

A Study on Awareness of Financial Literacy Among women in Pondicherry

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Abstract

The study aims to examine the awareness of the financial literacy of Women in Pondicherry. The research focuses on the level of financial awareness among women in areas such as investments, savings, and insurance. For this quantitative research survey was conducted through a structured questionnaire with a sample of 250 women from various age groups. The study findings indicate that the financial literacy level among women in Pondicherry is low, less percentage of women having awareness. Furthermore, the study found that several factors such as age, income, education influences financial literacy.

Keyword: Financial literacy, Financial knowledge, Women empowerment.

Introduction

Financial literacy means the possession of knowledge and understanding of financial matters. Financial literacy is mainly used in connection with personal finance matters. Financial literacy often entails the knowledge of properly making decisions pertaining to certain personal finance areas like real estate insurance, investing, saving, tax planning and retirement. Education is a lifelong process and enables people to skills and techniques useful for day-to-day life. In view, various educational policies & systems have been implemented by the Government of India and special schemes for women education. As a result, the literacy rate of both men & women are rising year by year.

Another important fact is that though the literacy rate has improved, there is a remarkable lack of financial literacy-especially among women. It is a very encouraging fact to see that today women are at par with men in all fields, but they are still dependent on the male members of their family when it comes to financial decision-making. In India, poverty and unemployment are the major problems; it is significant to financially educate the women to fuel growth by providing opportunities to women to contribute to economic development and growth.

Need for the study

This study is an attempt to study the level of financial literacy among Indian women. The Indian culture still has male dominated societies in most of the parts. There exists a culture in which male takes all the responsibilities regarding financial matters and women have lesser control on it. Though the situation of women has improved significantly in comparison to previous one but the situation is not fully improved. Hence there is a need to study the actual level of financial literacy among Indian women. Moreover, the

interventions by government and measures for boosting up the financial literacy level also need to be analyzed.

Objectives

The study aims to examine the awareness of financial literacy among the women in rural and urban areas of Pondicherry. It emphasizes on verifying the association between demographic variables.

Hypothesis

H₁ There is no significant relation between the age and preference to investment.

H₂ There is no significant relation between the profession and preference to investment.

H₃ There is no significant relation between the education qualification and financial awareness.

H₄ There is no significant relation between the annual income and preference to investment.

H₅ There is no significant relation between the marital status and preference to investment

H₆ There is no significant relation between the educational qualification and awareness of taxation rules and regulation.

Research Methodology

The study was undertaken on the demographic distribution of employees in various sectors of Pondicherry. The sample was collected from the women employees, students, unemployed, retired aged women 17 to 60 above working in various sectors. Convenience sampling technique was used for the research. The sample size was 250 respondents from rural and urban areas of Puducherry.

Research Design

The research design emphasizes a systematic approach, Quantitative research, using Chi-Square. Chi square method is the application of testing the significance difference between observed value and expected value.

The independent variables are age, profession, marital status, education, and income and the dependent variable is financial literacy. Data was collected through a structured questionnaire to measure the awareness of financial literacy among women.

Review of literature

Venkataraman (2004) compared the psychology of women investors with men and found that although women like to get the maximum returns but most of them make secret savings and use this secret money on gold, jewelry or apparels. Also they prefer to invest more in post office schemes.

Lusardi and Mitchell (2008) conducted a study on planning and financial literacy: how do women fare? The result showed that variables are closely related that is financial knowledge and planning and women who show higher financial literacy are good in planning but in older women have low financial literacy level.

Marzieh Kalantarie, et.al (2013) made a study to know the relations between financial literacy, financial wellbeing and financial concerns level was low and the majority of women did not plan for retirement. The findings of the study explain that age and education are positively correlated with financial literacy and financial wellbeing. It was also found that higher financial literacy leads to greater financial well-being and less financial concerns.

V. Mathivathani (2014) assessed the Financial Literacy among Rural Women in Tamilnadu. The study found that Women in that area have a low level of financial literacy. They concluded that the financial literacy of marginalized rural people is low. The percentage of women in the workforce is extremely low. **Shobha and Shalini (2015)** conducted a survey on the perception of women towards the personal financial planning in the city of Bangalore. The study also found that women still they feel that gold, real estates, bank deposits, insurance products and provident funds are the safest instruments for investing, while they feel that mutual funds, derivatives, chits, stocks and shares as riskier investments. Hence, lack of knowledge on new instruments influences their ability to earn returns for them.

CA Anupama & Joshi. B. (2015) conducted a study on women's financial literacy and its effect on their investment choice decision. The objective is to determine the financial literacy of working and 'financially independent women' and its impact on their 'investment decisions.' The study concluded that Financial Knowledge leads to better living standards, independence in financial decision-making, and better empowerment.

