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Financial Literacy and Its Role in Women Empowerment

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Abstract *Financial literacy as a part of financial inclusion plays a vital role in achieving overall economic development of the country. Financial literacy refers to having knowledge about financial products and services. It helps in effective financial decision making. Several studies have revealed that women are better manager of household compared to men. They are effective decision makers in arena of financial investment. To achieve women empowerment to the fullest, financial literacy is of utmost importance. This paper is just an attempt to identify the role of financial literacy in women empowerment.*

Keywords: *Financial Literacy, Financial Inclusion, Women Empowerment.*

1. Introduction

Financial Literacy refers to the ability of an individual to make effective decision regarding the management of financial resources. It refers to the concept of decision making regarding where to invest money, how to invest money and most importantly how to manage money and other financial resources. Financial literacy is quite relevant in today's world. This concept has gained importance with time. Financial literacy is of utmost importance for effective decision making in matters of finance i.e. to say, if an individual wants to purchase any financial product whether it is at all affordable, whether it is required and if it is purchased then will it be a liability or an asset. Financial literacy helps an individual to prepare a plan as to how to spend one's income in an effective way, how much he actually spends and finally what he owns and owes. Financial literacy is important since it helps an individual to make effective financial decision making which in turn helps to achieve economic development of the country.

Now, the question of financial literacy is a major issue. Financial illiteracy has a profound impact on the economic development of the country. Lack of financial knowledge leads to bad financial decision making and that has several consequences. Ignorance in the aspect of financial knowledge leads to huge amount of debt, predatory borrowing and lending, seeking assistance from informal financial sources for loan at an exorbitant interest rate. So, to achieve an all round development and financial inclusion, financial illiteracy should be wiped out.

Women empowerment is a well discussed and well researched topic but how to achieve it and what does it imply is a big question indeed.

2. Objective of the Study

This paper is an attempt to have an insight into the role of financial literacy/education in women empowerment. The study is theoretical in nature; it is just an attempt to provide an overview of the role of financial literacy in women empowerment.

3. Methodology

The study is a descriptive one based on secondary data. It is just an attempt to explore the role of financial literacy in women empowerment, in Indian context. Various books, journal, articles, magazines, dailies and web resources have been used as data sources for the present study. No empirical work has been done in the present study.

4. Discussion

Financial Literacy and its Role- An Overview

Statistical figures from survey reveal that for financial literacy percentage in India the situation is grim. It has been that (India Today, 2015) about 76% of adult population lacks financial literacy/knowledge. Most of them avail credit facility without having any knowledge of how to make financial decision making or planning. The percentage of financially literate women is less compared to men in India. Although, India has taken various steps and made a remarkable progress in terms of spreading financial literacy and creating financial awareness, the situation for India especially in rural areas tell something different. Still now women depend on the male members of their family for the purpose of financial decision making and investment planning. In case of emergency or uncertain events they face hurdles and gets puzzled in the event of financial decision making. Financial literacy is required to achieve an all inclusive development of the society.

The OECD research data revealed that the financial literacy level of women is low compared to men in both developed as well as developing countries. In India, the picture is the same, it is essential that women should be given equal power for financial decision making like male members of the family. On one hand, society talks of women empowerment but still India is lagging behind in terms of women empowerment in its true sense.

Women Empowerment

Women Empowerment refers to equal right, freedom to women socially, financially, in decision making i.e. in every respect like that of the men in the society. The rationale behind women empowerment are- longer/higher life expectancy, economic growth, self-independence, no exploitation, family well being.

Survey results revealed that women generally have a higher life expectancy compared to men. So, the necessity of women to be financially educated becomes quite important. In case of, uncertain sudden events it often becomes difficult for women to handle the financial matter. Although the number of working woman has increased considerably but still in the matter of financial decision making, investment decisions female members of a family are dependent either on their father or their husband, which to some extent reveals the lacuna in achieving women empowerment to the fullest. On one hand we talk of women empowerment to achieve economic development but still this scenario prevails.

To bring economic growth of the country women empowerment is an important factor. Women should share equal right in each and every respect like male members of the society. But for the purpose of financial decision making, as far as financial literacy is concerned it is seen that women are not equally empowered, either it is due to the fact they don't possess the knowledge or they are not allowed to do so.

To be self-independent is not only earning money but also to manage the money effectively and efficiently.

In India the National policy for Women empowerment was enacted in the year 2001. In India not only in rural area, but also in urban area it has been observed that although women being a good-earner is either quite reluctant in the matter of financial decision making or dependent on male members for investment decisions, saving decisions often due to negligence or being not aware of the existing financial investment options and avenues. So, though women empowerment has become a very popular term/concept, often this is not being observed/ implemented in its true sense to the fullest.

Women empowerment implies empowerment of women in every respect. To protect women from exploitation in the society financial literacy has a vital role to play. For this woman need to be self-independent but often it is found that in urban area that although women are self-independent, but still they are victims of exploitation. In rural area, the scenario is different rather the situation is more acute, female members are victims of exploitation and hence to protect them from such exploitation, education is very vital aspect, it is essentially desirable.

Relation between Financial Literacy and Women Empowerment

Financial literacy is the vehicle of women empowerment. Being, financially literate helps to achieve economic development of a country by removing all exploitations. Financial knowledge makes a person aware of existing financial products and services and availing those facilities for better financial management. Financial literacy helps in better financial planning and to protect a family from all uncertainties, a woman need to have financial education. To look after family well-being and to protect the family from sudden financial crunch, uncertainties, disasters, female financial literacy is a must. Women have been found to be better manager of financial resources of a family. So, women empowerment is essential to achieve economic development and to achieve all round development financial literacy is a pre-requisite.

Government of India and Reserve Bank of India has taken various steps to promote financial literacy by arranging awareness camps, appointing bank mitras and others, investor education initiatives. Some of them are:

- Financial Literacy Counselling Centre- It has been established to provide financial education.
- Beti Bachao, Beti padhao Yojana- For improving welfare services for women.
- Sukanya Samridhi Yojana- Equitable share to a girl child like boy child in a family, no discrimination to be made between boy child and girl child.
- Prime Ministers Jan Dhan Yojana- Ensuring opening of basic savings bank account, insurance products.
- Establishment of National Centre for financial education to implement National Strategy for Financial Education.
- Establishment of Financial Stability and Development Council- For training, financial awareness and education, establishing institutions nearby, use of better technology.

5. Conclusion

It is desirable that, to achieve women empowerment in its true sense, financial literacy is of utmost importance. Government of India, as discussed earlier has been making various attempts by arranging camps, investor education programmes etc to eradicate illiteracy and making all financially literate. Financial literacy is an important vehicle of achieving women empowerment in sense it helps in effective financial decision making by the female members of the family- who has been found to be an effective manager making appropriate financial decision making thereby protecting the family from all sort of uncertain events.

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