

Financial Literacy and Independency in Investment Decision among Women in India

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Abstract: *Financial Literacy and Investment have become a significant feature of an individual's life. However, the majority of women are risk - averse investors. This could be due to a lack of awareness and knowledge about investment options and their importance. In this research work, an effort has been made to determine the difference in the investment goals of working and non - working women. In this study, the proportion of women taking their investment decisions independently has also been analyzed. Along with that, an effort has also been made to evaluate the different manifesto that has been created basically for women to educate them and encourage them and solve their queries regarding investment products and services. Therefore, it is found that working and non - working women have different needs and purposes for investment and also there is a very less proportion of women making investment decisions independently. There is a need for more programmes and campaigns to be organised by the government and policymakers to motivate women investors.*

Keywords: Financial Literacy, Investment, Preferences, Independency, Investment Decision

1. Introduction

In today's world, women's empowerment is one of the biggest challenges which is attainable only when the women are independent, educated and financially literate. In today's era of self - sufficiency, independence, financial stability, and women's participation are quite weak. Women's empowerment is one of the biggest disputes in today's era. Women empowerment could be achieved only when the women are educated, self - esteemed, independent and financially literate. Financial literacy is a never - ending process because every second new and innovative investment ideas and methods are developing. The level of literacy in India has improved with time. According to the survey conducted by Government, the literacy level in 2001 was 64.83% and it grew to 74.04% in the year 2011.

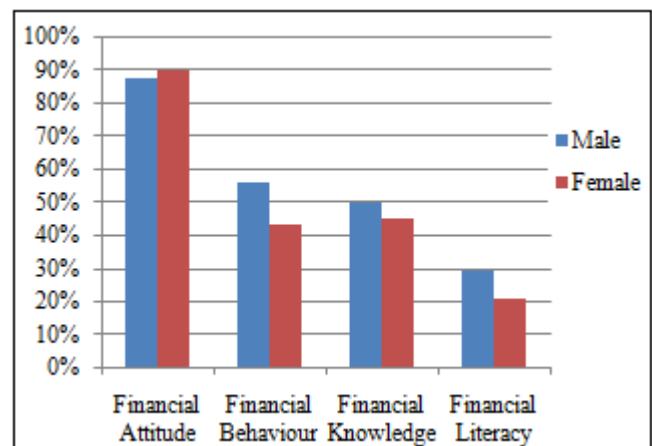
Financial Literacy

Financial literacy means the ability to deal, understand and use financial skills such as financial planning, budget planning, investment decisions and so on. Financial literacy is a combination of three factors financial knowledge, financial behaviour and financial attitude. Financial knowledge means the understanding to manage one's money. Financial attitude means the opinion, thinking and sentiments regarding finance. Financial behaviour means the impact of mentality on an investor's behaviour. Table 1 represents the percentage of all the three components of financial literacy acquired by men and women and the table also represents the overall financial literacy percentage in India in 2019. Our country India is facing major problems related to unemployment and poverty. So, it becomes more important to provide financial education to women to contribute to the country's economic growth.

Table 1: Gender wise Financial Literacy level

Gender Wise	Financial Attitude	Financial Behaviour	Financial Knowledge	Financial Literacy
Male	88%	56%	50%	29%
Female	90%	43%	45%	21%

Source: National Centre for Financial Education & Financial Literacy and Inclusion in India Survey Report, 2019



Graph 1: Source: National Centre for Financial Education & Literacy and Inclusion in India Survey Report, 2019

The financial literacy level in India is low among women and men. The survey conducted by the National Centre for Financial Education in 2019 by the name of Financial Literacy and Inclusion in India, represented in Table 1 that the level of financial literacy among men is 29% and women are 21%. This study focuses on the women's financial literacy level and their investment decision making. The lack of financial literacy among women holds them back in managing their finances.

