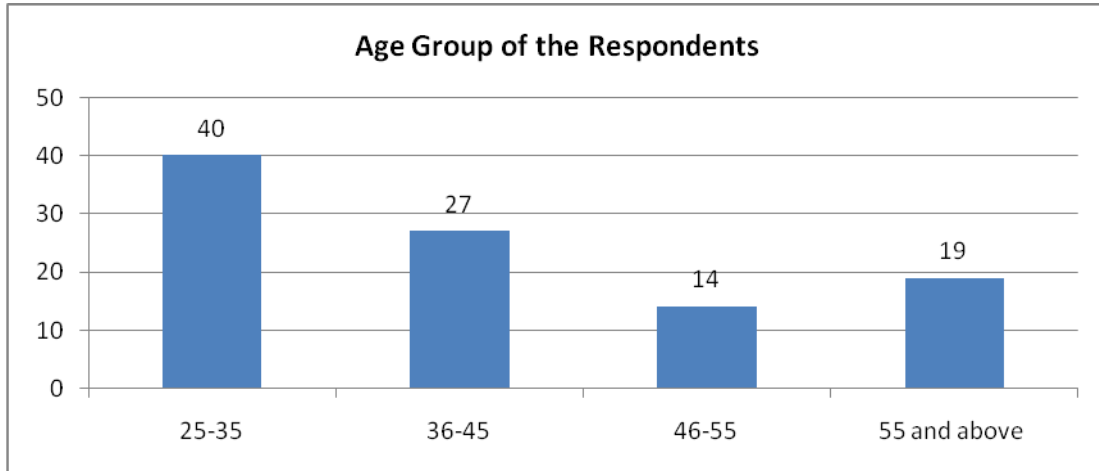
H₀: There is a significant relationship between socio-economic factors and financial literacy among rural women in the districts of H.P.

Data Analysis and Interpretation

Demographic and Economic Variables

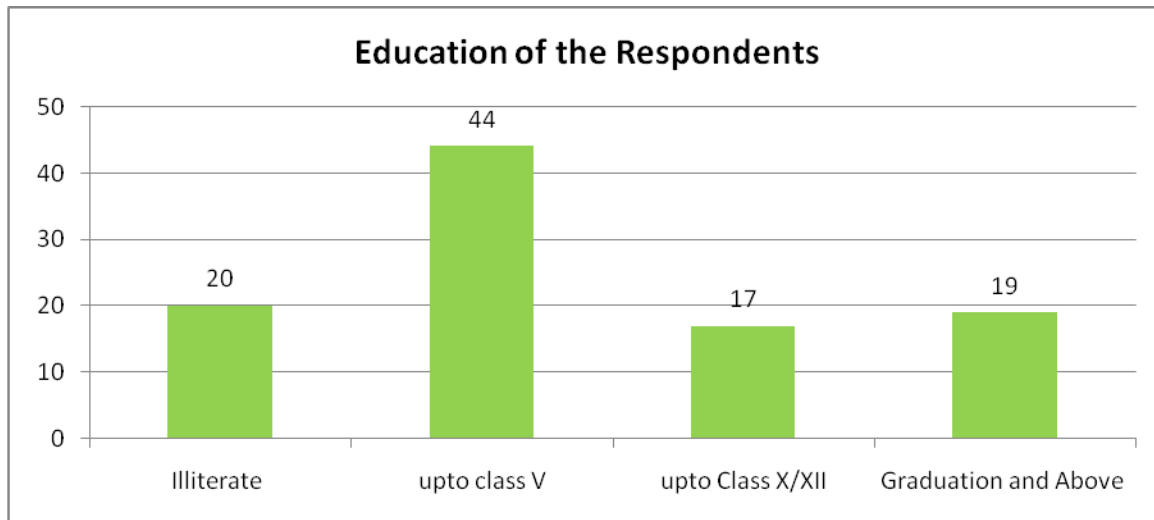
Age of the Respondents

Age Group	No. of Respondents	Percentage
25-35	40	40
36-45	27	27
46-55	14	14
55 and above	19	19
Total	100	100



Education of the Respondents

Education	No. of Respondents	Percentage
Illiterate	20	20
upto class V	44	44
upto Class X/XII	17	17
Graduation and Above	19	19
Total	100	100

