

The Impact of Financial Literacy on women in Several Districts of Andhra Pradesh

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Abstracts---Financial literacy plays an important role in the socio economic development of a country besides political and legal.Women plays an important role in the economic development of the country.In India as 50% population are women their contribution to the economic growth is a must. A women must be literate to be economically strong.Women's education is essential for improving their status in the society and also to make them empower.The present study focuses on the how different socio demographic factors influences the financial literacy of women in several district of Andhra Pradesh.

Keywords---Literacy, Finance, Economic Growth.

MEANING OF FINANCIAL LITERACY:

Financial literacy is about education and understanding of various financial areas including topics related to managing personal finance, money and investment.Financial literacy in general related to managing personal budgets, taking proper and efficient decisions related to ones own finances such as investment, purchasing or investing in real estate , education for their children and saving for future. It is also related to knowledge about calculating simple and compound interest, managing their debts, techniques related to savings and spending and proper utilisation of their money.The lack of financial literacy may lead to making poor financial choices that can have negative consequences on the financial well being of an individual. Financial literacy is a way through which individuals can improve their knowledge related to various concepts in finance, financial markets and financial products such as shares, bonds and mutual funds and take proper decision to improve their financial status and to avoid financial instability .Financial literacy is a combination of awareness, attitude and information about financial products and services through which one can take proper and god decisions related to finance. Financial literacy indicates awareness of financial products.Financial literacy depends on how one manages his own money and how efficiently utilises financial resources for the growth and welfare of oneself , his business and family as a whole. SamritiKamboj stated financial literacy as a way to acquire full knowledge and understanding on various concepts of financesuch as how much to save from your earning, how to prepare budget for future and daily expenditure, investing confidently for making good decisions in the financial markets to manage personal financial resources effectively. Financial literacy is the education and understanding of knowing how money is made, spent and saved, as well as the skills and ability to use

financial resources to make decisions.These decisions include how to generate, invest, spend and save money.It is to understand how money works in a business and in personal life.

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 know much better to put his hard earn money to gain maximum returns.The dimensions are financial knowledge, financial behaviour and financial attitude. The concept offinancial literacy is very complicated , and it is important to understand its fully. Financial choices will get effected due to illiteracy but its nature and expression will change with the situation.Less awarenessabout financial products and services and their risk return framework is one common factorof financial illiteracy that is widely observed.

LITERATURE REVIEW:

According to Chetan Singh and Raj Kumar(2017) women play an important role in the development of the economy.But women are less literate than men.Not only in India but almost in all other countries women are 5% less financial literate than men.Women in India do all the household budgeting and make small financial decisions.But when it comes to big and long term financial decisions they depend on their male counterparts (husband, brother, father etc.).The purpose of the study is to know the financial literacy among women in developing country like India.Secondary source of data is used for the whole study.Increase in life expectancy, innovations in financial products/services and technological development, shift in risk, change in the structure of the family are some of the points which are important for financial literacy.Financial literacy and credit counsellingcentre were started by Reserve Bank of India in India in the year 2007 that offers free financial education and counselling to both urban and rural population.In year 2012 VISA conducted financial literacy survey between Feb. And April 2012 among 28 countries.The survey showed that Brazil had the highest level of financial literacy and Indonesia has the lowest level.India was ranked 19th.In India RBI, SBI, IRDA, and some other banks and NGO's have taken initiatives to improve the financial literacy level

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in India. Education, social and cultural factors, financial and physical factors are some of the barriers for women financial literacy. Author suggested to conduct more awareness programs especially in rural and backward areas, more women teams must be formed to help women, local and regional language must be used for communications.

Anshika, Dr. Anju Singla (2017) said that the growth of financial system of an economy depends on the financial literacy. With increasing financial products and services, changes in market system financial literacy plays a vital role. In case of India financial literacy level is very low 24 percent compared to other countries in year 2015. Low level of financial literacy leads to less economic growth of the country. In this paper author tried to find out the present level of financial literacy in India and analysed the initiatives taken by government of India towards financial literacy and also suggested some measures to improve the financial literacy levels. In India Kerala is highly literate state but has the second highest level (36%) of financial literacy, Goa has 50% financial literacy, Manipur 36% and Gujarat 33% which is still considered very low. Other states have below 20%. SEBI (Securities and exchange board of India) has started giving financial awareness programmes for school students, working executives, middle income group, home makers, retired personnel, self help groups etc. Project financial literacy has been undertaken by RBI (Reserve Bank Of India) to provide awareness related to the basic banking concepts to various target groups. IRDA (Insurance Regulatory and Development Authority) has organised financial literacy programmes on national television and radio. Various seminars and campaigns have been conducted by National Stock exchange, Broking Houses and mutual funds.