Investment

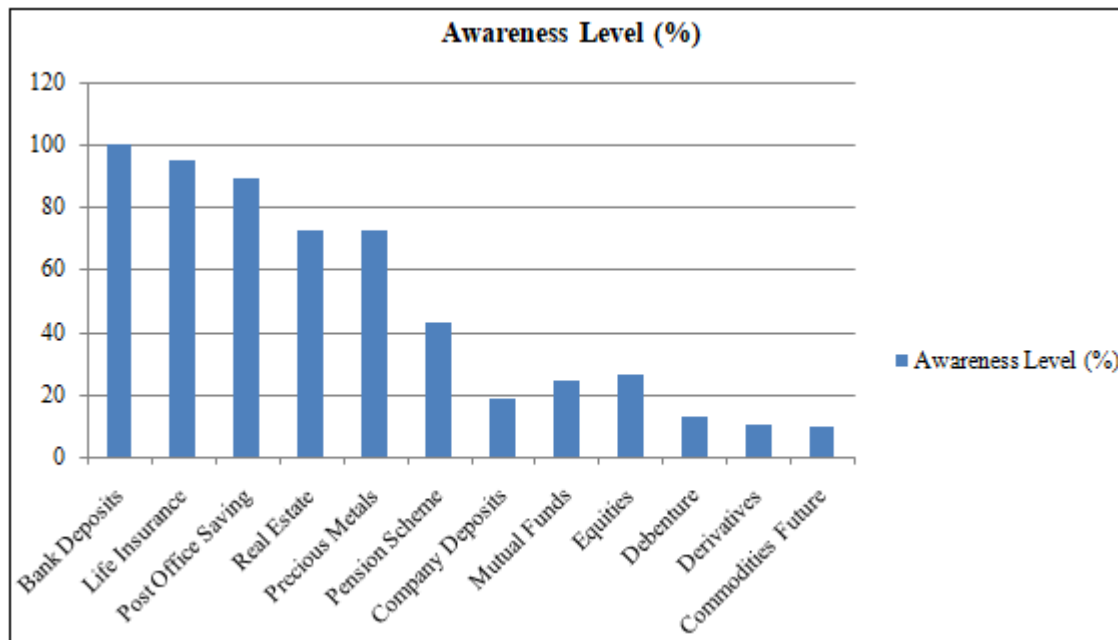
The term investment means the money that is put into some property, shares, stock or any other instruments to earn profit in future. Normally speaking investments can be categorized as income investments or growth investments. In economic terms, investment means the purchase of goods to be used in the future to generate wealth. And in financial terms, investments in financial assets are bought with the intention that the asset will generate further income or will be sold in the future at a higher price to generate profit. The

Survey conducted by SEBI as SEBI Investor Survey 2015, Table 2 and graph 2 represents the level of awareness about different investment avenues among investors.

Table 2: Level of Awareness level among Investors, Sources: SEBI Investors Survey 2015

Investment Avenues	Awareness Level (%)
Bank Deposits	99.9
Life Insurance	94.7
Post Office Saving	89.4

Real Estate	72.8
Precious Metals	72.3
Pension Scheme	42.9
Company Deposits	18.6
Mutual Funds	24.4
Equities	26.3
Debenture	13.1
Derivatives	10.4
Commodities Future	9.5



Graph 2: Sources: SEBI Investors Survey 2015

The graph represents that investors are very well aware of Bank Deposits (99.9%) while derivatives and commodities futures are the instruments about which the awareness level is very low i. e. 10.4% and 9.5% respectively.

An Overview - Investment Behaviour of Working Women

Investment behaviour can be defined as how people react, analyze, predict, think, judge and assess the process of decision making which includes investment psychology, collecting information and understanding research and assessment. Working women are the women who work outside the house for earning income, along with their household work. Women who are profitably employed are considered working women. Traditionally, women have always been considered a homemaker and their primary duty is to serve their family members and take housing decisions and responsibilities instead of making investment decisions. A survey of many researchers on the investment behaviour of working women agrees that women are inactive investment participants. They prefer to invest conservatively and choose the investment which involves minimum risk and the investment decisions of women are mostly dependent on their spouse or male family members. Women in India are still dependent on others for making investment decisions. The women have the problem of independent practical thinking and awareness about different investment avenues.

