

# An Empirical Study on Financial Awareness and Financial Literacy among Women Working in Unorganised Sector in India

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## ABSTRACT

There has been a corresponding rise in demand for education and financial literacy as more and more women recognize how critical it is to become financially independent in order to empower themselves. Any financial choice an Indian woman makes is unlikely to be influenced by her personal preferences, but rather by the other family members. This is due to the fact that the families of Indian women frequently make investment decisions. The importance of women's contributions to the prosperity of the world and the economic empowerment of their communities will rise in the not-too-distant future. As a result, women are more in need of economic empowerment, which may be attained by gaining better financial literacy, adopting a more optimistic attitude toward money, and improving their financial well-being. To boost the percentage of women interested in investing, investment programs should be introduced that are explicitly targeted toward women and beneficial for their future in some way. People are better able to make wise financial decisions and efficiently manage their resources when they have a basic understanding of finances. In order to pursue social and economic prosperity, awareness initiatives and financial literacy are very required for the working women in the unorganized sector. In order to better understand the level of financial literacy and awareness among the general people, academics have conducted a number of studies. The goal of paper is to raise the degree of financial literacy of women because they currently have a big say in how their country will develop. The number of women engaged in the work force in India is rising significantly.

**Keywords:** Financial Awareness, Literacy , Unorganised Sector and Economic Development.

## INTRODUCTION

Empowering women is one of the biggest issues we have as a nation, and it can only happen when women are educated, financially aware, and self-sufficient. This is one of the biggest problems facing the country. An individual's ability to manage their personal funds wisely is referred to as having financial literacy. A person who is financially literate is capable of making wise decisions and judgments about how to use and manage their money. In spite of the fact that women today enjoy full equality with men in many spheres of modern life, women are still dependent on the male members of their household when it comes to making financial decisions. As this will assist to fuel the engine of growth and make it possible to educate women on financial problems, it is crucial to give women the opportunity to contribute to economic advancement in our country, which is plagued by extreme poverty and high unemployment rates. [1-5]

Women have been known to report incidents of extreme poverty when a family member who made financial contributions to the household passed away. However, with enough planning for the future, savings for unforeseen situations, and emergency funds, this kind of crisis may have been avoided. Women may be aware of these products in some cases, but they may decide not to use them because the information they have access to is insufficient or nonexistent, or because they lack confidence in themselves. Women in developed nations have been found to be, on average, better financial planners, but in order to overcome the challenges associated with managing their money, women in developing nations must become more financially educated. To make wise financial decisions and, eventually, achieve personal financial well-being, one must possess a mix of awareness, knowledge, skill, attitude, and behavior known as financial literacy. The five components of financial literacy are awareness, knowledge, skill, attitude, and conduct.[6-8] a capacity to apply one's quantitative skills to the process of making financial decisions, as well as a basic comprehension of financial concepts. The importance of women's contributions to the prosperity of the world and the economic empowerment of their communities will rise in the not-too-distant future. As a result, women are more in need of economic empowerment, which may be attained by gaining better financial literacy, adopting a more optimistic attitude toward money, and improving their financial well-being. Financial literacy requires a working knowledge of finances. This is because it makes it possible for people to engage in activities like evaluating various financial products and services and making wise, educated financial decisions. Many women are in charge of the majority of consumer decisions. It is, nevertheless, more important than ever for women to pay attention to their financial circumstances. To become financially independent, you must only invest your money in ventures that will benefit you. This can be done by being more knowledgeable about the many financial possibilities available to oneself and by raising their awareness. [9-12]

### **Women's financial literacy:**

Due to the quick pace of change in both time and circumstances, literacy alone is not sufficient in this situation. Instead, there is an increasing demand for financial literacy due to the significance of this ability in long-term female empowerment. 2019 (Vaghela) Financial literacy refers to having the knowledge and skills to manage one's financial resources in a way that increases the likelihood of obtaining and sustaining financial success. The terms "basic financial literacy" and "advanced financial literacy" relate to the two different levels of financial literacy. Women are seen as having a basic level of financial literacy when they comprehend basic financial concepts like percentage computation, inflation, and compound interest. Women who possess a high level of financial literacy, on the other hand, have a thorough comprehension of ideas like stock market operations, mutual funds, bonds, equity shares, and so forth. [13-16]