Mohammad Sirajuddin, Satish Kumar P (2017) focused their study to find out the level of financial literacy of working women employees in Hyderabad. Sampling technique is used for the study. A sample of 68 working women were chosen for the study. Data is collected through questionnaire. Data collected is analyzed by using statistical tools like percentage analysis and cross factor analysis. It was found that all respondents were aware of life insurance and SB a/c. They don't have health insurance. Only 7% purchase shares and bonds, majority have knowledge on housing loan, net banking, mobile banking and awareness of risk free financial services. They like to invest their savings in saving bank accounts and bank fixed deposits. Author suggested that proper training should be provided to women regarding diversification of investment and financial literacy. Still male are restricting women to gain financial knowledge.

Subodh Kumar, Amit Kumar Gandhi (2017) showed in their paper how with the hel. Main focus of the study is on financial literacy among members of financial literacy and counselling centres and to examine how well equipped they are to make financial decisions. It also concentrates on their interest in gaining financial management related information. Survey method was adopted to collect primary information from the members of financial literacy and credit counselling centres. Members were selected from Dehradun district of Uttarakhand. About 100 participants

were randomly selected. Chi square test has been applied. It was found that 43% of the respondents are very sure with managing their own finances, 50% are somewhat sure about managing their own finances, 6% are not sure with the management of their own finances and 1% are not at all sure. Both men and women households are sound with financial management aspects. Married households have more ability to manage own finances than unmarried single household. The education qualification of the respondents does support their ability to manage finance, salaried class have more ability to manage finances in comparison to the other occupation segments. Ability to manage own finance is not associated with gender, age, marital status, educational qualification and nature of occupation of respondents. About 29% showed high interest in gaining financial management related information, 45% showed moderate interest, 1% do not have interest. There is no association between age, marital status, educational qualification, occupation and annual income and their level of interest towards gaining financial management related information.

According to Garima Baluja (2016) The economic growth and development of nation are highly influenced by the financial decisions taken by individuals and it is not an easy task to take financial decisions. Several factors influence the financial literacy among individuals among them main factor is "Gender". And on an average women perform less than men. In India women's position in society, their education, health, economic position, gender equality are the main topics for debate. Women in India are lagging in personal financial planning. Survey by NCFE showed that percentage of financial literacy among women in India is quite low which needs special focus. Various studies showed that women manages household finance and short term finance well but when it comes to major financial decisions, long term finance women need special education and guidance. Longer life expectancy, economic growth, self independent, freedom from exploitation, family well being are various arguments that support that women should be financially literate to take financial decisions. Lack of independence, culture, lack of women centric financial schemes, lack of accessibility, lack of information on existing financial services and requirements, less lucrative benefits, lack of basic education, lack of financial resources are the major factors that are influencing financial literacy among women in India. Financial literacy and credit counselling centres, Beti Bachao, Beti Padhao Yojana, Sukanya Samridhi Yojana, Pradhan Mantri Jan Dhan Yojana are the various measures taken by Government of India to improve the financial literacy in India. Providing training, financial awareness and education, establishing awareness and education, establishing nearby institution, better technology, e-learning, cultural change, more benefits to women, establish more women oriented universities are the measures to be taken to enhance financial literacy among women in India.

