

# EMPOWERING WOMEN THROUGH FINANCIAL LITERACY: CHALLENGES AND STRATEGIES FOR IMPROVEMENT

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## **Abstract**

*Financial literacy among women is increasingly recognized as a crucial factor in promoting economic empowerment and gender equality. This paper scrutinizes the present scenario of financial literacy among women, aiming their knowledge, approaches, and behaviours associated with personal finance management. This study tries to analyse challenges encountered by women in financial education like social, physical, educational and financial and also points to the government's plan to improving the level of financial literacy in the community.*

**Keywords:** Financial literacy, women, challenges, physical, initiative

## **INTRODUCTION**

Education is an enduring route that empowers nation as well as people socially, economically, politically, and culturally. Our government planned number of educational policies and schemes for enhancing education of society and particularly women's education, resulting in a rising literacy rate. However, financial literacy is low, especially among women. Despite being at equality with men in all arenas, females still rely on male family members for financial decision-making. Financial education is crucial for women's economic development and well-being.

Financial literacy is a very broad term. There are many definitions of financial literacy, some of which are mentioned below.

### **Definitions of Financial Literacy:**

Financial literacy encompasses a blend of awareness, knowledge, skills, attitudes, and behaviors essential for making informed financial choices, ultimately leading to an individual's financial well-being (OECD INFE, 2011).

Noctor et al. (1992) define financial literacy as the ability to make sound financial decisions, enabling individuals to exercise critical judgment and effective management of their financial resources.

Similarly, PACFL (2008) describes financial literacy as the capacity to apply financial knowledge and skills to manage resources effectively, ensuring long-term financial stability and well-being (Jain & Roy, 2020).

Based on these definitions, financial education is not limited to theoretical knowledge but also incorporates practical quantitative aspects that aid in better financial management.

### **Elements of Financial literacy:**

Managing monetary and non-monetary transactions, understanding price mechanisms like inflation and deflation, and managing budgeting tools like saving, spending, deposits, loans, investments, insurance, and mutual funds. It also involves setting financial goals and managing income, assets, liabilities, and bills. This comprehensive understanding of financial concepts is crucial for effective financial management. (Jain and Roy, 2020)

### Components of Financial literacy:

Financial Knowledge (Awareness), Financial Attitude, and Financial Behavior. Knowledge of Finance helps individuals understand mathematical concepts, such as loan risk and return, money management, interest, inflation, and credit. It gives to financial comfort when practiced regularly. The financial Attitude influences decisions and actions towards financial wellbeing. Financial Behavior assesses actions and positive behaviors, such as timely bill payments, budgeting, saving, and borrowing habits. Neglectful behavior can negatively impact financial wellbeing. (Jain and Roy,2020)

## REVIEW OF LITERATURE

Jindal (2020) conducted a study examining financial literacy and investment behavior among employed and unemployed women in India, specifically in Mandi Dabwali. The research aimed to assess their financial awareness and measure their level of financial literacy. Findings revealed that most women relied on family and friends when making investment decisions. Additionally, the study highlighted that a significant number of women remained hesitant to make independent financial choices. The research emphasized the necessity of financial education programs to enhance women's understanding and participation in investments.

Bajar and Sijariya (2021) investigated the financial literacy and investment behavior of employed women in Meerut. Their findings indicated that many working women depend on family and friends for investment advice, with a preference for fixed deposits in banks. The study also identified a lack of confidence in financial decision-making and limited engagement in reviewing their investment portfolios. Moreover, women in Meerut were found to have a moderate risk appetite and limited awareness of various financial market instruments.

Arini (2018) explored the role of financial literacy in women's empowerment, particularly during the global economic crisis from 2007 to 2010. The study utilized both primary and secondary data collection methods and concluded that financial literacy plays a crucial role in empowering women, particularly through microfinance initiatives.

Minakshi (2022) analyzed the level of financial literacy among women in India and examined the factors contributing to their lack of financial awareness. The study identified major challenges faced by women, including child marriage, poverty, and gender discrimination, which hinder their financial knowledge and participation in economic activities.