Society must pay close attention to how women behave because they urgently need to increase their knowledge by getting a firm grasp on both fundamental and sophisticated financial literacy. Additionally, women urgently need to improve their understanding of fundamental and complex financial concepts. (Yadav, 2017) Even working women struggle to make sound decisions due to the constant financial strain. This is as a result of the prudent financial levels. 2017 (Lusardi) Many commission-based financial counselors frequently deliver poor advice to women. Due to their propensity for ignorance, women are less able to accept risks. (Siva, 2019) On the other side, the development of FinTech is upgrading the methods for handling payments, choosing investments, and getting advice on

financial concerns. Therefore, it is crucial to determine the level of financial literacy that women possess because this directly affects the financial decisions that are made and serves as an essential barometer of women's decision-making capacity. 2019 (Lusardi) [17-19]

### **Inclusion of Finance in India**

The phrase "financial inclusion" was used for the first time in Venugopal Reddy's Annual Policy Statement, which he released in April 2015 while he was the Governor of India. The major focus of this concept is on offering banking services to rural regions with the intention of integrating those who did not previously have access to financial services into the mainstream of economic life. Participation in the financial system requires a certain level of financial literacy. The process of ensuring vulnerable groups, such as weaker individuals and low-income groups, have access to financial services and timely and sufficient financing where needed at a reasonable cost is known as financial inclusion (FI)..[20-23]

### **Need of financial literacy**

The following elements contributed to this outcome:

1. It improves people's readiness for unforeseen circumstances.
2. Women who are financially literate are better equipped to help families manage inflation and rising living expenses.
3. Frequently, a child's mother has a greater impact on their life than their father. You will gain from being financially savvy, and your kids will look up to you as an example.
4. In the majority of households, women handle daily financial responsibility. It would thus be advantageous for them to have some sense of how the funds should be spent.
5. Women should have the knowledge required to manage their daily tasks and their finances because they frequently live longer than men.[24-26]
6. Women who are financially savvy are more self-assured when it comes to making their own decisions..

### **OBJECTIVES OF THE STUDY**

1. Analyzing the aspects of women's financial literacy in unorganized sector.
2. To understand the need of financial literacy and its role in economic development.

### **RESEARCH METHOD**

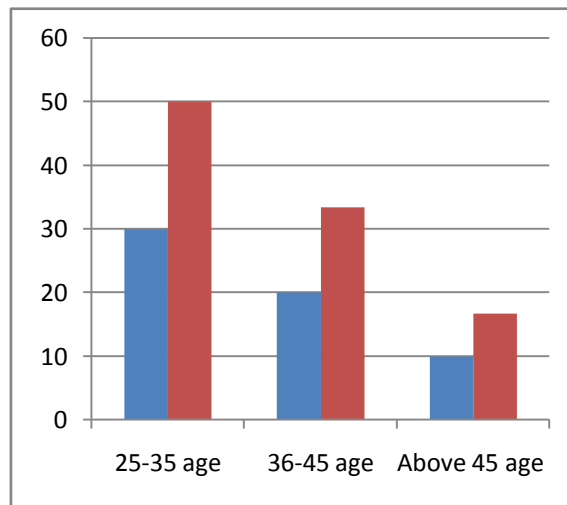
A questionnaire was used to collect the study's primary data, and websites, books, published journals, and unpublished works were used to collect secondary data. The study uses data from both categories. Data was gathered using a questionnaire distributed to women respondents who worked in the unorganized sector and private employee (textile/tailoring/salaried) other professions; respondents were chosen at random to determine their level of financial literacy. The sample size is 60. Education is the second most important factor to take into account when assessing the level of literacy among working women. It is without a doubt true that the respondent's educational background influences the knowledge of financial instruments.[27-30]

**DATA ANALYSIS**

**Table 1 Women respondents based on age**

Based on age	Frequency	Percentage
25-35 age	30	50
36-45 age	20	33.33
Above 45 age	10	16.66

Based on age 25-35 age group 50 percent respondents are participated, 36-45 age group based 33.33 percent , and above 45 age based 16.66 percent .[31-34]

