

Financial Literacy Level of Women Investors of Indore City and Its Impact On Investment Decisions

Paper Submission: 05/06/2021, Date of Acceptance: 16/06/2021, Date of Publication: 25/06/2021



Mohd Ashraf Yattoo

Research Scholar,
Dept. of Commerce,
Devi Ahilya Vishwavidyalaya
Indore, M.P., India

R S Waghela

Professor,
Dept. of Commerce,
Shri Atal Bihari Vajpayee
Government Arts and Commerce
College, Indore,
M.P., India

Abstract

Women make up roughly half of the world's population, but their investment contribution is minimal. Women's enormous ability to contribute to economic progress through investments remains unexplored. Through numerous investigations and original data collection, this research article attempts to determine, whether women's investing behaviour is influenced by their financial understanding, and whether a lack of financial information a barrier to changing their investment behaviour. The research will also look into if there is a need to raise financial literacy knowledge among women. Women investors may improve their investment behavior if they are interested in improving their financial understanding, which will eventually lead to their empowerment.

Keywords: Financial Literacy, Basic Financial Literacy, Advanced Financial Literacy, Demographic And Socio Economic Factors.

Introduction

Financial literacy is now widely recognized throughout the world. Despite India's enormous population, fast-growing economy, national focus on equitable growth, and urgent need to develop a vibrant and stable financial system, it is all the more important to promptly formulate and implement the national strategy. Financial literacy, often known as financial education, is a term that refers to the ability to manage money. In recent years, financial education, often known as financial literacy, has become more important. Traditionally, women were in charge of the home and everyday maintenance tasks, which included household budgeting and bill paying. Lack of financial knowledge and confidence among women. Their capacity to reach their financial potential is influenced by their management and investment strategies. Although the fundamental concepts of investing are the same for both men and women; women do not approach financial matters in the same way as their male counterparts. Women who have been empowered and educated must make use of the tools and resources available to them reach their financial potential.

Women's standing is low in most South Asian countries, and their socioeconomic conditions are far worse than men. The flow of financial aid to them is insufficient, if it exists at all, to enable them to cross the poverty.

As a result, there is a need to establish a grass-roots organization to enable women to come together and make decisions, and to fulfill their needs. In fact, some of the successful group based participatory programmes have made significant improvement in the living condition of poor women.

Women, in particular, are financially uneducated. Women are more conservative in their attitudes. Men are better investors than women. Women in rural areas are less confident, anxious, informed, and more likely to spend without addressed in financial education. Financial literacy is vital for today's adult because it gives them the knowledge they need to make important financial decisions including credit usage, saving and investing, and retirement planning. Purchase and use of insurance, as well as estate planning

RBI's Initiative on Financial Literacy

The Reserve Bank of India has launched a "Project Financial Literacy" initiative. The project's goal is to provide information on the central bank and general banking principles to a variety of audiences, including school and college students, women, the rural and urban poor, military people, and older residents. The project is divided into two components, the first of which focuses on economy, RBI's functions, and operations, while the second module focuses on general banking functions. The Bank has also built a link on its website to make information more accessible to the general public; the information is provided in 13 regional languages, which aids people in dealing with banks.

SEBI's Initiatives in the Field of Financial Literacy

The Securities and Exchange Board of India (1992) has developed various modules in their financial literacy programme for various segments, such as financial education at the school level and financial education at the college level. They have distinct courses for executives. SEBI has a team of resource people who are experts in various sectors of the financial markets, and these executives organise everything. Executives host various workshops to educate all target groups on basic financial topics such as saving, investments, insurance, and retirement planning.

Review of Literature

Jamuna & Kavitha, 2013. In a study in 2013 which is based on descriptive research, it was concluded that unmarried women are not inclined towards investment but it is the married women who take initiatives in making investments. The middle aged women generally choose real estate as their preferred choice of Investment Avenue. The conclusions in the study can be utilized by bankers government and financial institutions for introducing such schemes of investment based on the education level, income level and age with the objective of acquiring and mobilizing funds

CA Anupama & Joshi. B. (2015) conducted a study on financial literacy of women and its effect on their investment choice decision. The objective is to evaluate the financial literacy of working and financially independent women and its impact on their investment decisions. The study is conducted on 85 educated working women in educational sector in Gautam Budh Nagarhas. Study concluded that Financial Knowledge leads to better life standards, independence in financial decision making and better empowerment and there is a drastic need for financial literacy programs to make women confident in making sound financial decisions.

Haque. A. & Zulfiqar. M. (2015) conducted a study on women's economic empowerment through financial literacy, financial attitude and financial wellbeing. The objective of the study is to assess the level of financial literacy, financial attitude and financial wellbeing of working women and to examine the relationship between financial literacy, financial attitude, financial wellbeing and economic empowerment of working women. Study is conducted

on 300 working women of non- financial sector of Pakistan. Study found that the financial literacy, financial attitude and financial wellbeing are significantly & positively related with economic empowerment.

