

## WOMEN'S FINANCIAL LITERACY CONTRIBUTES TO FINANCIAL PLANNING

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### **Abstract:**

In the current environment, women are beginning to distinguish themselves in a variety of fields. The wonderful contributions made by women are becoming more and more important to society and the economy as a whole. The increased modernity of women's social status has undoubtedly produced positive changes in women's lives. In order for women to adapt to the changing economic landscape, financial literacy should be prioritised. Making women financially independent is the first step toward their empowerment, which then leads to economic empowerment, which will be extremely important in the future. Financial literacy enables women to make autonomous judgements, handle their money perfectly, and have favourable opportunities to become independent. The goal of the article is to assess the situation of female financial literacy, to research the value of financial planning and literacy, and to investigate how women's financial literacy affects financial planning. Financial literacy has been found to assist women in making wise financial decisions for financial success. However, it was found that Indian women have little understanding of money due to the traditional fact that majority of them are housewives, which lessens their desire to comprehend the financial situation. However, women who are financially literate have social and economic independence, which will enable them to advance in a variety of economic areas.

**Keywords:** Economic Empowerment, Financial Literacy, Financial Planning, Economic Independence.

### **Introduction:**

Women frequently have less financial literacy and fewer access to formal financial products than males, despite the fact that both sexes need to be adequately financially educated to engage in economic activities and make wise financial decisions for themselves and their families. As a result, women have unique and additional demands in terms of financial literacy.

Women are more likely to be the primary caretakers of their children, to make significant daily decisions regarding the distribution of household funds, and to play a significant role in passing on sound financial practises and knowledge to their offspring. They must thus possess sufficient financial knowledge for both themselves and future generations.

**Barriers to women's greater financial well-being low financial knowledge, confidence and outcomes:**

Gender disparities make women's need for financial literacy more urgent. Many industrialised and emerging nations, including India, demonstrate that women generally have less financial literacy than males. Young women, widows, and women with low incomes lack financial literacy the most.

Women tend to be less aware about and interested in financial matters than males, but they are also less confident in their financial knowledge and abilities than men, particularly when it comes to complicated financial concerns.

Financial activity shows gender inequalities; women seem to manage their money more effectively than males. But in several areas of financial behaviour, such as making ends meet, saving, and selecting financial products, women are probably more vulnerable than males. Women are more likely than males to struggle to pay their living expenses, and they also have a tendency to use a variety of coping mechanisms to get by.

The available data shows that gender variations in financial literacy and behaviour, particularly with regard to saving and budgeting, are somewhat influenced by the socioeconomic status of men and women, particularly by the latter's lower salaries. This shows that lesser financial knowledge and more barriers to economic and financial opportunity faced by women relative to males are to blame for women's financial fragility. In order to promote women's financial security, measures that address gender disparities in economic opportunity and financial literacy are required.

#### **Existing Policy Responses:**

Due to their limited economic and financial prospects, women face obstacles to achieving full financial empowerment. Even while financial education cannot eliminate all of these obstacles, it may assist women's financial security and increase their financial prospects by enhancing their financial literacy, mindset, and abilities.

#### **Financial Planning for women**

Being a rock star at work as an educated, independent woman is only half the fight fought. Being wise and responsible with your hard-earned money is the other side of the equation. However, we're not advocating forsaking all you cherish in order to preserve money for the future.

You may increase your money, reach your financial objectives, and retire like a queen while still enjoying the occasional shopping binge, overseas vacation, or whatever takes your fancy by taking little but wise measures. Here are some suggestions to assist you in achieving all of this and more.

- Establish A Budget,
- Manage Your Fixed Spending,
- Control Your Variable Expenses,
- Use Technology,
- Maximise Your Investments,
- Anticipate Your Tax Liability
- Retire Like A Queen.

#### **REVIEW OF LITERATURE:**

(Akshita Arora, 2015) describe that the poll on women still have a low level of general knowledge of financial planning tools and strategies in the twenty-first century. According to

the results, women appear to have fared better than males in terms of financial conduct and attitude than in terms of financial understanding. In terms of financial literacy, unmarried women perform better than married women.

**(Garima Baluja, 2016)** examines that it is essential for women have the same financial decision-making authority as men, many Indian women face several cultural, financial, psychological, and physical hurdles that make it difficult for them to become financially educated. The government is making efforts to increase financial literacy among the populace, yet there is still a large discrepancy between the levels of financial literacy among men and women.

**(Chetna Singh & Raj Kumar, 2017)** describes That very woman has to be financially literate in order to be able to conduct her life according to her own values and contribute to the long-term health and prosperity of her family. A financially independent woman may be a tremendous source of economic development since women have a huge capacity to contribute to the economy's growth. This study's aim was to provide an overview of women's financial literacy in emerging nations like India.