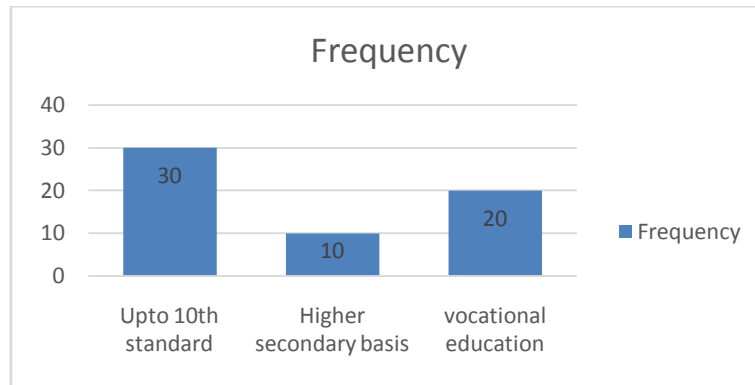


**Figure 1 Based On Age**

**Table 2 Based on education qualification**

Based on education qualification	Frequency	Percentage
Upto 10 <sup>th</sup> standard	30	50
Higher secondary basis	10	16.66
vocational education	20	33.33

In this table based on education qualification Upto 10<sup>th</sup> standard respondents are 50 percent , on higher secondary basis upto 16.66 percent and vocational education upto 33.33 percent are respondents are gain Technical skill.[35-37]

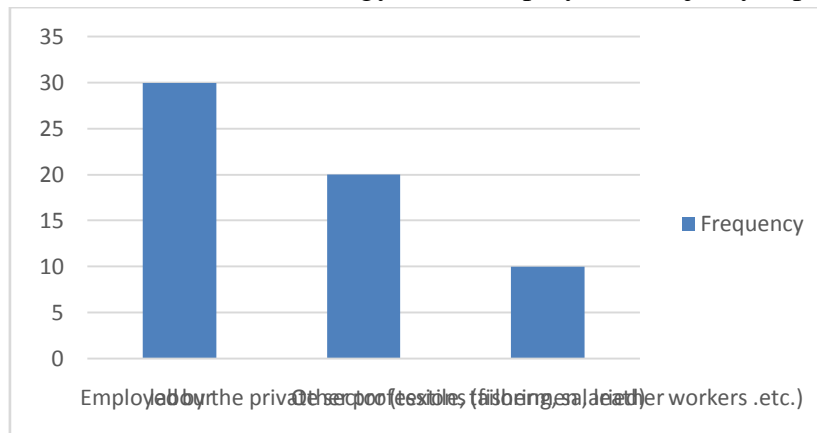


**Figure 2 Based on education qualification**

**Table 3 Based on occupation in unorganised sector**

Based on occupation	Frequency	Percentage
labour	30	50
Employed by the private sector (textile, tailoring, salaried)	20	33.33
Other professions (fishermen , leather workers .etc.)	10	16.66

The unorganized sector is where the table's data is sourced. Women represent 50% of responders in the information technology sector. Sixteen percent of responders are employed in other sectors (fishermen , leather workers .etc.). The information technology sector employs the majority responders. .[38]



**Figure 3 Based on occupation in unorganised sector**

**Table 4 Respondents Based On Income**

Based on occupation	Frequency	Percentage
Below 20,000	20	33.33
21,001-25,000	10	16.66

25,001-27,000	15	25
27,001-30,000	15	24.99

Table 4 shows that 16.6% of respondents have an monthly income of between \$21,001 and \$25,001, 33.33 percent have an income of less than \$20,000, and 25% have an monthly income of between \$25,001 and \$27,000. Between \$27,000 and 30,000 in the respondent's income, respondents have 24.99 percent income per month .[39]

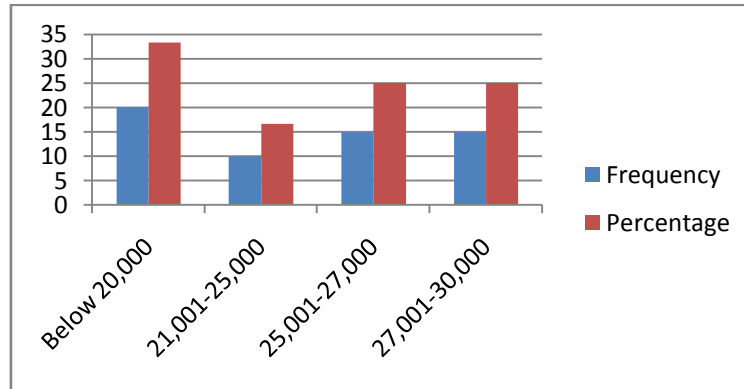


Figure 4 Respondents Based On Income

Table 5: Financial Decision Makers Who Are Independent

Dimension	No. of Respondents	%
Yes	40	66.66
No	20	33.33
Total	60	100

Table 5's findings reveal that 66.66% of women have been given the freedom to decide independently about their financial security, whereas 33.33% of respondents claim that they are not allowed to make any direct decisions about their financial security. The overwhelming majority of respondents have offered unbiased data to enable others to make their own financial decisions..[40]

