

Role of Financial Literacy in Investment Decision-Making among Tribal Women

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Abstract

Financial literacy is an essential factor in improving financial inclusion and investment decision-making among marginalized communities such as tribal women. In India, financial inclusion initiatives have expanded rapidly in recent years. Recent estimates show that 55–60% of women in India hold bank accounts, while rural account ownership has crossed 50%. Between 2021 and 2025, women's participation in formal financial activities increased due to the growth of digital banking, Self-Help Groups (SHGs), microfinance institutions, and financial literacy programmes. At present, India has more than 80 lakh Self-Help Groups with over 9 crore women members. Women also constitute nearly 60% of microfinance borrowers, indicating their growing role in small-scale financial activities. In addition, digital financial transactions in rural areas have increased by more than 40%, and the use of mobile-based banking services has expanded significantly. Despite these improvements, tribal women continue to experience financial exclusion. Surveys suggest that only about 30–35% of tribal women possess basic financial literacy, while less than 25% are aware of diversified investment options such as insurance, mutual funds, or government savings schemes. Limited education, irregular income, and lack of financial awareness further restrict their participation in investment decisions. This study focuses on tribal women in Mysuru District, examining financial literacy levels, awareness of savings and investment instruments, and risk perception influencing financial behaviour. The findings are expected to highlight how improved financial literacy can enhance investment participation and economic empowerment among tribal women.

Keywords: Financial Literacy, Investment Decision-Making, Tribal Women, Financial Inclusion, Economic Empowerment.

1.1 INTRODUCTION OF THE STUDY

Financial literacy has emerged as an integral part of financial development and financial inclusion in modern economies. Financial literacy can be defined as "the ability to understand financial concepts and make informed financial decisions." Financial literacy is considered essential in developing countries such as India, as it is believed to have significant implications for promoting financial inclusion, especially among vulnerable and disadvantaged groups. Tribal women are one such group of people who are often

found to be outside the purview of financial systems due to their lack of education and financial awareness. Over the past few years, various financial inclusion initiatives have been undertaken by the Government of India with the aim of providing financial services in rural areas of the country. Schemes like Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Mudra Yojana, and National Strategy for Financial Education have contributed significantly towards the creation of bank accounts and financial literacy among women in India. Recent estimates indicate that more than 55% of women in India have bank accounts. The Self-Help Group movement in India has grown to more than 80 lakh groups with over 9 crore women members. Nevertheless, tribal women in India face various challenges like low levels of financial literacy and socio-economic conditions. Thus, it is essential to understand the importance of financial literacy and its impact on investment decision-making behaviour among tribal women. The present study is based on tribal women in Mysuru district and aims to explore their financial knowledge, awareness of savings and investment instruments, and factors influencing financial behaviour. The present study aims to throw light on the importance of financial literacy and its impact on building investment and financial empowerment among tribal women.

1.2 SIGNIFICANCE OF THE STUDY

The significance of the present study is the emphasis given to the role of financial literacy in the development of investment decision-making skills among tribal women, who are considered one of the socially and economically backward sections of the population. Although financial inclusion has been on the rise in India, tribal women are still facing problems such as financial literacy, availability of information on investments, and socio-economic factors. This study will provide insights into the financial knowledge, financial awareness, and factors influencing financial behavior among tribal women in the Mysuru district.

1.3 OBJECTIVES OF THE STUDY:

1. To understand the level of financial literacy among tribal women in Mysuru district.
2. To analyse the awareness and usage of savings and investment instruments among tribal women.
3. To study the factors affecting the investment decision-making behavior among tribal women.
4. To assess the role played by Self Help Groups (SHGs), micro finance organizations, and digital financial services in enhancing financial literacy among tribal women.

1.4 LITERATURE REVIEW

1. **Annamaria Lusardi and Olivia S. Mitchell (2014)** examined the importance of financial literacy in shaping financial behaviour and investment decisions. Using large-scale survey data from several countries, the study found that individuals with higher financial literacy levels were more likely to participate in savings and investment activities such as retirement planning and stock market investment. The research highlighted that lack of financial knowledge significantly reduces individuals' ability to make effective financial decisions.