**(Tapasya Julka Malhotra & Shravasti Jain, 2017)** concludes and offers few comments and thoughts in order to better the financial literacy of the working women who operate on a smaller scale. It concludes with the idea that financial education for women is crucial since they must not only learn how to manage a household budget but also how to create one.

**(Fina Dian Arini, 2018)** examines that due to the worldwide economic crisis that occurred between 2007 and 2010, awareness of the need of financial literacy in empowering women first became apparent. The spread of financial illiteracy, which eventually caused some people to make poor financial decisions, was one of the causes of the financial crisis, in addition to conflicting policies and greed. This study, which use literature analysis as its approach, comes to the conclusion that financial literacy may be used as a reference to promote the success of initiatives aimed at empowering women through microfinance.

**(Ruchi Jain & Blessy Roy, 2019)** This paper aims to learn and analyse the gender gap that has been rendered and the suggestions to avoid the gender gap in the future. The goal is to understand how the terms financial literacy and women come together to build a better economy for their country and in the process develop a sense of individualism and women empowerment.

**(Firdaus Khan & Srinivas Suriseti, 2020)** examines that financial literacy has a large indirect effect in that it increases the frequency of cashless transactions, which in turn increases digital financial self-socialization and eventually has a beneficial influence on financial well-being. The lack of data demonstrating a causal relationship between financial literacy and financial well-being is filled by the dual evidence from this study that there is a large direct and indirect influence.

**(Ankita Singh, 2021)** describes that for women to make financial decisions, they must have a minimal degree of financial literacy. This study was done to find out how financially literate the women in the Lucknow area are. This led to the distribution of a structured questionnaire to women in the Lucknow region. The analysis's findings showed that the degree of financial literacy among women in the Lucknow region was insufficient to account for the wide range of socio-demographic and economic factors.

(Ramesh S & Umamaheswari.S, 2021) conducted the to test the hypothesis, the research study employed one-way ANOVA and basic descriptive statistics. The majority of women are competent savers and borrowers, according to the report, but they lack expertise managing investment concerns, understanding how to calculate interest rates, exposure to long-term investments, and interest in tracking spending on a regular basis. Despite the interviewees' illiteracy, they were less familiar with financial investments. It demonstrates that the majority of the women were compelled to participate in financial education provided by the organisation together with their families, friends, and other welfare groups.

#### **Objectives of the Study and Research Methodology:**

- To investigate the variables affecting women's financial literacy in India.
- To research government initiatives in India to promote financial literacy.
- To investigate ways to improve the financial literacy of women in India.

The secondary data was gathered to accomplish the aforementioned goals. For data gathering, secondary sources including journal articles, websites, blogs, news articles, and research articles were employed.

#### **Factors Influencing the Financial Literacy Among Women in India**

Several factors have a significant impact on how financially literate Indian women are. The following is a discussion of the key elements.

**Lack of Independence:** Despite the fact that many ideologies advocate for gender equality, women do not have the same level of independence as men. The fundamental issue is that women aren't given the independence they need to handle their finances on their own. All significant financial investment decisions are often made by consensus after taking the entire family's well-being into account. Therefore, these financial choices are made based on social duty rather than on their merit. Women must give up their financial independence in order to keep the peace in the family and may only spend a tiny portion of their salary on themselves.

**Culture:** Another element that hinders the growth of financial literacy among women is culture. Some societies forbid women from participating in household finances. Men are often in charge of money concerns, while women are expected to handle household chores. This undermines their self-assurance and prevents them from developing financial literacy.

**Lack of Women Centric Financial Schemes:** Most financial institutions offer general financial services rather than creating financial plans specifically for women. The rigid and high standards for accessing the services also limit the ability of women to make financial decisions and acquire financial lingo. Products that primarily concentrate on business and ignore the needs of women-run households also serve as a barrier to women's financial literacy.

**Lack of Accessibility:** Women in rural regions are particularly affected by this issue since most financial institutions are located distance from where they live or operate their enterprises, making it costly and time-consuming for them to get there.

**Lack of information on existing financial services and requirements:** Given that many financial institutions promote their services in the media and on billboards, the majority of women are uninformed of the financial services that are offered. Therefore, the absence of understanding makes it difficult to develop financial awareness.

**Less lucrative benefits:** Many women are deterred from using these services by the high costs associated with keeping and managing current accounts as well as the high interest rates offered on loans.

**Lack of basic education:** Women in India have much lower basic literacy rates than men. The majority of social groups forbid women from pursuing higher education. Another factor in Indian women's low financial literacy is their lack of basic schooling and computer skills.

**Lack of financial resources:** Women who do not work make up a large section of the population in India, and since they do not work, they must rely on their partners or fathers for financial support. This also limits their ability to make decisions on their own about family finances.

