

Journal of The
K.R. Cama Oriental Institute

Certificate of Publication

This is to certify that the article entitled

**An Empirical evaluation of the saving and investment patterns of
rural women's financial literacy**

Authored By

Akhileshwaro Nath

Published in

Journal of The K.R. Cama Oriental Institute

ISSN: 0970-0609 (Print) with IF= 7.854

Volume No. 78 (December 2024)

UGC Care Listed Journal

Peer Reviewed, Refereed Journal

Published By

The K.R. Cama Oriental Institute Mumbai



Principal
Lucknow Public College of Professional Studies
Vinamra Khand, Gomtinagar, Lucknow



An Empirical evaluation of the saving and investment patterns of rural women's financial literacy

Akhileshwaro Nath,

Assistant Professor, Department of Management, Lucknow Public College of Professional Studies, Lucknow, Uttarpradesh

Dr. Ajay Dwivedi

Professor, Department of Financial Studies, VBSPU Jaunpur U.P

ABSTRACT

The objective of this research paper is to explore the financial literacy of rural women as well as their knowledge, attitude, and behaviour, in view of the fact that scrutinizing women's effort to achieve financial well-being. In a sound of local (rural) women in particular, financial awareness and understanding very essential because we on one side standing alone in a growing global financial system. Women's contribution in economy will not only help their own prosperity but also boost the country's economy. Males are responsible for the house budget, expenses, savings for the emergency fund and also about profit. It has been exposed of the rural women's that the credit card ideology and compound interest pat calculation is not much known to them and the empirical study gave the string evidences regarding that. Moreover, it has also been found that the majority of the investors selected financial institutions, due to their udis opposite time. Now days several unscrupulous practices are observed in the society especially in rural areas, where people are unaware of financial literacy and they do not have sufficient financial information. Hence the purpose of this study is to know the level of financial literacy among rural women in Shimoga District.

Keywords: Financial Literacy, Rural Women, Savings, Investment Pattern, Consumer Behaviour

INTRODUCTION

Women are toning with menfolk at every track of life. Before the independence, women were playing an extremely ignorant role in the financial sector and men treated women as a slave of their family and husband. Head of family took most of her life choices. But constitution of India gives equal right to both man and woman. General education is the right of every men and women. Today, women hold the reins in most family financial decisions including savings/investing, retirement planning, purchasing and use of insurance, and estate planning. Financial education in recent period is benefiting the era and educating oneself getting to be the primary vector to empower rural women. According to the census of 2011, the total female population in India is 586.4 million, accounting for 48% of the total population. Out of this total female population, 405.1 million (69 per cent of the total female population) people were living in rural areas. One of the well-known strategic focus areas for promoting rural women's social and economic empowerment, livelihoods of rural households and communities. Access to financial services gives rural women the opportunity to introduce inputs, labour and machinery that they need for their agricultural or rural off-farm activities. According to the Global Findex database of 2017, around 1.7 billion grownups in the world are "unbanked" according to World Bank's report. Of these, nearly 980 million are women, accounting for 56% of total global unbanked adults. The financial literacy level in rural areas is considerably less in comparison with urban and metros. As per the report of the National Sample Survey Office, in the year 2019-20, 46.7 % of rural

women population was uneducated. In India, government is also playing hard to empower rural women's life by launching various-awareness programmes to increase female education such as 'Saakshar Bharat Mission' for Female Literacy, 'SarvaSikshaAbhiyan' and 'Mid-Day Meal scheme' to raise literacy level in the country. Apart from it several other unpaid associations too donating in this field like 'Lions club', 'Rotary club', 'Pratham' etc.

REVIEW OF LITERATURE

The author Kumari (2020) discovered financial literacy and its benefits in understanding knowledge holding and craft of making money more sufficient. This study investigates the impact of financial literacy on investment decisions of undergraduates in western province in Sri Lanka. The results revealed there is a significant and positive impact of financial education on investment decisions of the undergraduates.

Mahesh and Jegadeeshwaran (2019) study financial awareness and knowledge is crucial among rural women in Kanyakumari District. Involvement of Women to make economic growth contribute on their own happiness and nation's development through appropriate use of financial services and products. " Research proved that multiple financial crime and dual practice is carried out in a community specially with villagers because the issue is, people have insufficient financial education and financial data that led to the financial literacy level of rural women is very inferior.