Akisimire. R et al. (2015) tried to examine the relationship and effect of microfinance on the entrepreneurial empowerment of women using evidence from the Central and Eastern regions of Uganda in their paper microfinance and entrepreneurial empowerment of women: the Ugandan context. The study was based on 150 women of Eastern & western region of Uganda. Multiple regression and correlation techniques was used to establish the relationship between the variables and to establish the influence of microfinance on women's entrepreneurial empowerment and found that microfinance and social capital have a significant relationship with entrepreneurial empowerment and concludes that microfinance is an important tool towards the entrepreneurial empowerment of women in a resource perspective.

Saha. B. (2016) makes an effort to study the extent of financial literacy among working women of Raipur city and the study was conducted on 100 working women of Raipur city. Percentage and cross analysis were used for analysis of the data and study concluded that working women have good basic knowledge about risk free investment products, very less basic knowledge about risky investments, credit products are better known among them. Variables used for the study were financial products (investment, credit & insurance), credit products and insurance products.

Arora. A. (2016) conducted a study Assessment of Financial Literacy among working Indian women. The objective of the study was to assess the financial literacy level of women and was conducted on 700 working women of urban areas of Rajasthan among which only 444 were responded. Results of the study show that the general awareness about financial planning tools and techniques among women remains poor even today, in 21st century and concluded that women have performed comparatively better in terms of financial attitude and behavior as compared to financial knowledge score. The study was based on three variables i.e. financial knowledge, financial behavior and financial attitude.

Fan and Chatterjee (2018), also revealed that financial experience and socialisation, such as by family members, improved financial knowledge and skills. In addition, financial learning can also be gained from work experience. Working enables a person to obtain knowledge about managing money; by learning from experience, they can develop a sense of responsibility and increase their money-management expertise

Mountain et al (2020). Financial education can be an important a way to enhance financial knowledge and increase an individual's capacity to

manage their finances. And, indeed, it may be the case that this education eventually helps people manage money better when they do see their incomes increase and/or have the chance to work.

Research Objectives

The present study aims to study the level of financial literacy of women investors of Indore city for this following objectives are formed-

1. To study the level of financial literacy of women investors of Indore city.

2. To study the association between level of financial literacy and demographic and socio economic factors.

Research Methodology

For the present study, non-probability convenient sampling is chosen. For the present study the Women investors of Indore city are considered as the population for the study.

The sample size is considered for the present study is 100. Both primary as well as secondary data are used for the study. The primary data is collected using a questionnaire

Data Analysis and Interpretation

Profile of Respondents

Variable	Categories	Percentage
Age	25-30	24
	31-35	19
	36-40	03
	41-45	14
	46-50	18
	51-55	12
Education	56 above	10
	Under Graduation	7
	Graduates	21
	Post graduation	50
	Technical education/diploma	12
Monthly income	Doctorate	10
	Up to 10000	04
	10001-20000	02
	20001-30000	07
	30001-40000	07
	40001-50000	11
Occupation	Above 50001	69
	Full time salaried	38
	Part time salaried	12
	Self employed	25
	Retired	11
Martial status	Professional	14
	Married	55
	Unmarried/separated	45

Basic Financial Literacy Level Test of Respondents

Basic Financial Literacy Questions	Percentage of Respondents with Correct Answer	Percentage of Respondents with Incorrect /Don't Know Answer
Numeracy	73.22	26.78
Time value of money	69.28	30.72
Compound interest	62.56	37.44
Inflation	68.22	31.78
Investment	58.26	41.74
Stock market	49.12	50.88
Disposable income	69.99	30.01
Bank account type	71.23	28.77
KYC (know your Customer)	71.23	28.77
Financial worth	52.68	47.32
Regulatory body	62	38

Table shows that investors has basic financial literacy knowledge

Advanced Financial Literacy Level Test of Respondents

Advanced Financial Literacy Level	Percentage of Respondents with Correct Answer	Percentage of Respondents with Incorrect /Don't Know Answer
Fixed deposits	78.23	21.77
National saving certificates	48.29	51.71
Public provident fund	71.23	28.77
Employee provident fund	40.12	59.88
Equity shares	34.78	65.22
Preference shares	23.12	76.88
Mutual funds	59.12	40.88
Debentures and bonds	43	57
Insurance policy	69.34	30.66

Table displays overall performance of the respondents towards advanced literacy 30 questions. With respect to advanced financial literacy, it can be seen from table that respondents scores highest on the product i.e. "Fixed deposits (78.23 % of correct answer), public provident fund (PPF 71.23%) of correct answer), and Insurance policy (69.34% of correct answer)". The respondents are less

knowledgeable on the following investment alternatives, i.e. mutual funds (59.12 % of correct answer), National Saving Certificates (NSC 48.29 % of correct answers), debentures and bonds (43% of correct answers) employee provident fund (EPF 40.12 % of correct answers),Equity Shares (34.78 % of correct answers) and Preference Shares (23.12% of correct answers)

Association between Individuals Age Group and Their Financial Literacy Level

Financial literacy level	Respondents Age Groups							Total
	25-30	31-35	36-40	41-45	46-50	51-55	56 Above	
Low	16	6	2	4	7	9	8	52
Percentage	66.66	31.57	66.66	28.57	38.8	75	80	52
High	8	13	1	10	11	3	2	48
Percentage	33.33	68.42	33.33	71.42	61.1	25	20	48
Total	24	19	3	14	18	12	10	100

According to the results, 16 percent of the total respondents in the age category of 25-30 years have low financial literacy and 8% have excellent financial literacy. In contrast, respondents in the 31-35

year, 41-45 year, 46-50 year age groups have a significant percentage of good financial literacy. The age group 31-35 has the highest level of financial literacy.