The researcher's views on the likes and dislikes of women are that women like investing in less risky instruments and have very little confidence in their investments. Women prefer to take the help of a financial advisor for their investment plans. Women have less knowledge about investment. So, that's why they prefer to play safely and invest in those instruments which provide fixed returns. But with time, some changes have been analyzed but the changes are not big. Women are now coming out and taking their investment decisions. But the numbers of such women are very less.

Investment decision - making refers to the process in which investors decide where to invest, how much to invest and when to invest. This study is about the financial literacy and investment decision among women in India. In India, it has been observed that women mostly depend on their husbands for investment decision making. This study would help in determining the difference in investment goals among women. It would also analyse the differences in Investment Avenue preferred by working and non - working women. Along with that, it would also access the independence of women in making investment decisions. Lastly, they would evaluate the different platforms available for women investors.

Significance of the study

Today women are playing an important character not only in the family but also in society and the business world as well.

But the involvement of women in the field of finance is still lagging. The reason could be lack of awareness not only help in ensuring present and future long term safety of individual but also helps in the growth of the economy of the country. the investment helps in making more funds through the invested amount in the form of interest or dividends. By making investments rationally, one can earn a better return on their invested fund. The women invest their money very conservatively. They mostly prefer to invest in low - risk investment avenues. Better knowledge about different available online and offline platforms that assist women with investment products and services might help them in becoming better investors.

The study tries to determine the difference between the investment goals of working and non - working women. What are their preference and objectives of investment. We have also tried to analyse the percentage of women taking their investment decision independently. Further, we have observed the different platforms that are specially designed for women to encourage them to take investment decisions independently. The entire study spins around the financial literacy and the independence of women in investment decision making.

2. Literature Review

The term “Financial Literacy” was derived in the year 1787 in the country United States of America, after a letter written by John Adam to Thomas Jefferson regarding the serious need for financial literacy to control the stress and hesitation in America because of incomprehension among people relating to the circulation of money, credit and nature of coin (FinancialCorps, 2014). According to the report of the Logical India Crew 2021, India has a literacy rate of 80% but the financial literacy rate of the country is approximately 24% (Rana, 2021). (Agarwalla, Barua, Jacob, & Varma, 2013) examined the effect of different socio - economic factors on various financial literacy dimensions. But still, there are multiple barriers in front of women such as physical barriers, mental barriers and socio - cultural barriers which are blocking the path to getting a financially educated (Baluja, 2016). According to the findings of (Arora, 2016) the financial literacy level of unmarried women is better than married women.

It is found that women mostly invest in less risky investment options while men prefer to take the risk. According to (Bhushan & Medury, 2013), found that women prefer to invest in avenues like fixed deposits, and health and life insurance whereas men prefer to invest in equity shares. As per the studies (Swamy, 2014)the families where female participation is involved in every financial decision, the proportion of their family income also rises in a better way. According to (Paluri & Mehra, 2016)women mostly prefer to invest in fixed deposits and insurance. As per the study (Kadoya & Khan, 2020)there are various demographic, socio - economic and psychological factors which affect the financial literacy level in Japan. But it is claimed by (Ozdemir, Kokkizil, & Melike, 2019)that the level of financial literacy improves with the level of quality education. Those individuals who are not able to speak or write the official language of their domicile have a lower

level of financial literacy. The financial capability is also compiled with the age of the investor. The younger generation has a lower level of financial literacy (Xiao & Chen, 2015). The findings of (Montford & Goldsmith, 2015)are that women make investment decisions conservatively. Women prefer to invest in less risky investment products. (Bhatt & Prajapati, 2021) found in their study that women have basic knowledge about different investment avenues. They prefer to play safe but some investors are ready to bear a moderate level of risk. There is a very less proportion of women who take their investment decision independently.