Jayanthi and Rau (2019) the study explored the financial literateness of rural household. The present study observed on how financial literacy influence by the demographic factors i.e education, marital status, type of household and connection of banks and opposite to this age, gender, occupation, and no.of dependents will not be corresponded with financial literacy. However, this periods survey recommends that Bank need to do active participates with say re-designing some educational curriculums, allencompassing workshops, working out on financial disputes of the people and broadly rural population etc. based in rural areas with putting more energy to not just a single area but all aspects of life of people their surrounding financial literacy which will indirectly leads to growth in their economic growth of nation in long run.

As Pradeep and Nair (2018) mentioned basic understanding or financial literacy is required for understanding the financial components. Financial Literacy is perceived as vital life skills which contributes to higher financial well being. Person with enough money

literacy helps people to make better savings decision. The examination demonstrates positive connection between financial literacy and savings behavior.

Chetna & Raj (2017) the research focused on women empowerment through education and financial literacy. A woman is quite excellent at budgeting and household expenses and money management, but a lot of women are weak in making large money decisions and they tend to delegate the power to their family. One study showed that women are not very financially literate. However, many associations have started many initiatives to enhance financial literacy tools such as workshops, seminars.

Sholpan and Lyazzat (2017) the study demonstrates financial services are limited and proved weak government support provided to the rural households. The highlighted finding was the significant impact of financial literacy on saving the portion of the rural population, and socio-economic factors of saving the portion of the population were used. If one is more financial literate, higher will be the saving rates. The availability of so many and the right financial products in rural areas increases financial literacy among rural inhabitants.

Amrutha (2017) highlighted that even after 64 years of freedom mainstream of 62 people are still living in rustic areas of which 32 people are as yet uninformed and outside the domain of financial associations. India got 70% of its people settlement in village. The status of women is low along with the socio-economic situations are less than that of menfolk. The study unequivocally observes that to address the upliftment of rural women, growth stratagems must heighten women's straight contact to monetary amenities, i.e. not arbitrated through their spouses.

Problem Statement

Women are less financially literate than men. The women need to have a guaranteed level of financial education that will engage the purchase decision of financial products. Women have the natural propensity to save and to invest. Which can also means that Indian women tend to be very much active in terms of firming decision on how the profits coming into the house hold are to be distributed. How household responsibilities and access to and control over resources is critical for women. Empowerment of Rural: The Realisation Of Financial Inclusion Initiative This problem is the focus of the present study, which aims to analyse the level of financial literacy among rural women in shimoga District with this faith.

Significance of Study

Scarcely researches already done in shimoga region which discuss about difference of level of financial literacy of men and womenfolk. However, there exists a great deficit in the literature as several aspects affect these differences and are required to advance them. So, the importance of this study of financial literacy of rural women in shimoga district need to be examined in much intensive way. The present study is an attempt in this direction.

Objectives of Study

- a) To analyse the socio-economic profile and financial literacy mismatch among the rural women
- b) To study the factors which motivate the rural women towards selection of a financial institution for investment purposes
- c) To measure the level of awareness of simple financial products among the sample respondents.

To correlate financial awareness and saving, investment behaviour among rural women.

Research Methodology

These basic statistics are the predominant basis of this contemporary study. The main data is formed from the females residing in rural areas of Shimoga district with the consent of structured questionnaire designed for the collection from the target respondents towards investigating the awareness stage of rural women and their trend of investment behaviour. The study is based on convenient sampling method with a total of 332 sample respondents. It uses statistical tools such as percentage, gap analysis and weight point technique for the analysis of data.