Association between individuals monthly income and their financial literacy level

Financial literacy level	Monthly income of respondents						Total
	Up to 10000	10001-20000	20001-30000	30001-40000	40001-50000	Above 50001	
Low	4	1	3	4	5	35	52
Percentage	100	50	42.85	57.14	45.45	50.72	52
High	0	1	4	3	6	34	48
Percentage	0	50	57.14	42.85	54.55	49.28	48
Total	4	2	7	7	11	69	100

Table shows that people earning more than Rs50,000 have higher financial literacy (49.27percent than those earning less than Rs10,000.(0 percent) level.

Respondents in the income range of Rs20,000 to Rs. 30,000 were also included.demonstrates the highest level of financial literacy.

Association between individuals occupation and their financial literacy level

Financial literacy level	Occupation of respondents					Total
	Full time salaried	Part time salaried	Self employed	Retired	Professionals	
Low	9	2	5	3	2	34
Percentage	23.68	16.66	20	27.27	14.28	34
High	23	10	20	8	12	66
Percentage	76.32	83.23	80	72.72	85.71	66
Total	38	12	25	11	14	100

Tableshows that retired people (27.27 percent) had a lower level of financial literacy than full-time salaried people (23.68 percent). According to the data professionals (85.71 percent) are in comparison to

other demographics, they are more financially literate in the course of the group of people who are self-employed.

Association between Individuals Education Qualification and Their Financial Literacy Level

Financial literacy level	Education					Total
	Under Graduation	Graduate	Post Graduate	Technical Education	Doctorate	
Low	5	9	10	4	2	30
Percentage	71.42	42.85	20	33.33	20	30
High	2	12	40	8	8	70
Percentage	28.57	57.14	80	66.66	80	70
Total	7	21	50	12	10	100

Table shows that respondents with under graduates and technical education and having a high level if financial literacy. graduation (71.42%) had a lower level of financial literacy than those with a doctorate, graduates, post

Association between individuals Marital Status and their financial literacy level

Financial Literacy Level	Marital Status		Total
	Married	Unmarried /separated	
Low	20	18	38
Percentage	30.76	51.42	38
High	45	17	62
Percentage	69.23	48.57	62
Total	65	35	100

Unmarried respondents (51.42 percent) had a poor degree of financial literacy, as seen in Table and married respondents (69.23 percent) had a high level of financial literacy.

Findings and Conclusion

The age of the respondents has no bearing on the degree of financial literacy among the population. In comparison to individuals with a high degree of earning, those with a low income had a lower level of financial literacy. The study of data analysis demonstrates that when one's education level rises, their financial literacy level rises as well. Unmarried respondents have a lower degree of financial literacy than married. This could be due to differences in attitude and lifecycle stage.

Apart from the several initiatives taken by the RBI to promote financial literacy, the study's empirical findings show that 52 percent of those surveyed in Indore do not have a basic understanding of financial concepts.

As a result, it is urged that the RBI, along with many other financial institutions, commit to provide financial literacy training to the general public, i.e. concentrating on small groups of people in both urban and rural areas

References

1. Akisimire, R., Abaho, E., & Basalirwa, E. M. (2015). *Microfinance and entrepreneurial empowerment of women: The Ugandan context. International Journal of Economics, Commerce and Manangement*, 3(1), 1-11.

2. Akshita Arora, (2016), *Assessment of Financial Literacy among working Indian women.*
3. CA Anupama and Dr. Bhavesh Joshi. (2015). *Financial Literacy of Women and its Effect On their Investment Choice decision. Global Journal for research analysis*, vol 4, (7), 190-192.
4. Fan, L., & Chatterjee, S. (2018). *Financial socialization, financial education, and student loan debt. Journal of Family and Economic Issues*, 40(4), 74-85.
5. Haque, A., & Zulfiqar, M. (2015). *Women's Economic Empowerment through Financial Literacy, Financial Attitude and Financial Wellbeing. Research journal of finance & accounting*, vol 6 (21), 57-66.
6. Mountain, P., Kim, N., Serido, J., & Shim, S. (2020). *Does type of financial learning matter for young adults' objective financial knowledge and financial behaviours? A longitudinal and mediation analysis. Journal of Family and Economic Issues*
7. S.Jamuna, TNR. Kavitha (2013). *Investment Attitude of Women Towards Different Sources of Securities - A Factor Analysis Approach. GRA - Global Research Analysis*.2, 34-36
8. Saha, M. B. (2016), *A Study of Financial Literacy of Working Women of Raipur City, International Journal of Recent Trends in Engineering & Research*, 2(11).

1