Sharma and Joshi (2015) assessed the financial literacy of independent and working women, focusing on its impact on their investment decisions. Their study found that financial confidence among women is closely linked to their level of financial education and knowledge. Women with limited financial understanding were significantly less likely to make investment decisions independently.

Thakkar and Patel (2023) conducted a study in Gujarat to evaluate financial knowledge, factors influencing financial decisions, and the relationship between demographic factors and financial literacy. The research incorporated both qualitative and quantitative data. The findings indicated that while most individuals demonstrated a strong understanding of financial concepts, they expressed a desire to learn more about stock markets and mutual funds. Additionally, the study found that age and educational background had no significant impact on financial knowledge.

## OBJECTIVES

- To study the review on financial literacy.
- To Examine the challenges faced by women in financial education.
- To identify various measures taken by government to improvement financial literacy.

## RESEARCH METHODOLOGY

This study's data collection is limited to the retrieval of material from pre-existing sources, such as government publications, academic journals, and datasets retrieved from internet archives and repositories. There was no use of primary data collection techniques like surveys or interviews. This strategy guarantees that the research objectives will be successfully addressed by relying on previously gathered data.

## CHALLENGES FACED BY WOMEN IN FINANCIAL EDUCATION

### **Social and Cultural:**

Workplace services and initiatives for women in the workforce must be accessible through courteous, culturally relevant methods. Because of partner dominance, women in poverty often lack access to financial services and cannot afford media knowledge, which has an influence on their financial planning beyond their current requirements. Rural women's access to finance is further hampered by low-paying employment and inadequate income. In order to address these obstacles and guarantee women's financial participation, respectful and culturally relevant measures are needed. (Mathivathabi and Velumani.2014).

### **Physical Obstacles:**

Physical barriers to women's literacy include cultural norms that limit women's movement, poor infrastructure, such as schools and libraries, and lack of access to educational facilities because of distance or safety concerns. Since there are few public transportation options, few banks and financial institutions and education centre as a result, Women's efforts to attain literacy are hampered (Mathivathabi and Velumani.2014). It will take extensive efforts to solve societal and physical issues in order to remove these impediments.

### **Educational Obstacles:**

One of the main barriers to women's literacy in education is the lack of access to high-quality education, particularly in rural areas or locations where there are gender imbalances, Lack of infrastructure and lack of educational institute in near area. Moreover, lack of computer skills and mathematical proficiency is also influences their decision (Mathivathabi and Velumani.2014). Discriminatory practices that hinder women's literacy growth include giving preference to boys' schooling over girls'. Furthermore, social variables such as poverty and social rigidness may limit girls' opportunities to attend school or obtain sufficient educational support. These are the major issues which hindered the freedom of rural women toward the literacy.

### **Financial Obstacles:**

Financial incapability is one of the major issues particularly in rural areas. Due to financial poverty and a lack of autonomy in making decisions, rural women are less likely to be financially literate, which makes it challenging for them to access paid institutions for financial education and expertise. (Mathivathabi and Velumani.2014)

### **Age & Gender:**

The demographic features like age and gender present formidable barriers to financial literacy for women. Older individuals may encounter difficulties adapting to modern financial systems, while gender biases perpetuate unequal access to education and resources. Women, in particular, face systemic obstacles, including wage gaps and societal expectations, which hinder their financial empowerment. Overcoming these challenges requires targeted interventions to provide tailored education and support, ensuring that all demographics have the tools to navigate and thrive in today's complex financial landscape. (Dash and Ranjan, 2023)

### **Child Marriage:**

One of the worst sins in our culture is child marriage. If this continues, how can women ever hope to advance? Women are entrusted with a great deal of responsibility at a very young age due to child marriage. Because of all these factors, they are unable to attend schools intended. (Rai et al., 2019).