Incremental and Reciprocal Translation of Data

Now, consumption, saving and investment behaviour are the main pillars by which we analyse the economy of any country. It is important to undertake research in the relevant field to capture the savings, the pattern of investment and the capital formation in the economy. The Michigander asked those who reported having access to financial literacy programs, "What was your main takeaway from the program?" What is surprising, it is a

common belief that Indian households refuse to embrace modern investment and savings options even in the 21st century. Even they are not truly engaged with the formal financial system. A variety of modern financial schemes, such as antiques, mutual funds, the forex market, government investment opportunities, precious metals, private funds, real estate investments, art pieces, as well as the futures and commodity market may take you on risk dependent paths to financial success. There are several avenues that educated high income profile individuals and venture savers tend to prefer. Thus it is very important to study the relation of demographic variables and investment pattern.

Socio-Economic Factors

The Age, the education level, Occupation, monthly income of family, number of dependents and the type of family, the relation among risk and profit, the prominence of diversification in decision making on which data was composed. Financial literacy models are measured in a confined array perception on some credentials dimensions like Capability of decision building, Self-possession Monetary position, Eminence in the household, Partaking in the social order, Position in the civilization.

Based on the provided data in table 1.1, among 332 female sample respondents, they were mainly (165, 49.6%) age group women. The majority of the sample, with a whom the highest level of education was primary school. Of 332 female only 27 were unmarried and 229 were married so only 229 were well presented in study structure. The monthly income revealed that most of the respondents, 231 (69.5%), were adequately represented in the income category. In Indian culture, a joint family also includes the families of two brothers who lived under the same roof even after they got married. You will be surprised to know that family size have a significant impact on the saving and individual investment behaviour.

Table-1.1: Demographic Profile of the Respondents

Variable	Detail	Frequency	Percentage
Age (in years)	20 and less	0	0
	21-23years	42	12.6
	31-41years	125	37.6
Education level	41 and above	165	49.6
	No formal education	42	12.6
	Primary school	108	32.5

The majority of the families of the respondents were nuclear (56.3) and the second families were joint families (43.9%). The mention of various aspects of an investment avenue, its satisfaction level, and preference etc. varies with the socio-economic status of individuals.

	Matriculation	77	23.1
	Diploma	51	15.3
	Graduate/post graduate	52	15.6
Marital status	unmarried	27	8.1
	married	229	68.9
	widowed	76	22.8
No of dependents	2	2	60.2
	3	16	4.8
	4	48	14.4
Monthly income	1001-3000	27	8.13
	3001-5000	55	16.5
	5001-10000	231	69.5
Family type	Nuclear family	187	56.3
	Joint family	146	43.9
	Four and above	265	79.8
Monthly income	More than 10000	18	56.3

Source: primary data

Financial Controls

Financial control is the foundation of financial literacy. Financial control over households can be measured by household budget and eye of financial transactions

According to Table 2.1 above, the majority of middle-class households follow their spending plans. 114 of the respondents who make between Rs. 5,001 and Rs. 10,000 per month manage their home finances. For household finance, respondents had to earn more than Rs. 10,000. However, just 13 households that earn between \$1,001 and \$3,000 each month make household budgets. Twenty-nine families fall under the second income level.

Monthly income(in Rs)		Does your household have a budget		Total
		Yes	No	
1	1001-4000	13	17	30
2	4001-5000	19	32	51
3	5001-10000	114	116	230
4	More than 10000	3	18	21
Total		149	183	332

Source: primary data

Table-2.1

Table-2.2: Data collected in relation to the money management Monitoring expenses

Recording activities	Frequency	Percentage
No, I don't keep records of everything, but I know in general how much money is received & spent during a month	126	37.9
No, I don't keep records & I don't have even a vague idea of how much money is received & spent during a month	13	3.9
Yes, I keep records of everything, but not all things are entered	113	34.0
Yes, I keep records of everything, entering all transactions	80	24.0

Source: primary data

The study revealed that approximately 37.9% of all 332 respondents do not maintain once-a-month or any other records for their tedious transactions. 34% household followed: They are in the practice of to check all the expenses and incomes, but they do not maintain written reports. 24% of these respondents have full written records of monthly income and spending. About 3.9% of respondents have actually no or actual no sort of a sketchy of monetary dealings.

Living in the present moment

It is the financial markets that offer the greatest quantity of investment options to meet those demands of investors. Rational investment decisions aspire to maximize profits while minimizing risk. The investment pattern depends from investor to investor in terms of amount, risk

bearing capacity. In faster survey people prefer to invest in safest investment portals. These are mostly selected investment paths like bank, insurance and post office schemes. Conclusion: Most investors don't slash use new investment products.