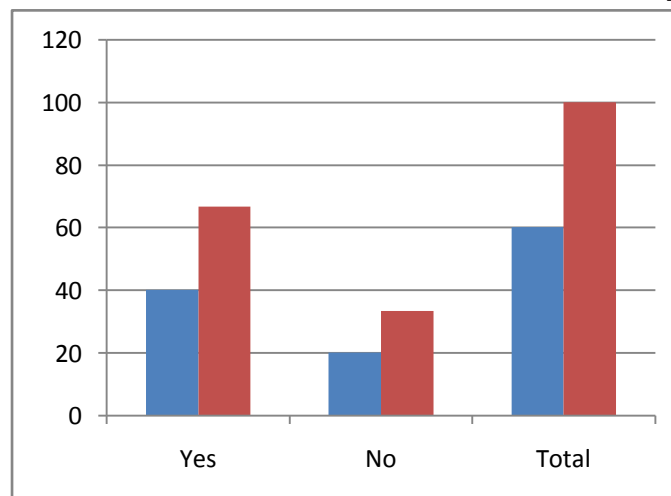
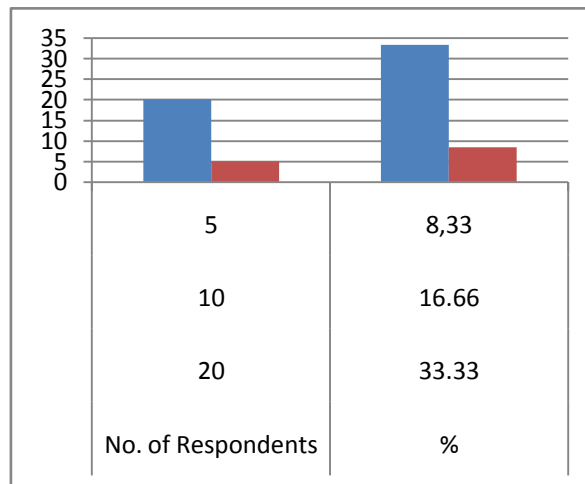


Figure 5 Financial Decision Makers Who Are Independent

**Table 6: Degree of Familiarity with Financial Matters**

Dimension	No. of Respondents	%
Very High	20	33.33
High	10	16.66
Medium	5	8.33
Low	20	33.33
Very Low	5	8.33
Total	60	100

From the table, it can be seen that 16.66% of working women have a high level of financial literacy, that 20% of those women, despite having less education, have a habit of saving money and investing it, and that 20% of the women are imitating their parents' investment strategy without considering the benefits and risks of those investments.[41]



**Figure 6 Degree of Familiarity with Financial Matters**

**Table 7 Views on the Importance of Financial Literacy**

Reason for Financial literacy	Frequency	Percentage
Budgeting	20	33.33
Debt management	10	16.66
Fin. Negotiations	15	25
Use of banking	15	25

In the table, 33.33 percent of women working in the unorganized sector possess the bare minimum of financial literacy needed to create informal household budgets. The implementation of the other elements, such as financial conversations (16.66%), debt management (25%) and banking (25%) which each account for 25%, are still being understood..