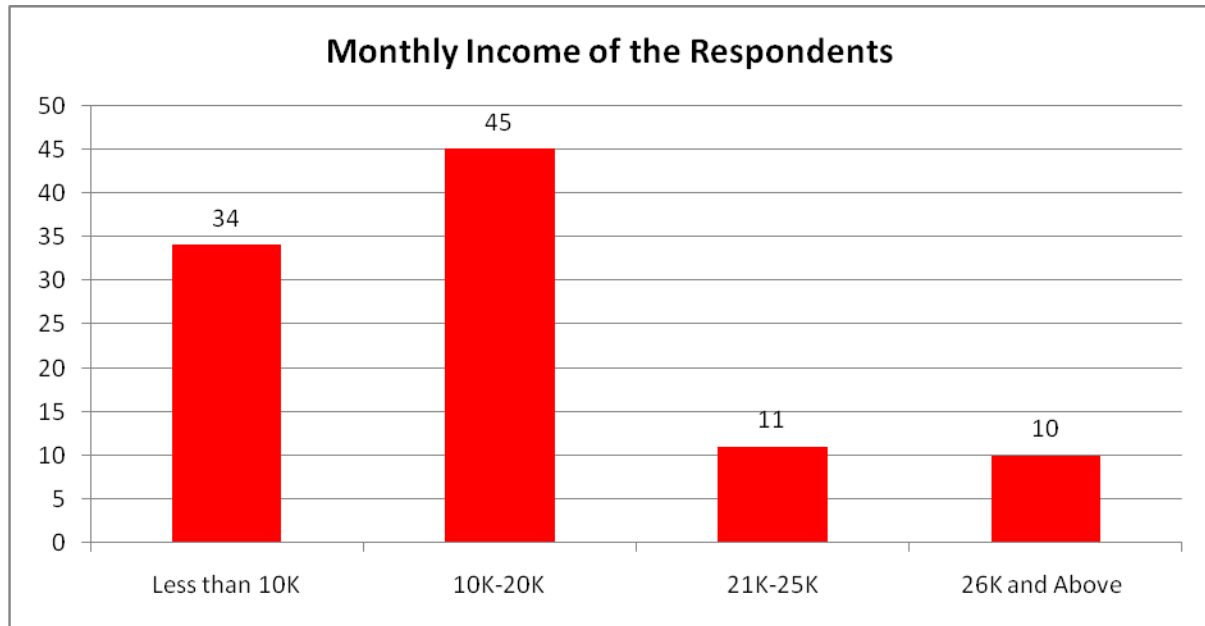


Monthly Income of the Respondents

Family Income	No. of Respondents	Percentage
---------------	--------------------	------------

Evaluation of Financial Literacy among Rural Women in India: With Special Reference Himachal Pradesh

Less than 10K	34	34
10K-20K	45	45
21K-25K	11	11
26K and Above	10	10
Total	100	100



Testing of Hypothesis

Summary results of ANOVA H1

On the Basis of Age	F	Sign
Familiar with the types of bank accounts	.955	.626
Know the investment schemes of banks/rural bank	.688	.559
Know how to operate an ATM	.660	.577
Know the credit facilities provided by the bank/rural bank	.365	.778

Aware of the risk involved in the non-banking sources of credit	.889	.446
Made some investment in the recent past	0.773	0.687
On the Basis of Education		
Familiar with the types of bank accounts	3.098	2.016
Know the investment schemes of banks/rural bank	.834	.711
Know how to operate an ATM	.983	.417
Know the credit facilities provided by the bank/rural bank	1.885	1.112
Aware of the risk involved in the non-banking sources of credit	1.117	1.348
Made some investment in the recent past	1.443	1.219
On the Basis of Income		
Familiar with the types of bank accounts	.209	.890
Know the investment schemes of banks/rural bank	.579	.629
Know how to operate an ATM	.993	.396

Evaluation of Financial Literacy among Rural Women in India: With Special Reference Himachal Pradesh

Know the credit facilities provided by the bank/rural bank	.593	.620
Aware of the risk involved in the non-banking sources of credit	.456	.713
Made some investment in the recent past	1.111	1.344
On the Basis of knowledge about government schemes		
Familiar with the types of bank accounts	.921	.825
Know the investment schemes of banks/rural bank	1.056	1.367
Know how to operate an ATM	1.398	1.242
Know the credit facilities provided by the bank/rural bank	2.036	.108
Aware of the risk involved in the non-banking sources of credit	.371	.274
Made some investment in the recent past	1.750	.156

Interpretation

As can be seen from the above table of ANOVA analysis, on the basis of age most of the respondents were not found to be aware about the financial articulates associated with the banking system of savings and investment. Most of the respondents who were above the age of 30 or 35 years were found to be aware of the same but this awareness is the result of their discussions with male counterparts or other people discussing about the same.