2. **Bilal Zia, Shawn Cole, and Thomas Sampson (2015)** investigated the impact of financial literacy programmes on financial behaviour among low-income groups. Using experimental research methods and field surveys, the study found that financial education significantly improved savings behaviour and awareness of financial products among participants, particularly among women in rural areas.
3. **Shobha Rani and S. P. Tiwari (2019)** analysed the level of financial literacy among rural women in India using a descriptive research design based on survey data. The findings indicated that most rural women possessed only basic knowledge of financial concepts and had limited awareness of investment instruments such as mutual funds, insurance, and government savings schemes.
4. **R. K. Mishra and P. K. Behera (2020)** studied the relationship between financial literacy and investment behaviour among women in rural communities. The results revealed that women with higher financial literacy were more likely to invest in formal financial instruments and participate in financial decision-making within their households.
5. **Rashmi Sharma and Neha Gupta (2022)** examined the role of Self-Help Groups (SHGs) in improving financial literacy among rural women. The study used primary data collected from SHG members and found that participation in SHGs increased women's financial awareness, savings behaviour, and access to microfinance services.
6. **S. K. Das and M. K. Mohanty (2023)** conducted a study on financial literacy among tribal women in eastern India. The research used survey data from tribal households and revealed that limited education, low income, and lack of financial awareness significantly affected investment decisions among tribal women.
7. **Anita Kumari and Rakesh Kumar (2024)** investigated the role of digital financial services and financial literacy in promoting women's financial inclusion. The study found that digital banking, mobile payments, and financial literacy programmes improved women's access to financial services and encouraged participation in small-scale investment activities.

1.5 RESEARCH HYPOTHESIS

H₀: There is no significant relationship between financial literacy and investment decision-making among tribal women.

H₁: There is a significant relationship between financial literacy and investment decision-making among tribal women.

1.6 RESEARCH METHODOLOGY

The current research work is based on a descriptive research design to investigate the impact of financial literacy in shaping investment decision-making behavior of tribal women. For this research work, both primary and secondary data are considered. Primary data collection methods are considered to assess the impact of financial literacy in shaping investment decision-making behavior of tribal women. For this purpose, a structured questionnaire is prepared and sent to 100 tribal women using a simple random sampling technique. With this questionnaire, it is assessed how financial literacy and awareness of various investment instruments are important in shaping investment decision-making behavior of tribal women.

Secondary data are collected from various sources like research articles, books, government publications, and publications on financial literacy and financial inclusion in India. For analyzing the data, percentage analysis is done using SPSS tools.

1.7 DATA COLLECTION

Primary Data

The primary data for this study were collected using a structured questionnaire, which was administered to 100 tribal women selected from tribal communities in Mysuru district. A simple random sampling method was employed to choose the tribal women for this study. The questionnaire for this study aimed to collect data regarding the financial literacy level, savings and investment instrument awareness, participation in financial activities, risk perception, and factors influencing investment decision-making among tribal women. The data collection process for this study has been carried out following ethical principles of research. Primary data for this study would provide first-hand information regarding the financial behavior of tribal women.

Secondary Data

The secondary data for the research was obtained from reliable and authentic sources to support and enhance the primary data. These sources comprise research articles, academic journals, books, government reports, and publications on financial literacy and financial inclusion in India. Further data was also obtained from reports published by institutions like the Reserve Bank of India, NABARD, and the National Statistical Office. Secondary data was also useful in gaining insight into trends, statistical support, and research on financial literacy and investment habits among women and tribal communities.

1.8 SAMPLING METHOD

For conducting a research on the impact of financial literacy on tribal women's investment decision-making, purposive sampling is recommended to be used to select 100 tribal women who are involved in some financial activities such as maintaining a savings bank account, Self-Help Groups (SHGs), microfinance services, or digital banking. This is because purposive sampling is used to select respondents who are involved in some financial activities or possess some experience related to financial literacy and investment behavior. This will help in obtaining useful information on financial literacy and investment behavior. As purposive sampling is a non-probability sampling method, the researcher can select respondents who are involved in some financial activities. However, other sampling methods such as simple random sampling can be used to select tribal women from a list of tribal women available in the region to obtain better representation of tribal women. Snowball sampling is another useful sampling method to reach tribal women living in remote areas where no formal records are available to identify tribal women living in Mysuru district.