### **Poverty and Child labour:**

The main issue facing emerging countries is poverty. The majority of people in these countries are impoverished and merely labour to make ends meet. These circumstances make it more difficult for girls to pursue finance education since some employment options are too costly. They drop out because they are unable to pay for these pricey job possibilities. (Minakshi, 2023)

### **Income:**

People's level of personal financial literacy has a significant impact on their income. A person's income and income level are closely related to their financial knowledge, behavior and attitudes. Financial literacy is lower among people with lower incomes. (Rai et al., 2019).

## **OPPORTUNITIES AND INITIATIVES TAKEN BY GOVERNMENT IN INDIA:**

Both local and central governments have made continuous efforts to eliminate the obstacles hindering women's financial literacy and empowerment. Various programs and policies have been implemented to improve the status of women and enhance their financial knowledge. Some of the key initiatives include:

### **Beti Bachao, Beti Padhao Yojana**

Launched on January 22, 2015, this initiative by the Government of India aims to raise awareness and improve the availability of welfare programs designed for girls. The scheme focuses on preventing gender-biased sex selection, ensuring the safety and well-being of the girl child, and promoting education for girls across the country.

### **Sukanya Samriddhi Yojana**

This scheme is specifically designed for the financial well-being of girl children in India. The Sukanya Samriddhi Account, introduced by the government, is a savings scheme for parents to secure their daughters' future

education and financial needs. This initiative not only ensures financial support for girls but also encourages financial literacy among women.

#### **Financial Literacy and Credit Counselling Centres**

These centers are established to provide individuals with financial education and enhance their decision-making abilities regarding various financial products and services. The initiative aims to help people in both rural and urban areas access financial services while improving their financial awareness and management skills.

#### **Pradhan Mantri Jan Dhan Yojana (PMJDY)**

Launched on August 28, 2014, by Prime Minister Narendra Modi, this scheme is a government-backed financial inclusion program. It aims to provide universal access to banking services, including savings accounts, remittance, credit, insurance, and pension facilities. The program primarily benefits underprivileged and weaker sections of society by offering them financial opportunities and increasing their financial literacy for greater economic inclusion.

#### **Mahila E-Haat**

This women empowerment initiative, introduced by the Ministry of Women and Child Development, enables women entrepreneurs to leverage digital platforms to showcase and sell their products online. By providing women with opportunities to engage in e-commerce and financial technology, the program empowers them economically and digitally, ensuring financial independence.

#### **Pradhan Mantri Mahila Shakti Kendra (PMMSK) Scheme**

Implemented between 2017-18 and 2019-20, this scheme was designed to empower rural women by fostering an environment where they can realize their potential and actively participate in society. The initiative focuses on skill development, career opportunities, digital literacy, and economic empowerment. It operates at multiple levels—national, state, and regional—to reach women in backward and underprivileged areas.

#### **National Strategy for Financial Education (NSFE)**

The NSFE was introduced by the government to enhance financial literacy and inclusion across the country. The primary goal of this initiative is to create a financially informed and empowered India by educating citizens on the importance of financial management. Additionally, the strategy promotes safe and secure digital banking services, ensuring that individuals can effectively use financial tools for a better economic future.

### **FINDINGS AND CONCLUSION**

Financial literacy is crucial for women, but they face various challenges such as social and cultural barriers, physical obstacles, educational obstacles, financial obstacles, age and gender, child marriage, poverty, child labour, and income. Rural females are fewer financially literate and demographic factors such as age and gender hinder economic empowerment. Addressing these challenges requires respectful and culturally relevant measures. The Indian government works hard to guarantee financial inclusion. Therefore, it is essential for the effective flow of all financial products and services throughout the nation. Through a number of programs, the government provides several opportunities, particularly for rural women. However, there is still a lack of implementation and much more effort, and both the state and central government, as well as society, have taken the initiative to boost financial knowledge in society.

### **SUGGESTIONS**

Governments and financial institutions have to implement various awareness programs to increase financial knowledge among the public. They are also introducing new apps and promoting reading, such as daily newspapers' financial sections and financial materials like blogs, newsletters, books, and magazines, and they have also organized seminars and workshops on financial awareness (Thakkar et al., 2022). The education sector can also play a vital role from the bottom level to spread awareness regarding financial matters.

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