3. Research Methodology

Data for Study

The study is based on secondary sources of data. The data have been collected from various sources like Websites, Articles, Books, Journals, Newspapers etc. Financial Literacy data were obtained from National Centre for Financial Education & Financial Literacy and Inclusion in India Survey Report, 2019 and the information related to investment awareness level among investors was collected from SEBI Investors Survey 2015. The data have been collected from secondary sources from the year 2013 to 2022.

Statistical Tools: The tools used in the study are: Percentage and Independent sample t - test

Scope of the Study

The study is based on women's financial literacy and freedom to take investment decisions. The study includes research on working women and non - working women of India. This study tries to determine the difference in the investment objectives of working and non - working women. It would help in identifying the most prioritised goals of investment. The research work would also study the difference in investment goals of working women and non - working women. The analyses would represent the proportion of women taking the investment decision independently and also the percentage of women depending on others for their investment decisions. The study is intended to evaluate the difference in investment avenues preferred by working and non - working women. Along with that, it would also try to evaluate different platforms launched especially for women to encourage them and educate them about different investment options available in the market. It may help them become an independent investor.

Objectives of the Study

- 1) To study the association between investment goals of working women and non - working women.
- 2) To study the association between investment avenues preferred by working and non - working women.
- 3) To study the independency of women in investment decision making.
- 4) To examine the platforms helping women become financially independent in India.

Hypotheses

- 1) HO: There is no significant difference between the goals of working and non - working women.
 - 2) H1: There is a significant difference between the goals of working and non - working women.
 - 3) HO: There is no significant difference between the choice of Investment Avenue for working and non - working women.
- H1: There is a significant difference between the choice of Investment Avenue for working and non - working women.

4. Findings of the Study

Investment Goals of Working and Non - Working Women

The study divides women into two categories: working women and non - working women. The study tries to identify the difference in the investment goals of working and non - working women in India. Accordingly, the hypotheses have been framed. Table 3 represents the data obtained from LXME, Women & Money Power 2022 survey which has been converted into a 100% base.

HO: There is no significant difference between the goals of working and non - working women.

H1: There is a significant difference between the goals of working and non - working women.

Table 3: Goals of Working & Non - Working Women

Investment Avenues	Working Women	Non working Women
Children Education	39.77	52.74
Family Security	28	30.76
Self Security	14.77	5.49
Buying House	7.95	6.59
Financial Freedom	4.54	3.29
Start own business	3.4	1.13
Plan for retirement	2.27	0

Source: LXME, Women & Money Power 2022

Table 4

	Working Women	Non - Working Women
Mean	14.38571429	14.28571429
Variance	205.9485619	397.4638286
Observations	7	7
Pooled Variance	301.7061952	
Hypothesized Mean Difference	0	
df	12	
t Stat	0.01077065	
P (T<=t) one - tail	0.495791712	
t Critical one - tail	1.782287556	
P (T<=t) two - tail	0.991583424	
t Critical two - tail	2.17881283	

t - Test: Two - Sample Assuming Equal Variances

It is identified from Table 4. that there is an association between the goals of working and non - working women, an independent samples t - test was carried out. Table 4 represents the value for a level of significance 0.05 with a Degree of Freedom 12 is 2.18 and the calculated t critical two - tail value is 2.18. Therefore, we failed to reject the null hypothesis and it can be said that there is no significant difference in investment goals of working and non - working women.

Choice of Investment Avenue by Women

Here also the analysis divides women into two categories: working women and non - working women in India. The study tries to determine the difference in the choice of Investment Avenue among working and non - working women of India. Therefore, the hypotheses have been framed. Table 5 represents the data related to investment choice of working and non - working women obtained from the LXME, Women & Money Power 2022 survey which have been converted into percentages by taking a 100% base.