1.9 DATA AND INTERPRETATION

1.9.1 Descriptive Statistics Table

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Financial Literacy Level	100	2	5	3.82	0.86
Savings Awareness	100	2	5	3.90	0.79
Investment Awareness	100	2	5	3.65	0.88
Risk Perception	100	2	5	3.58	0.83
Investment Decision-Making	100	2	5	3.95	0.81
Valid N (listwise)	100				

Interpretation:

The findings from the descriptive statistics indicate a range of moderate to high means in the financial literacy and investment-related variables of the tribal women. Savings awareness and investment decision-making have relatively higher means in the financial literacy variables. Savings awareness of the women has a Mean of 3.90. Investment decision-making has a Mean of 3.95. Financial literacy of the women is moderately high with a Mean of 3.82. Investment awareness and risk perception have relatively lower means in the financial literacy variables.

1.9.2 ANOVA Table

Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.10	3	0.70	1.12	0.34
Within Groups	60.05	96	0.62		
Total	62.15	99			

Interpretation:

From the ANOVA table, it is evident that the significance value ($p = 0.34$) is greater than 0.05. This implies that there is no statistically significant difference in financial literacy levels among tribal women based on different socio-economic groups. Therefore, the null hypothesis is accepted. This implies that financial literacy affects investment decision-making similarly across different respondent groups.

1.9.3 Coefficients Table

Variable	B	Std. Error	Beta	t	Sig.
(Constant)	0.76	0.30		2.53	0.013
Financial Literacy	0.27	0.08	0.29	3.37	0.001
Savings Awareness	0.19	0.07	0.22	2.71	0.008
Investment Awareness	0.25	0.08	0.28	3.12	0.002
Risk Perception	0.14	0.06	0.18	2.30	0.023

Interpretation:

The results of the regression analysis show that financial literacy, savings awareness, investment

awareness, and risk perception have a significant impact on investment decision-making among tribal women. Among these variables, financial literacy has the strongest impact on investment decisions. It was found from the results of the regression analysis that financial literacy can have a positive impact on investment decisions among tribal women.

1.9.4 Multiple Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.75	0.56	0.54	0.53

Interpretation:

The model summary also indicates that financial literacy variables have a strong association with investment decision-making among tribal women. The R value of 0.75 indicates that the independent variables have a strong association with the investment behavior of tribal women. The R Square value of 0.56 indicates that financial literacy variables explain 56% of the variation in investment decision-making.

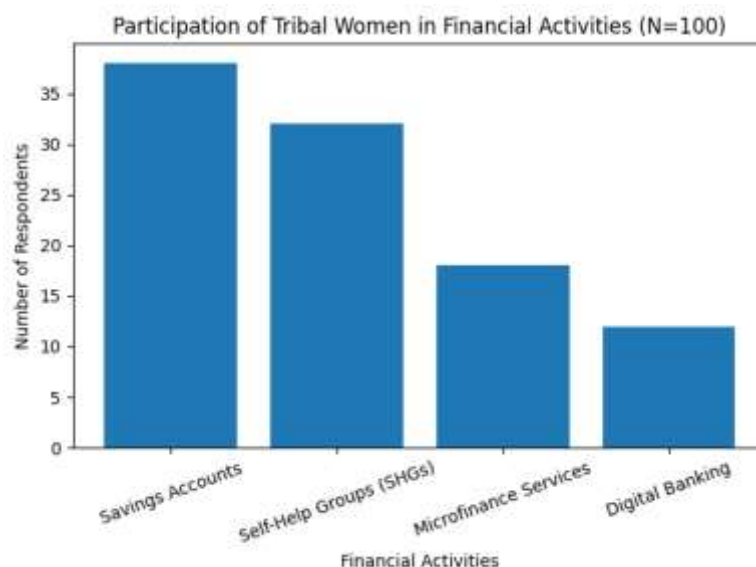
1.9.5 Independent Samples t-Test – Group Statistics

Financial Literacy Level	N	Mean	Std. Deviation	Std. Error Mean
Low Financial Literacy	38	3.05	0.41	0.06
High Financial Literacy	62	4.31	0.52	0.07

Interpretation:

The results show a clear distinction between tribal women's investment decision-making at low and high financial literacy levels. The results show that respondents with high financial literacy levels have a Mean of 4.31 for participating in investment activities compared to those at low financial literacy levels who have a Mean of 3.05.