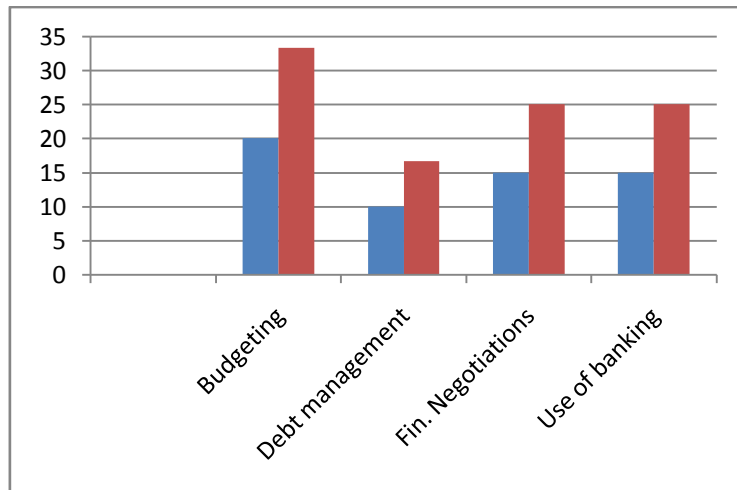


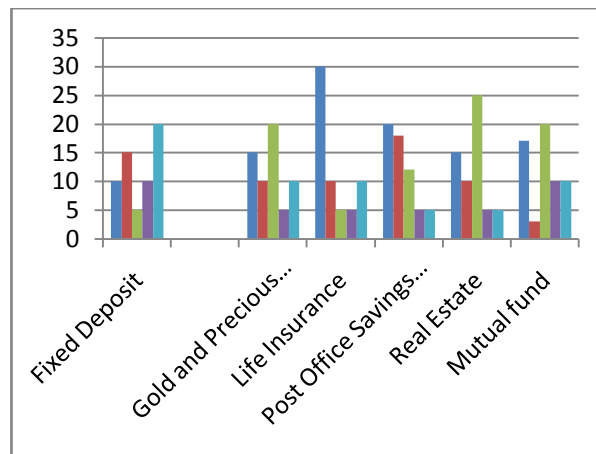
Figure 7 Views on the Importance of Financial Literacy

Table8: Preferred investment vehicle

Dimension	Highlypreferable	Preferable	Neutral	Not Preferable	Notatall preferable
Fixed Deposit	10	15	5	10	20
Gold and Precious Metals	15	10	20	5	10
Life Insurance	30	10	5	5	10
Post Office SavingsScheme	20	18	12	5	5
Real Estate	15	10	25	5	5
Mutualfund	17	3	20	10	10
Total	60				

The statistics in the table above shows that the clear majority of working women decide to invest their money in gold and other precious metals. They do this because they believe it to be a wise investment given the rising price of gold and ease with which they can turn their assets into cash whenever they need it. The mutual fund came in last because most individuals are unaware of the advantages given by them, think investing in them entails market risk, and are scared to make an investment..





**Figure 7 Preferred investment vehicle**

### Hypothesis

The one-way ANOVA test was used to the following hypothesis to see if there is a link between education level and most-preferred investment instrument. The results of the test will be used to determine whether or not the hypothesis is true."The most popular investing awareness tool among working women in the unorganized sector and educational background do not significantly correspond with one another..".

**Table 9: Education Level and the Most Favored Investment Instrument (One-Way ANOVA Test Results)**

Dimension	F	Sig	Rank
Real Estate	7.914	.000	S
Life Insurance	5.997	.001	S
Gold and Precious Metals	4.057	.011	S
Fixed Deposit	6.480	.000	S
Post Office Savings Scheme	61.197	.000	S

The information in the table above leads to the conclusion that the respondents' level of education has a significant impact on the awareness investment tool that they value most. As a result, the null hypothesis is rejected at a level of 5% and the significance criterion is lower than 0.05. It has been shown that a factor influencing which investment instrument is most preferred in terms of awareness is the respondent's educational background. Higher educated individuals have a more varied portfolio as compared to those with lesser levels of education..[42-44]

### Finding

- Working women have a high level of financial knowledge; despite having less schooling, they have inherited the practice of saving and investing.
- Most working women adopt their parents' investing plan without considering the benefits and hazards involved. The percentage of women who work outside the house who are financially literate is greatest.[45-46]

- The great majority of working women prefer to invest their money in gold and other precious metals because they believe it to be a wise investment because gold's value keeps rising and it is easy to turn it into cash whenever they need it.

Mutual funds came in last because most people are unaware of the advantages they provide and avoid investing in them out of fear since they incorrectly think doing so entails market risk.[47]

A significance level of less than 0.05 indicates the rejection of the null hypothesis, and the significance level is less than 0.05. The inference that may be made is that the respondent's educational background influences the preferred investment instrument. A respondent with a higher education level has a portfolio that is more varied than a respondent with a lower education level.[48-50]

## CONCLUSION

Since they make more money, have the authority to make investment decisions, and are aware of alternative sources of funding, the majority of respondents to this survey are professionals. Conversely, less educated women who are employed or paid a salary face limitations when it comes to making financial decisions. The choice of an investor's investment strategy is significantly influenced by their degree of education. In India, gold is an important source of savings since, unlike investments in real estate, insurance, or other savings plans, its price has climbed over time and it can be sold rapidly. They believe that alternatives to gold as an investment option do not offer the same level of safety as the precious metal. Every woman in the city has the chance to save money and invest it over the course of her lifetime since the cost of living is lower than the national average. In light of their educational background and the financial contribution they make to their families' wages, it may be said that women are given the freedom to make investment decisions.

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