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A Study on Financial Literacy Among Rural Women in Tamilnadu

KEYWORDS: Financial knowledge, Numeracy, Bank inclusion, Financial information.

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ABSTRACT *The purpose of this study is to know the level of financial literacy among women in rural areas of Tamilnadu. Since we are in a growing global economy in the world financial awareness and knowledge is very important to everyone, especially for the women. The participation of the women in economy will contribute to their own wellbeing as well as nation's economic growth. Women are responsible for the household budget, household expenses, and savings for the emergency fund as well as income generation in such situation. Since we are in a raising economy in the world. So many financial transformations are happening. On the other hand many financial malpractices and fraudulent activities are happening in our society especially in rural areas, because the problem is lack of financial literacy and financial information among the people. Hence the financial literacy is a vital part to engage the women in financial inclusion prevent them from financial malpractices and include them in a present economic growth.*

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. It also involves intimate knowledge of financial concepts like compound interest, financial planning, and the mechanics of a credit card, advantageous savings methods, and consumer rights.

Financial literacy in rural areas is comparatively lower than urban and metropolitan areas.Financial information and financial knowledge is important for rural women, because the minimum financial literacy is needed for effective financial decision making and money management. Financially literate individuals can make effective use of financial products and services; will not get cheated by people selling financial products not suited for them. Financial literacy aids inimproving the quality of financial services and contribute to economic growth and development of a country. Financial literacy is important for several reasons. Financially literate consumers are able to sail through tough financial times.

REVIEW LITERATURE:

(Worthington: 2006), however there is no evidence to suggest that these low-income families are financially illiterate. Financial stress could be related to many social issues such as unemployment, large families and poor economic conditions.

(Atkinson & Kempson: 2004). Numerical skills are important in assisting the understanding of financial skills. There is support in many countries such as Australia and the UK to have financial skills taught at middle school levels across the curriculum.

Marcolin and Abraham (2006); Schuchardt et al., (2008); Remund (2010) and Huston (2010) found that despite the rapid growth of interest in and funding for financial literacy and financial education programs, it remains the case that the field of financial literacy has a major obstacle to overcome: the lack of a widely disseminated measure of financial literacy, developed through rigorous psychometric analyses.

Agarwalla Sobhesh Kumar, Barua Samir, Jacob Joshy, Jayanth R. Varma (2012) conducted a study among 3000 individuals, and found that financial knowledge among Indians is very low than the International standards. But the financial behavior and attitude of the employees and retired seems to be positive. The financial knowledge among the women are marginally high than the men. Greater access to consumption credits has influenced the financial behavior of young employees.

Bernanke (2011) He highlighted theneed for continual updating of financial literacy across all age groups because of thedynamic nature of financial products and services as well as the changing needs and circumstances of individuals with time He observed that exposing young people to financial concepts is particularly important as they are vulnerable to the temptations of taking excessive debt. He highlighted the efforts being made by the Federal Reserve Board to enhance financial literacy of individuals.

OBJECTIVES OF THE STUDY:

To identify the factors influencing financial literacy of women.

To know the barriers to acquire financial knowledge for women

To suggest solutions to women to gain financial literacy.

SCOPE OF THE STUDY:

The study is focusing on rural women in Tamilnadu. It would help to know the level of financial knowledge among rural women and help to improve the level of financial literacy. The study may extend to urban, semi urban, metropolitan areas of Tamilnadu to assess the financial knowledge of women as a whole in Tamilnadu state. The study would help to suggest ways to improve financial literacy of women. It would help the women for better financial understanding and financial decision making.

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LIMITATIONS OF THE STUDY:
The study focuses only rural women in Tamilnadu.

It focuses on financial literacy of rural women and does not focus on the financial strength, investment behavior.

FACTORES INFLUENCING FINANCIAL LITERACY:
According to Canadian Institute of Chartered Accountants CICA Youth Financial Literacy Study 2011

Factors influencing financial literacy of marginalized women are

Knowledge: Knowledge about financial products, proper formal education, basic money management skills, financial numeracy, persuasion knowledge and self efficacy and basic banking activities.

Financial Behavior: Budgeting, trusted financial advice, cultural dominance and learned helplessness.

Financial Attitude: Risk aversion, Retirement planning and their intensity to save. Financial literacy among marginalized women Report by Australian Government (2011)

BARRIERS TO ACQUIRE FINANCIAL KNOWLEDGE FOR WOMEN:

Social and cultural:
In order for services or programs to be accessible to working women, they need to be provided in ways that are culturally appropriate, respectful of diverse social and cultural needs and respectful of women. The women recognized that poverty had multiple impacts on women's capacity to plan financially, other than for their immediate needs. Poverty is another reason for women to acquire financial knowledge because they cannot afford to get information from media. The domination of partner is also a reason to access financial services. Women in rural areas is underwent tot low payable jobs like agricultural wages. The insufficient income is also a barrier for financial inclusion.

Physical barriers:
Women in rural and remote areas, public transport services were so infrequent that it often meant spending a whole day in the nearest town in order to do banking and other business. Unavailability of banks, financial institutions, and financial education centre is the physical barriers for women in rural Tamilnadu.

Educational barriers:
Majority of the rural women are not educationally sound. They cannot read and write the information available in media or other information sources. Lack of higher education among women resulted in poor understanding of financial information. Lack of computer knowledge is a major reason to get information frequently. The poor knowledge and numerical ability is also a reason to analyze financial information. Most of the women in rural areas are only know regional language (Tamil). The bank and central Government financial institutions are following bilingual communication through Hindi and English.

Financial barriers:
Majority of rural women are not an earning person in a family. They cannot independently take decisions on finance matters of family. They cannot afford financial education through paid institutions to get financial knowledge. Poverty of a family is also a reason to acquire financial literacy.

SUGGESTION:
- Rural women need to know existing financial services available in their region by attending workshops are financial literacy programmes conducted by regional banks and other social welfare organizations.
- Women who indented to get more financial knowledge can attend workshops, seminars, and financial management courses in their nearest town.
- Bank inclusion is mandatory for women to prevent them from financial malpractices of some private finance companies and micro finance agencies.
- The central government introduced "Jan DhanYojana" for the financial welfare of every citizen in India. The proper utilization of government schemes will help them for bank inclusion.
- The decision making authorities should ensure the reach of such government schemes to rural and tribal areas.
- Rural women can attend literacy programmes by the government to get basic numeracy.
- Educated rural women can access internet as a source of a vast range of financial information from government bodies, banks and financial institutions, and community organizations. It has become an easy method for reaching the population-at-large, as information dissemination is cost-effective and easy.
- Parents should discuss the financial matters with their children and share finance and money related issues with them.
- Women need to have the opportunity to seek out and use financial information if they are to improve their financial literacy.
- The banks in rural areas can follow communication through vernacular language. It may help the rural women to understand information from banks. it may help them to use bank as a financial information source.

CONCLUSION:
Financial literacy of marginalized rural women is very low. Development of financial literacy would help the women for better financial decision making and proper utilization of financial services and products. It would help them for wealth accumulation and financial well being. It will lead to their personal development as well as social development. Their financial participation would help our country's economic development.

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