#### **Financial Literacy Interventions By Government:**

The major strategy for encouraging financial inclusion in the nation is financial literacy. The Indian government has created several programmes to encourage women to take part in capital formation by encouraging them to engage in saving and investing activities in order to increase financial literacy. The government has implemented a number of programmes that either directly or indirectly encourage financial stability and literacy among the female population. The government of India has taken the following significant initiatives and opportunities:

**Beti Bachao, Beti Padhao Yojana:** The Indian government has launched a campaign called "rescue the girl child, educate the girl kid." with the intention of increasing awareness and the effectiveness of social initiatives intended for females in India.

**Financial Literacy and Credit Counseling Centers:** The primary goal of financial literacy and credit counselling centres will be to offer free credit counselling and financial education. to spread awareness of the different financial services and products among residents of both urban and rural locations.

**Sukanya Samridhi Yojana: Samridhi Sukanya** The Yojana Scheme seeks to improve the lives of girls throughout the nation. A savings programme supported by the Indian government called Sukanya Samridhi Account is aimed at parents of young girls. The programme encourages parents to set up a fund for their female child's future education. This would guarantee financial assistance and promote female financial literacy.

**Pradhan Mantri Jan Dan Yojana:** Is a government initiative to increase inexpensive access to financial services such bank accounts, remittances, loans, insurance, and pensions. It is available to all Indian residents. The government, which comprises the weaker segment and those in the poor group, took advantage of this substantial inducement. People can benefit from financial literacy through this endeavour. Therefore, the government is coming up with a unique plan for it. The government is making special arrangements for it in order to make financial literacy accessible to the general public. to open up financial knowledge to the public in order to enable financial inclusion.

**Mahila E-Haat:** The project started by the ministry of women and child development is called Mahila e-Haat. It is one of India's programmes for the empowerment of women. This programme gives female-owned businesses the chance to utilise technology and market their goods online. Through this programme, women gain financial independence, participate in government projects in India, and gain knowledge of financial technology all at once.

**Mahila Shakti Kendras:** This programme mostly assists rural women. This programme, which is based on the empowerment of women, aims to offer all support services relevant to women's skill development, create job possibilities, and raise digital and financial literacy. The programme is active on several levels, including the federal level, state level, and local level. With this programme, the government hopes to reach the most underserved areas.

### **Measures for Enhancing the Financial Literacy Among Women in India**

Despite the government's efforts to promote financial literacy across the nation, women still face a number of obstacles that prevent them from obtaining a financial education. Therefore, the following actions are advised to raise the degree of financial literacy among Indian women:

**Help women overcome their own fears:** Women frequently avoid making significant financial decisions. They consider the decision's danger. Women must overcome their fears and make decisions independently.

**Enhance women's social status and culture change:** Our society has long held the belief that men work in the financial sector and women work in the home, but this is gender stereotyping as women are expected to be good at household tasks while men are expected to be good at financial decisions. It is time to change and end old gender stereotypes so that jobs are distributed based on capacity. And nowadays, women must be sufficiently financially educated to engage in economic activity.

**Improve Technology:** Technology is essential for women's empowerment. It is essential for the capability and resource development of women. Information and communication technologies are also more effective in improving women's financial literacy.

**Establish Institution:** Since it might be difficult for women to access financial institutions that are far away, it is essential that these institutions create branches close to residential areas as well as in rural regions. If branches are open, employment is also possible, providing an income opportunity for women while simultaneously providing them with financial education, helping to alleviate the transportation problem.

**Financial literacy programmes:** Women need to be financially literate in order to manage their lives, careers, and companies. These abilities include risk management, saving, and budgeting. Women should benefit from financial literacy programmes that teach them financial terms and emphasise better financial planning techniques including insurance, pensions, and savings, among other things.

### **Conclusion:**

Financial education is a vital component of our lives nowadays. Women face several challenges in life, many of which are retractable. But as time goes on, our statistics begin to shift and demonstrate how the situation has changed with regard to women's education over the past ten years. The Indian government makes significant efforts to achieve financial inclusion. Therefore, it is necessary for the appropriate flow of financial goods and services across the entire nation. Through a number of programmes, the government offers disadvantaged groups several opportunities. The primary method used by developing countries to spur economic development is financial inclusion. It's likely that there is a means to provide the proper financial education. The government's financial literacy initiatives and steps to improve financial literacy among women in India are analysed in this study along with other

factors that may influence women's financial literacy in India. There have been several court rulings in support of women's education, yet other forms of gender discrimination still persist today. On the other side, the biggest shift has occurred after India's demonetization. Women who have experienced demonetization are well aware that this time is fraught with difficulties. Many women, both in urban and rural settings, have a practise of saving money while keeping it a secret from their families since they are unable to reveal this money. At that time, there was a severe problem with the exchange of money and the quantity that could be exchanged. Demonetization therefore has an inflammatory effect on women. Because of this, women are given top priority when it comes to receiving financial education and investing their money better than they would if they kept it concealed.

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