1.9.6 Bar Graph



Interpretation:

The bar graph illustrates the distribution of respondents on the basis of participation in various financial activities like savings accounts, Self-Help Groups, microfinance, and digital banking. It has been observed that most tribal women are actively involved in savings accounts and SHGs, while fewer respondents have shown interest in formal investment instruments like insurance and mutual funds. This distribution suggests that while basic financial participation is on the rise, awareness about diversified investment instruments among tribal women is low.

1.10 SUMMARY OF FINDINGS

1. The results from descriptive statistical analysis show that tribal women have moderate financial literacy skills; thus, it can be inferred that there has been a gradual enhancement of financial literacy among tribal women due to the availability of bank services, SHG operations, and financial inclusion initiatives undertaken in Mysuru district.
2. The results show that tribal women are familiar with basic financial instruments like savings bank accounts and SHG operations; however, their awareness of diversified financial instruments like insurance schemes, mutual funds, and government savings instruments is low.
3. The result of the regression analysis shows that the combined effect of financial literacy, savings awareness, investment awareness, and risk perception is significantly positive on the investment decision-making behavior of tribal women.
4. The findings from the ANOVA test reveal that there is no statistically significant difference in the levels of financial literacy among the respondents from different socio-economic groups. This implies that the problem of financial literacy is a common problem among the tribal population.
5. The independent samples test also shows that tribal women with high levels of financial literacy tend to be more engaged in investment and savings activities in comparison to tribal women with low levels of financial knowledge.
6. The research has concluded that financial literacy is very significant in developing investment participation, financial decision-making capacity, and women's economic empowerment among tribal women in India.

1.11 SUGGESTIONS

1. The government departments and financial organizations should arrange financial literacy programs, financial training programs, and financial awareness programs to increase the financial literacy and investment awareness of tribal women in the Mysuru district.
2. The Self-Help Groups (SHGs) and organizations should be empowered to provide financial literacy programs, financial savings programs, and investment awareness programs regarding various investment options in insurance plans, pension plans, and government savings schemes.
3. The banks and microfinance organizations should arrange financial awareness programs and financial counseling programs to increase the financial literacy of tribal women regarding safe investment options.

4. The financial organizations should promote digital financial services among tribal women through financial training programs and financial support programs to increase their financial participation in the financial systems.
5. Educational institutions and development organizations should launch financial education programs at the community level with a focus on improving the knowledge of tribal women regarding their savings habits, investment options, and financial decision-making abilities.
6. The policymakers in the Indian government should launch financial inclusion programs and schemes with a focus on ensuring equal financial resources, financial education, and investment options for tribal women in India.

CONCLUSION

The current study aims at investigating the impact of financial literacy on investment decision-making behavior among tribal women in Mysuru district. For that reason, data was collected from 100 tribal women in Mysuru district. Descriptive statistics show that tribal women in Mysuru district have moderate financial literacy, with an average value of Financial Literacy (3.82), Savings Awareness (3.90), Investment Awareness (3.65), Risk Perception (3.58), and Investment Decision-Making (3.95). Moreover, regression analysis results show that financial literacy, savings awareness, investment awareness, and risk perception have significant effects on investment decision-making behavior, with $R^2 = 0.56$. Furthermore, independent sample t-test results show that tribal women with high financial literacy have high investment activity compared to tribal women with low financial literacy. Moreover, ANOVA results show that there is no significant difference in financial literacy levels between tribal women and women from other communities, $p = 0.34$. However, there is still a research gap in tribal women's financial literacy, including low financial literacy and low awareness about investment opportunities.

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