HO: There is no significant difference between the choice of Investment Avenue for working and non - working women.

H1: There is a significant difference between the choice of Investment Avenue for working and non - working women

Table 5: Investment avenues preferred by working & non - working women

Investment Avenues	Working Women	Non working Women
Gold	26.16	36.11
Fixed Deposit	23.25	26.85
PPF	18.6	11.11
Real state	7.55	7.4
Mutual Funds	10.46	7.4
Stocks	7.55	6.48
National Pension Scheme	6.39	4.62

Source: LXME, Women & Money Power 2022

Table 6

	Working Women	Non - Working Women
Mean	14.28	14.28142857
Variance	67.948	148.9045143
Observations	7	7
Pooled Variance	108.4262571	
Hypothesized Mean Difference	0	
df	12	
t Stat	- 0.000256666	
P (T<=t) one - tail	0.499899714	
t Critical one - tail	1.782287556	
P (T<=t) two - tail	0.999799427	
t Critical two - tail	2.17881283	

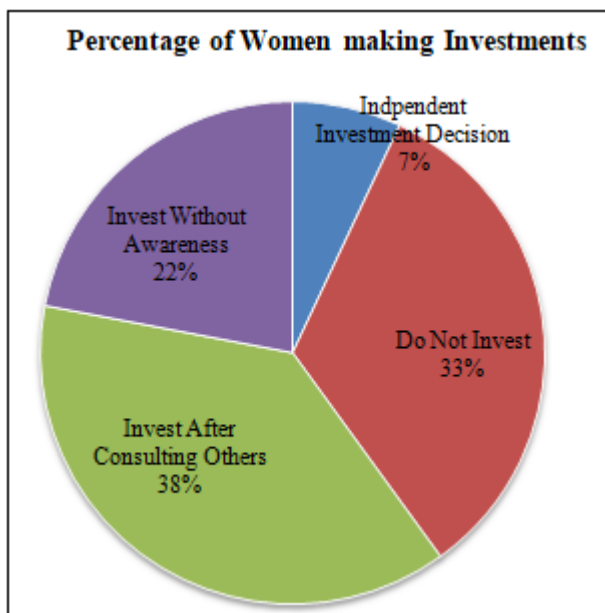
t - Test: Two - Sample Assuming Equal Variances

To test the hypothesis that there is an association between the investment choice of working and non - working women, an independent samples t - test was executed. Table 6 represents the value for a level of significance 0.05 with a Degree of Freedom 12 is 2.18 and the calculated t critical two - tail value is 2.18. Therefore, it is observed that we fail to reject the null hypothesis and it can be said that there is no significant difference in investment choice of working and non - working women.

Women’s Participation in Investment Decision Making

It is found that there are less than 1/4th of working women who make their investment decisions independently. The report of DSP Winvestor Pulse 2019, in affiliation with Nielsen, says that only 33% of women take their investment decisions independently as compared to 64% of men (Mehta, 2019). According to the survey “Women & Money Power 2022”, released by LXME in affiliation with a leading Indian research agency Axis My India. The report

reveals that only 7% of women in India take their investment decisions independently according to their self - learning and knowledge while 33% of women are not interested in investment. 38% of women take their investment decisions after consulting others and 22% of women invest but are not fully aware of their investment (Gupta, 2022). The women mostly invest their income after taking suggestions from family or spouses. The lack of financial awareness among women creates misconceptions and fear of investing. It is also observed that the involvement of women in financial decisions is less and high in purchase decisions. The study also found that 39% of women considered low funds to be the reason for fewer investment decisions, while 12% and 10% of women consider lack of financial awareness and fear of loss to be the reasons for less involvement of women in investment decision making. The overall study says that only 13% of women prefer investing in financial assets (shares, stock, bonds, mutual funds) while 35% of women prefer investing in traditional investment assets (fixed deposits, post office, gold).