S. Ananth and T. Sabri Oncu (n.d.) stated that Financial Inclusion has become a national policy for Government of

India and various attempts have been made to expand the scope of financial inclusion. They tried to find out the challenges faced by the Andhra Pradesh to expand financial inclusion. With the expansion of banking sectors both public and private sectors the goal of financial inclusion can be reached. After independence only there has been a significant growth in banking sector in India. 5012 banks were existed in 1961 and it reached to 99884 as of March 2012. Even though there is a massive growth of the Indian banking sector its branch network growth has been uneven and largely concentrated in the metros and urban areas. And only after 2005, by the government interventions the growth of rural and semi urban branches regained speed. Andhra Pradesh government has decided to transfer all the benefits provided by the government like government subsidies as drought relief, student fee reimbursement and other are directly linked to bank account. This required the opening of bank account. Andhra Pradesh government has made various attempts at financial inclusion like creation of a commoditised micro finance market. Government has tried to provide banking facility to all people and tried to promote self help groups. MFI's also played an important role in Andhra Pradesh. They provided credit to various SHG's and poor with high rate of interest. Due to high cost many borrower's died in 2010. Then Andhra Pradesh government took control on these MFI's. Formal banking sector have failed to satisfy the needs of rural poor so they depend on informal providers in Andhra Pradesh. It can be concluded that with the expansion of banks, increasing the level of financial literacy, creating more awareness on financial markets and services and providing more training and awareness programmes for the people on savings and money management goal on financial inclusion can be reached.

Leora Klapper, Annamaria Lusari, Peter Van Oudheusden (n.d.) main aim of the study is to know the level of financial literacy around the world and also how various factors like social and geographical and cultural influence financial literacy. Main source of data is S&P Global FinLit Survey. Questions are based on four basic concepts of financial decision making – numerical, compound interest, financial inclusion and diversification of risk. When a person answers at least three out of four financial concepts correctly then he is considered a financially literate. Australia, Canada, Denmark, Finland, Germany, Israel, Netherlands, Norway, Sweden and United Kingdom are the countries with higher financial literacy levels. Whereas most of South Asia countries have low financial literacy scores. On average 28% adults are literate financially in developing countries like Brazil, Russian Federation, India

China and South Africa . Inflation and numeracy concepts of financial literacy are most understood whereas knowledge of risk is the lowest. 35% of men and 30% of women are financially literate worldwide. Women have weaker financial skills than men even considering variation in age, country, education and income. Financial literacy rates increases with age but later decline with age. Rich adults have better financial skills than the poor. Financial literacy also increases with educational attainment. People who uses financial services must be financially literate otherwise they face financial disaster and high debt or bankruptcy. Man having a bank account is more financially literate than women.

Research Objective:

To know the impact of financial literacy on women.

To track the association of socio economic variables with financial literacy.

Design:

The research design is framed after review of literature has been done. As the research is a primary survey and the data is collected by using the questionnaire and the sample has been done by using the convenient sampling. The sample size of the study is 450 women from different districts of Andhra Pradesh.

Framing of Hypothesis:

The hypothesis are framed by basing upon the objectives of the research. The research has been framed and done basing upon the hypothesis.

Hypothesis

- H1. Age has a positive impact on Financial Literacy.
- H2. Education has a positive impact on Financial Literacy
- H3. Income has a positive impact on Financial Literacy
- H4. Occupation has a positive impact on Financial Literacy.
- H5. Martial Status has a positive impact on Financial Literacy.

Data Analysis And Interpretation:

Data analysis done in this study is quantitative in nature which consists of Descriptive analysis, Explorative analysis and Inferential analysis. In descriptive data analysis we summarize the basic features of the variables in the sample data. In explorative data analysis we shall visualise the trends and patterns in variables and checking the assumptions of the models.

Descriptive Statistics of Socio Economic and Study Variables

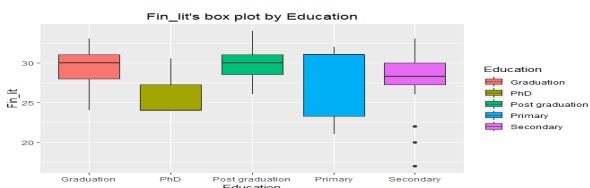
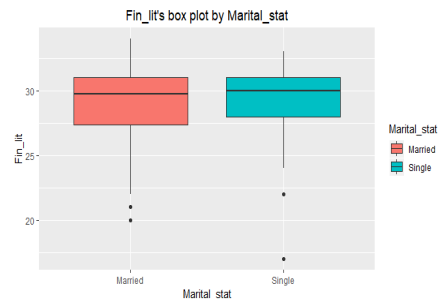
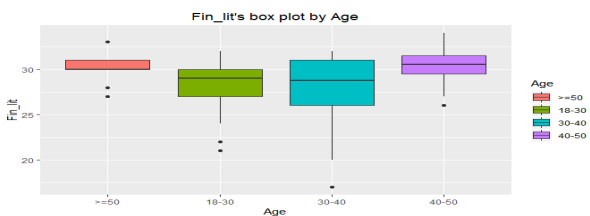
No	Variable	Stats / Values	Freq (% of Valid)	Graph	Valid	Missing
1	Age [factor]	1. >=50 2. 18-30 3., 30-40 4. 40-50	25 (6.2%) 123 (30.4%) 177 (43.7%) 80 (19.8%)		405 (100%)	0 (0%)



