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A Case Study about Financial Literacy among Women Professionals in Jaipur District

Dr. Ankit Acharya

Assistant Professor

Department of Management Studies and Commerce

Vivekananda Global University, Jaipur

Mob.: +91-9351393736

E-mail: ankit88acharya@gmail.com

Dr. Rishi Kant Mittal

Post Doctoral Fellow (ICSSR)

University of Rajasthan, Jaipur

Mob.: +91-9694442100

E-mail: rkmittal2@gmail.com

Abstract

Financial literacy plays an important role in the socio-economic development of a country besides political and legal framework. Moreover, women play an important role in the economic growth and development of a country. In a country like India with 50% female population, their contribution to economic growth is unprecedented. Women must be financially literate to be economically strong. Women education is essential for improving their status in the society and also to empower them.

In modern times, women are equal earning partners in a family but it is often observed that they do not possess required financial knowledge and skills to make sound investments. With abundant and complex financial products and services available in the market, it is essential for women to have basic financial knowledge and Information to ensure safe returns on their money. The present study focuses on how different socio-economic and demographic factors influence financial literacy of professional women in Jaipur district of Rajasthan.

Keywords: Literacy, Finance, Economic Growth.

Introduction

Now days with abundance of complicated financial services and products floating in the market, it has become imperative to have basic knowledge of financial aspects so that one can make sound investments. But it is usually observed that women in the society tend to have low level of financial literacy and hence show dependency on men for investment or money management decisions. Also, in today's era where women are working and becoming bread earners in the family, it has become more important to educate them about basic finance, so that they can manage their own money, can know when and whom to approach for financial advice and manage debt.

For this, financial literacy level is measured of individuals to judge their financial knowledge. But with the growing research it is observed that different researchers have come up with different meanings and definitions of the term financial literacy. Often the terms- financial knowledge, financial literacy and financial education are used interchangeably. But it is found that financial literacy and knowledge is basically inputs to financial education models which will result into financial outcomes.

Also, various ways are available to measure financial literacy level. Hence, there is no single definition to which majority of researchers agrees. And thus, there is no single method available to measure financial literacy level.

Concept of Financial Literacy

"Financial literacy is mainly related with decisions related to personal financial matters. But with the economic and market growth financial literacy has gained much more importance. To know where to invest and how to increase and safeguard our savings, financial literacy is a must. A financially literate person is more aware regarding where to put his hard earned money to gain maximum returns. The dimensions are financial knowledge, financial behaviour and financial attitude. The concept of financial literacy is very complicated, and it is important to understand it fully. Financial choices will get affected due to illiteracy but its nature and expression will change with the situation. Less awareness about financial products

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and services and their risk return framework is one common factor of financial illiteracy that is widely observed.

Review of Literature

Haque., A. and Zulfiqar., M., (2017), 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.

Saha., M.B., (2018), 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., Akshita, (2018), 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.

Objectives of the Study

(i) To assess the impact of financial literacy on women.

(ii) To track the association of socio-economic variables with financial literacy.

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Various Measures of Financial Literacy

As different researchers have come up with different definitions to the term 'financial literacy', there are different ways suggested for measuring financial literacy as discussed.

One way is asking people questions regarding financial concepts and judging their knowledge. This is called performance test. It is objective in nature. The other way is to ask individuals to give a self-report of their knowledge and understanding of financial concepts, their behaviour and attitude towards finances. It is way of self-assessment and is subjective in nature. Different researchers follow different approaches.

Research Methodology

The scale developed by Maarten Van Rooji was modified and used to measure the level of financial literacy among professional women in Jaipur District of Rajasthan. This study is based on primary data and ten questions were asked in the questionnaire. These questions included basic knowledge on financial concepts of numeracy, compounding, inflation, consumer rights and responsibilities, diversification, risk return trade off, time value of money, asset allocation, relation between asset price and interest, and disposable income.

Multiple choice questions were asked from Professional women of Jaipur District. Utmost care was taken to cover the entire region. Convenience sampling was used. 762 responses were received.

Data Analysis

Summary of Responses of Financial Literacy

	Right Responses		**Incorrect Responses**		**Don't Know**			
Financial Literacy	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Sum Total**	**Ranking**
Numeracy	652	85.56	52	6.82	58	7.61	762	**1**
Compounding	588	77.17	68	8.92	106	13.91	762	**2**
Time Value of Money	394	51.71	344	45.14	24	3.15	762	**5**
Diversification	326	42.78	392	51.44	44	5.77	762	**8**
Interest & Asset	548	71.92	100	13.12	114	14.96	762	**4**
Risk and Return Tradeoff	364	47.77	256	33.60	142	18.64	762	**6**

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Asset Allocation	572	75.07	190	24.93	0	0.00	762	**3**
Disposable Income	330	43.31	348	45.67	84	32.55	762	**7**
Consumer Rights and Responsibilities	96	12.60	600	78.74	66	8.66	762	**10**
Inflation	286	37.53	408	53.54	68	8.92	762	**9**

Source: Primary Data.

The above table shows number and percentage of correct answers in first column, number and percentage of incorrect answers in second column, number and percentage of responses with don't know option, forth column shows sum total of responses for each question and last column shows ranks of all the questions.

Ranking was done on the basis of highest number of correct answers. The way numeracy has got 85.56% correct response, which is highest of all, and hence is ranked one. Similarly, compounding and asset allocation are ranked 2 and 3 respectively.

Inflation and consumer rights & responsibilities are ranked the lowest, 9 and 10 respectively. This means women have knowledge about inflation and consumer rights and analysing the above responses to measure the financial literacy.

Central Tendency	**Financial Literacy**
Mean	54.542
Median	59.1
Mode	50.5

Median serves as bifurcation which divides groups into two parts. Median here is 59.1%. Respondents scoring above median have high financial literacy level and vice versa.

Since the average score of respondents here is 54.542%, which is less than the median (59.1%) hence they have low financial literacy levels.

Conclusion

Despite working in a metro city like Jaipur, women tend to have low level of financial literacy. They do not possess requisite basic financial knowledge to make sound financial decisions and Investments. Along with earning money, women need to have basic financial knowledge to manage their money.

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