Akshita Arora (2016) focused on the Assessment of Financial Literacy among Working Indian Women, to determine women's financial literacy levels. The level of financial literacy was assessed using three parameters: financial knowledge, financial conduct, and financial attitude, and it was discovered that women's overall awareness of financial planning tools and approaches remains low.

Roy and Jain (2018) studied 150 working women of Jaipur city. Their result shows that females are highly risk-averse and they have lack knowledge regarding banking services and also, they do not take consultant service in managing their saving

Garima Baluja (2016) conducted study on financial literacy among women in India explains factors influencing on financial literacy of women in India and financial literacy interventions by government in India. The article explains that, lack of women centric financial schemes, lack of access to financial services, lack of basic educations, lack of independence are the factors influencing on financial literacy among women in India. To overcome from these obstacles, government of India has taken various initiatives to fill this gap through implementing various schemes through which government wants to strengthen the financial literacy awareness.

Data analysis and Discussion

1.1 Age and preference for investment

n= 250

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	21.036 ^a	12	.050
Likelihood Ratio	22.333	12	.034
N of Valid Cases	250		

The Calculated X² value is 21.036 at a 5% level of significance. p-value is .050. Hence null hypothesis (Ho) is rejected. Therefore, there is a significant relationship between age and preference for investment.

Dependent Variable: Financial Literacy

1.2 Profession and preference for investment

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	35.361 ^a	30	.230

Likelihood Ratio	39.246	30	.120
N of Valid Cases	250		

The Calculated X² value is 35.361, at a 5% level of significance. P -value is .230. Hence null hypothesis (Ho) is accepted. Therefore, there is no significant relationship [between profession and preference for investment.

Dependant Variable: Financial Literacy

1.3 Education qualification and Awareness of financial literacy among women

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16.640 ^a	9	.055
Likelihood Ratio	16.055	9	.066
N of Valid Cases	250		

The Calculated X² value is 16.640 at a 5% level of significance. P- value is .055. Hence null hypothesis (Ho) is accepted. Therefore, there is no significant relationship between education qualification and awareness of financial literacy among women.

Dependant Variable: Financial Literacy

1.4 Annual income and investment

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	49.723 ^a	24	.002
Likelihood Ratio	44.786	24	.006
N of Valid Cases	250		

The Calculated X² value is 16.640 at a 5% level of significance. p -value is .002. Hence null hypothesis (Ho) hypothesis is rejected in favor of alternative hypothesis. Therefore, there is a significant relationship between annual income and preference for investment.

Dependant Variable: Financial Literacy

1.5 Marital status and Advice while doing investing

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.002 ^a	5	.416
Likelihood Ratio	6.146	5	.292
N of Valid Cases	250		

The Calculated X² value is 5.002 at a 5% level of significance. P- value is .416. Hence null hypothesis (Ho) is accepted. Therefore, there is no significant relationship between marital status and advice while doing investing.

Dependant Variable: Financial Literacy

1.6 Education qualification and Awareness of taxation rules and regulation

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.474 ^a	6	.871
Likelihood Ratio	2.849	6	.828

N of Valid Cases	250		
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The Calculated X^2 value is at a 5% level of significance. p -value is 0 .871. Hence null hypothesis (H_0) is accepted. Therefore, there is no significant relationship between education qualification and awareness of taxation rules and regulation.

Conclusion

The present study concluded that the awareness of financial literacy among women in Pondicherry gave some important insights. Age of the respondent is positively correlated with the preference to investment. Hence the result shows that there is a relation between age and preference to investment. Education qualification of the respondents is negatively correlated with financial literacy level. Hence the results show that there is no relation between education qualification and preference to investment.

Annual income of the respondents is positively correlated with the level financial literacy. The results exhibit that financial literacy level is increase when income level of the individual increases. Hence there is a relation between the annual income and preference to investment. Profession of the respondent is negatively correlated with financial literacy level. Therefore, there is no relation found between the profession and preference to investment. Marital status of the respondent is negatively correlated with advice while doing the investment. Therefore, there is no relation between the marital status and advice while doing investing. Education qualification of the respondent is negatively correlated with the awareness of taxation rules and regulation. Hence there is no relation between education qualification and awareness of taxation rules and regulation.

Financial literacy education is a vital for any individual to take financial decisions on personal financial planning, investments and to manage their business finance. Female are highly risk averse and do not want to take risk their hard-earned money in those financial instruments that can give rich capital gains on their investment. The study also indicates that women lack the knowledge of basic banking knowledge like cash payments or transferring the funds to another account. Indian government lot of emphasis on the basic education to a woman; this has really improved the standard of living of women in India. But still, majority of women are highly negligent towards the investment in other financial instruments.

Women need to update more about financial alternatives available in the market. They have to participate in various programs like seminars, workshops and boost camps to get financial awareness. It is advisable to consult a tax professional or financial advisor who can guide in reducing the tax burden more effectively.

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