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No	Variable	Stats / Values	Freq (% of Valid)	Graph	Valid	Missing
2	Education [factor]	1. Graduation 2. PhD 3. PG 4. Primary 5. Secondary	172 (42.5%) 6 (1.5%) 106 (26.2%) 22 (5.4%) 99 (24.4%)		405 (100%)	0 (0%)
3	Occupation [factor]	1. Employed 2. Selfemployed	276 (68.1%) 129 (31.9%)		405 (100%)	0 (0%)
4	Marital_stat [factor]	1. Married 2. Single	343 (84.7%) 62 (15.3%)		405 (100%)	0 (0%)
5	Income [factor]	1. <5000 2. 10000-20000 3. 20000-30000 4. 30000-40000 5. 40000-50000 6. 5000-10000	11 (2.7%) 130 (32.1%) 62 (15.3%) 20 (4.9%) 22 (5.4%) 160 (39.5%)		405 (100%)	0 (0%)

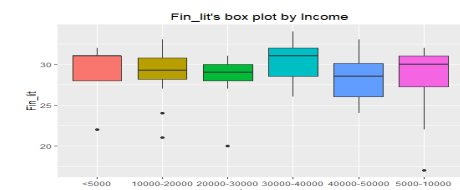
VISUALISING FINANCIAL LITERACY ACROSS SOCIO ECONOMIC ATTRIBUTES & RESULTS



4.2. Results of OLS Regression

Model 1 Table 1;

Dependent variable:	
wom_emp	
Fin_lit	0.342*** (0.045)
Constant	16.649*** (1.295)
Observations	405
R2	0.37
Adjusted R2	0.325
Residual Std. Error	3.297 (df = 403)
F Statistic	58.559*** (df = 1; 403)
Jack-Bera(JB)	85.92 (prob=0.000)



Model 2 Table 2

Dependent variable:	
Sav_beh	
wom_emp	1.50*** (0.014)
Constant	41.619*** (1.361)
Observations	405
R2	0.96
Adjusted R2	0.95
Residual Std. Error	3.608 (df = 403)
F Statistic	0.369 (df = 1; 403)
Jarque-Bera	1644.713(prob=.000)

Dependent variable:

Sav_beh	
wom_emp	1.50*** (0.014)
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Observations	405
R2	0.96
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Residual Std. Error	3.608 (df = 403)
F Statistic	0.369 (df = 1; 403)
Jarque-Bera	1644.713(prob=.000)

Model 3 Table 3

Dependent variable:	
Sav_beh	
Fin_lit	1.047*** (0.049)
Constant	41.008*** (1.418)
Observations	405
R2	0.71
Adjusted R2	0.66
Residual Std. Error	3.610 (df = 403)
F Statistic	0.022 (df = 1; 403)

Note: *p<0.1; **p<0.05; ***p<0.01

Model 3 Table 3

Dependent variable:	
Sav_beh	
Fin_lit	1.047*** (0.049)
Constant	41.008*** (1.418)
Observations	405
R2	0.71
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F Statistic	0.022 (df = 1; 403)

Note: *p<0.1; **p<0.05; ***p<0.01

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wom_emp	
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Residual Std. Error	3.297 (df = 403)
F Statistic	58.559*** (df = 1; 403)
Jack-Bera(JB)	85.92(prob=0.000)

Findings:

Multiple Linear Regression Models were estimated with Financial Literacy, socio economic attributes: Education, Age, Family Size and Earning Members as moderators. **Estimated results show the following statistically significant results.**

- i. Education Age is positively associated with Financial Literacy.
- ii. Education level is not associated with Financial Literacy.
- iii. Income level is positively associated with Financial Literacy.
- iv. Married women are have lower levels of Financial Literature compared to single women.
- v. Employed women have higher levels of Financial Literacy compared to self-employed.

Model 2 Table 2

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To sum up the findings of the study are the outcomes of the information and insights that are extracted from the analysis of sampled data on both socio economic and study variables which are linked through a conceptual framework that is rooted firmly in extensive literature review done for this study. Most of the results are in confirmation with the results obtained by other studies in this area,.

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