Table- 3.1: Awareness about investment products

Financial product	Familiar		Non-familiar	
	frequency	percentage	frequency	percentage
1. SAFE INVESTMENT AVENUES				
Savings account	331	99.6	1	0.3
bank fixed deposit	330	99.3	2	0.6
Public provident fund	211	63.5	122	36.7
National savings certificate	209	62.9	124	37.3
Kisan vikas patra	258	77.7	75	22.5
Post office savings	329	99.0	4	1.2
government securities	205	61.7	128	38.5
2.MODERATE RISK INVESTMENT AVENUES				
Mutual funds	259	78.0	74	22.2
Life insurance	328	98.7	5	1.5
Debentures	194	58.4	139	41.8
Bonds	193	58.1	140	42.1
3.HIGH RISK INVESTMENT AVENUES				
equity share market	247	74.3	86	25.9
Commodity market	95	28.6	238	71.6
Forex market	134	40.3	199	59.9
4.TRADITIONAL INVESTMENT AVENUES				
Real estate	314	94.5	19	5.7
Gold/silver	307	92.4	27	8.13
Chit fund	207	62.3	126	37.9

Source: primary data

On the awareness part of financial products with rural women study respondents found that rural female are most aware about savings account (99.6%), followed by fixed deposit (99.3%) post office schemes (99%) life insurance (98.7%) real estate (94.5%) and gold/ silver (92.4%) trading options. In moderate risk avenues, 58.4% and 58.1% rural females were unaware of debentures and bonds; in low-high avenues, they were unaware of forex market (40.3%) and commodity market (28.6%). But females show marginal difference between investment avenues like Mutual funds (78%), Equity share market (74.3%), Public provident fund (63.5%), National savings certificate (62.9%), Chit fund (62.3%) and Government securities (61.7%)

Saving Behavior of Rural Women

Decisions about rational resource allocation are required by women rather than levels of saving. Everyone is caught up in something revolving around money building. Savings can be made by reducing unwanted spending. Savings are before the investment decision and investment are sacrifices for the future for safety. Having money is everybody's desire for not only now but for the secure future. It contains several investment avenues contains bank, post-office schemes, insurance benefits, government issue, real estate, commodity market products etc. Pattern of savings

If a role in defining patterns would be to correlate with a percentage of the total savings from one off monthly domestic revenue is sizable enough, then so will the disparity of investible revenue; either way the correlation will be a definitive one; it's a stake in the hole. Introduction: Understanding the savings and saving behaviour of rural women is regarded as an important area of research.

Table-4.1: Frequency of responses in context to savings pattern

Percentage of total monthly savings	Frequency of responses	percentage
Less than 20%	176	53.0
Between 20- 35%	141	42.4
More than 35%	15	4.5

Source: Primary data

Table -4.2: Factors determining savings attitude of the rural women

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Saving behaviour (Constant)	1.386	0.359		3.863	.000
Consumption behaviour (in terms of affordability)	0.077	0.054	0.078	1.431	0.153
Debt payments	0.127	0.057	0.125	2.214	0.027
Personal financial conscious	-0.068	0.059	-0.063	-1.154	0.249
Long term financial goals	0.088	0.038	0.135	2.299	0.022
Unspent money in cash	-0.055	0.042	-0.075	-1.317	0.022
Do not keep cash	-0.081	0.039	0.117	2.068	0.039
Remains without cash	-0.141	0.034	-0.235	-4.198	0.000

Source: Output of SPSS

Focussing on the above data, we can see that 4.5% females are saving more than 35% of their total monthly income. In the research of female saving behavior majority of the respondents were responded that they are saving less than 20%(53%) out of their total household income. Twenty percent-35% of their total household income is saved by 42.4% of females. It leads to the inference that the majority of the respondents save less than 20% of their overall savings due to living costs. Saving Behaviour Co-efficient bet a standard 1.386 standard listed below while statistical significant at 0.00 The analysed variables that predicted significance were: Saving behaviour= 1.364 ± 0.077 .