As far as income is concerned, it is clear from the above given table that the level of variation is less in 'F' (Calculated) and 'Sign' (Table) values, this is because of the reason that some of the respondents are earning members of the family and they are involved in different types of commercial activities like handling small mom and pop stores shops, selling fruits and vegetables on the road sides and village market, and other activities of the same type. These respondents were aware of the changing value of money with time and other basic transactions, but still it can be said that with some amount of knowledge and training they will be able to handle the basic banking activities.

Then again on the basis of education, the level of variation is less in 'F' (Calculated) and 'Sign' (Table) values is less than the other components. This is because of the reason that only the females who are above the age of 50 are found to be illiterate and other are either literate or they at least they have passed class V from the local government school and by virtue of the same their familiarity with the bank related activities is more than other respondents. In some of the cases like return on investment and credit facilities provided by the bank they were not much aware, rather some of them have invested some amount of money with the help of 'Bank Mitra' in their respective village.

Most of the respondents were found to be unaware of the benefits that they can get from government schemes, rather they were found to be familiar with the programs which are of non-financial nature. Here it is important to state that most of the respondents are getting benefitted by the government schemes, but they are getting this benefit as a part of the respective family and not as an individual. As a matter of fact they are the part of the drive of 'financial inclusion' i.e. PMJDY but are not aware of the individual benefits that they can get from the same.

Some Recommendations

Only the knowledge of financial matter is not sufficient, the women living in rural areas should be given certain opportunities to exercise their knowledge so that they can have a better understanding of the same. Government agencies can also take the help of some non-government organizations (NGOs) in this matter and improve the situation. It can also be advised to include these matters in the curriculum of basic education. Even in some of the cases Mock drills can be performed in the natural setup of bank or any other financial institution. Even the SHGs (Self Help Groups) can also play a crucial role in the same.

Conclusion

The issue of financial literacy of women living in the rural areas, is an important issue in the present scenario because even in the rural areas women are getting a number of opportunities in different fields of politics, education, economy and even leadership. If the women are not financially literate then they will be dependent on male counterpart for finance related matters. Apart from this, the knowledge of finance related matter will make them confident while using the different financial services and even they educate the other family members in this respect.

References

- 1) Gupta et al (2014) "A Study of Financial Literacy Among Micro Entrepreneurs in District Kangra" *IMPACT: International Journal of Research in Business Management (IMPACT: IJRBM)* ISSN(E): 2321-886X; ISSN(P): 2347-4572 Vol. 2, Issue 2, Feb 2014, 63-70.

Evaluation of Financial Literacy among Rural Women in India: With Special Reference Himachal Pradesh

- 2) Fatoki Olawale & Olabanji Oni (2014) “Financial Literacy Studies in South Africa: Current Literature and Research Opportunities” Mediterranean Journal of Social Sciences, ISSN 2039-2117 (online),ISSN 2039-9340 (print) Vol 5 No 20 pp 409-414
- 3) Prawitz Aimee.D (2014) “Workplace Financial Education Facilitates Improvement in Personal Financial Behaviors”, Journal of Financial Counseling and Planning Volume 25, Issue 1, 2014, pp5-26.
- 4) Banker,S (2005)An overview of financial the counseling landscape in Australia, presentation at the Australian Financial Counselling and Credit Reform Association’s conference,17 June 2005.
- 5) Priyanka Agarwal, Dr. (Mohd) Shamim Dr.Suman Yadav, Radhika Kureel (2015) A study of Financial Literacy among working women in EducationalSector of Jhansi District, with special reference to investment avenue. IJARSE 101 No.4 spl issue (01)May2015 issn-2319-8354(E)
- 6) Hand Book (2013)Programmes for Financial Literacy Counselors,organized by Jnana Jyothi Financial Literacy &CAredit Counciling Trust and Syndicate Institute of Banking Management.2)
- 7) Taft.MarziehKalantarie et al (2013) “The Relation between Financial Literacy, Financial Wellbeing and Financial Concerns” International Journal of Business and Management; Vol. 8, No. 11; 2013 ISSN 1833-3850 E-ISSN 1833-8119 .