Source: LXME, Women & Money Power 2022

Platforms for Women to Become Financially Independent

India is a country where women's participation in investment decisions is not paid much importance. Financial independence not only provides financial security but also secures the lives of the family, education for children, meets contingency expenses and so on. Many financial platforms have been launched during the last few years, especially for women to provide helping hands to become better investors and self - investment decision - makers. Some of the platforms have been discussed below:

- **Basis:** This is an online platform launched in the year 2019. This platform helps women to plan their financial objectives and be financially independent. The basic aim of Basis application is to pervade the gap between the level of financial knowledge and the lack of trust that most women suffer from. This amazing platform provides education to women through multiple workshops and webinars on managing personal finance.

Along with theoretical knowledge, it also provides free space for women to discuss their queries and doubts.

- **LXME:** It is a fintech platform founded by former financial advisor Priti Rathi Gupta in the year 2018. It is considered India's 1st financial platform. The primary aim of this platform is to provide financial education to women through its website and mobile application. The LXME financial platform provides financial knowledge about different financial products to women and creates a group of women to communicate and discuss their queries about their financial doubts. The financial awareness among women would not only help women to become financially independent but it would also help in improving the economy of the country.
- **WinPE:** It is an NPO that aims at providing opportunities for women to invest in private equity by using a three - pronged approach. This platform was founded in the year 2020. It helps in creating women's empowerment by providing a network, guidance and training. WinPE aims at increasing the involvement of women participation as equity investors. The WinPE agenda creates gender diversity in investment. The WinPE vision is to enhance the involvement of women in the field of investment and help them in building their careers.
- **Miss Piggy Bank:** This platform was launched in the year 2020. The main goal of this platform is to make finance, investments and other financial matter easier. It provides financial advice and plans to the investor. Miss Piggy Bank provide easy access to financial experts who may help women to choose their financial products. The women do not invest very comfortably due to a lack of knowledge about financial products. Therefore, this platform help in all ways by providing help to women investors through experts' guidance.

5. Suggestions

The suggestions to empower women investors in India are:

- 1) An effort should be made to encourage, motivate and inspire women to start investing for their future safety and security.
- 2) Financial Institutions should develop schemes and policies according to the requirements of women and keep in mind their risk - taking capacity.
- 3) The Government should organise more campaigns, workshops and seminars to create financial awareness among women to encourage women investors.
- 4) An effort should be made in creating tax saving investment products that would encourage women to invest.
- 5) Mutual Fund houses should create investment products considering the goals and objectives of women investors.

6. Limitations

The study is purely based on secondary data. Only two statistical tools have been used for the analysis of data. The study talks about only women's investment decisions and financial literacy and doesn't consider men's investment decisions and financial literacy. The study includes only a

few investment avenue choices there are many other investment products available that may also be considered by future researchers such as Chit fund, Cryptocurrency, etc.

7. Conclusion

In India, the participation of women in the financial decision - making process is very low. The Government of the country is making lots of efforts to create a financially literate society by launching different schemes and programmes to provide better knowledge and understanding of financial products and services. This article analyses the level of financial literacy among Indian women and their independency in investment decision making. It has been found that various problems and hindrances are being faced by women such as lack of confidence, lack of family support, lack of financial knowledge, lack of women - centric schemes and so on. But it also found that now women are realising the importance of saving and investment. It is also observed that there are a large number of women who are dependent on others for their investment decision making due to a lack of awareness and confidence. In recent years many online platforms have been launched for creating investment awareness and education among women. There is a serious need to increase the participation of women in the investment decision - making process not only for the benefit of the family but also for the economic growth of the country. The government and other financial bodies should organise multiple campaigns, workshops and seminars to create awareness among women in India. The findings of this article would help government, policymakers and financial institutions to understand the problems that are being faced by women and accordingly plan and develop schemes as per the needs of women.

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