Investment Pattern

Investment pattern is how your savings are distributed into various financial products with an aim of diversifying risk or high returns. These investors also have a potential to pay one out of the largest segments of financial products, but they will only be performed once the females are aware of the benefits of portfolio and diversified pattern of savings. Table 5.1 indicates the present investment trend of rural women.

Table -5.1: Current portfolio of rural women

Financial product	Current investment		Non-current investment	
	frequency	percentage	frequency	percentage
1. SAFE INVESTMENT AVENUES				
Savings account	328	98.7	11	3.3
bank fixed deposit	282	84.9	53	15.9
Public provident fund	52	15.6	283	85.2
National savings certificate	3	0.9	330	99.3
Kisan vikas patra	9	2.7	321	96.6
Post office savings	189	56.9	146	43.9
government securities	34	10.2	301	90.6
2.MODERATE RISK INVESTMENT AVENUES				
Mutual funds	192	57.8	143	43.0
Life insurance	273	82.2	62	18.6
Debentures	21	6.3	314	94.5
Bonds	14	4.2	321	96.6
3.HIGH RISK INVESTMENT AVENUES				
equity share market	78	23.4	257	77.4
Commodity market	7	2.1	247	74.3
Forex market	88	26.5	247	74.3
4.TRADITIONAL INVESTMENT AVENUES				
Real estate	94	28.3	241	72.5
Gold/silver	178	53.6	157	47.2
Chit fund	2	0.6	330	99.3

Source: Primary data

Table 6.1 how rural women are familiar with financial institutions.

Table 6.1 indicates that among rural women, commercial banks rank highest in terms of familiarity. The average level of familiarity with the working culture of commercial banks was reported by 45.9% of women and 44.10% of men. About 28% of women are quite familiar with insurance firms, and 43% are only moderately familiar with them. The existence and philosophy of nonbank financial institutions and microfinance organizations are unknown to 32% of women. On average, 23.7% of women are aware of these organizations. Few women are aware of the operations of cooperatives, unorganized money lenders, and regional rural banks. But they don't have the expected level of awareness.

Financial literacy score

Table- 6.1: Familiarity with financial institution

Name	Very much	average	little	Don't know
Commercial banks	44.10%	45.9%	10.0%	NIL
Insurance companies	28.0%	42.6%	29.4%	NIL
Regional rural banks	12.1%	46.0%	37.9%	0.8%
Unorganised money lenders	9.2%	57.3%	26.7%	6.8%
Co-operatives	9.0%	38.2%	51.2%	1.6%
Voluntary organisations/ SHG's	29%	14%	49%	8%
NBFC's/ microfinance bodies	12.6%	23.7%	31.7%	32%

Source: Primary data

Table- 6.2: Financial literacy score

Financial concepts	Correct	%	Incorrect	%	Don't know	%
Simple interest rate	239	71.9	68	20.4	25	7.5
Compound interest rate	78	23.4	92	27.7	161	48.4
Affordability	250	75.3	80	24.0	00	00
Financial security	240	72.2	41	12.3	43	12.9
Portfolio diversification	212	63.8	60	18.0	60	18.0
Loan ideology	159	47.8	127	38.2	44	13.2
Financial knowledge to life circumstances	165	49.6	121	36.4	45	13.5
Product choice	210	63.2	123	37.0	00	00
Credit card ideology	61	18.3	61	18.3	212	63.8
Taxation ideology	303	91.2	17	5.1	12	3.6

Source: Primary data

Gap Analysis of Financial Literacy among the Respondents

Gap analysis supports to know the gap among expected mean and actual mean. Financial management is most important for the peaceful family life. The following table depicts the financial literacy gap among the respondents. We denoted a financial literacy gap with value above 2.5 as a high-priority area of focus for improving the literacy dimension. Literacy gap of less than 1.5 is regarded as less significant and no need to improve. With Critical being a difference of 1.5 to 2.5, which improved in the next periodic review.

Findings of Study

1.1 Respondents' socioeconomic and demographic status According to this demographic data, 49.6% of women are 41 years of age or older.

- In this study 56.3% of the respondents live in nuclear families whereas 43.9% of them live in joint families.
- According to a plot of 332 respondents, 25% of them were only primary school educated.
- Additionally, 79.8% of respondents had four or more family dependents, according to the report.
- According to this paper, 69.5% of all respondents make between Rs. 5,001 and Rs. 10,000 each month.

Table No-6.3: Gap Analysis of Financial Literacy of the Respondents

Sl no	Dimensions	Expected mean score	Experienced mean Score	Literacy Gap
1	Knowledge about different types of bank accounts	10	6.61	3.39
2	Knowledge about interest of different accounts	10	6.10	3.9
3	Knowledge about various types of Investment and its return	10	4.18	5.82
4	Familiarity on ATM Card operations	10	6.04	3.96
5	Awareness on credit facilities of banks	10	4.81	5.19
6	Knowledge about Bank account opening procedure (KYC)	10	4.18	5.82
7	Familiarity on deposit and withdraw of money in bank account	10	6.24	3.76
8	Knowledge about online banking	10	4.28	5.72
9	Knowledge on core banking services	10	4.12	5.88
10	Chit fund investment is risky one	10	6.16	3.84
11	Understand the money value on different period	10	6.22	3.78
12	Understand the time requirement for increase the value of different investment	10	6.10	3.9

Source: Computed Data

1.2 Understanding Investment avenues-

- 99.6% of the total respondents mentioned that in terms of safe investment alternatives, they are most familiar with savings account. Next we have 99.3% bank fixed deposit account.
- For mid-risk investment opportunities, life insurance products has been found to be a more preferred for investment alternatives with rural women.
- Of those surveyed, 28.6% are familiar with the commodities market's offerings. The last asset in rural women's portfolios is the commodity market. Even if it is still being done by men, women still choose gold and silver from traditional investments.

1.3 Financial institution of rural women Selection

- Here are three reasons why – 34% of respondents chose a financial institution by hand-picking a financial institution that they were already familiar with. Other influencing forces which govern the choice of institution of rural women are factors like risk of investment, portfolio and guaranteed returns.

- The study's familiarity dimension of financial associations showed that rural women were more familiar with commercial banks, and their level of familiarity with their working culture was rated as average. Their knowledge of the operations of cooperatives, unorganized money lenders, and regional rural banks. However, they did not exhibit the desired level of attentiveness.
- Familiarity of financial institution is significantly related with demographic factors.
- The overall financial literacy level of rural women has been found to be satisfactory with respect to learning simple interest rate, secure financial behaviour, affordability behaviour, higher loan interest portfolio diversification attitude, and taxation ideology. Tendency of low-level awareness regarding credit card ideology and compound interest rate terms are manipulating the general population.

SUGGESTIONS

Besides various activities held by both regime and non-govt organisations for increasing financial literacy, yet, the findings of the present study show that the investment patterns of rural women are still conventional. Hence, organizers of financial literacy program should emphasize both preferences and micro-level investors investment attitude.

It is explicitly recommended that program directors advocate over whatever information is relevant in the domains of portfolio diversification, budgeting, and the management of credit cards and loans etc.

Advice to women in the house Personal financial needs for women households have played an important role in making investment decisions & they have many platforms for investing.

Each day, women will need to realize the importance of financial literateness in their daily lives. Financial Planning for Women Women need to have effective financial planning to achieve the right investment plans and when the capital is available.

LIMITATIONS OF THE STUDY

Now, the modern attempt lies geographically limited. Hence the findings of the current study cannot be generalized as the present study is only a population based study on rural women residing in Shimogga district. Moreover, socio-economic factors differ across various regions of the country. Only indirect data connected to economy, cash flow, investment pattern, familiarity was retrieved from intended respondents directly so the study cannot offer authenticated assurance by any government or financial institution.

CONCLUSION

In developing nation's economy, financial literacy is essential and a dynamic element to predict households' economic behaviour and attitude. In India as there are diverse households so financial awareness level differs significantly. In the light of the analytical research it is analyzed that females have no idea about the credit card concept and compound interest rate calculations in huge extent. It is also found that several women investors choose financial firms based on familiarity. Further guaranteed return, security and other portfolio is adding to define the investment behaviour of women in rural areas.