

# A Perception towards Financial Literacy Measures among Rural Women in Kanyakumari District

**Mahesh Kumar T**

Assistant Professor, Department of Commerce and Management, Christ (Deemed to be University), India

**Dr. M. Jegadeeshwaran**

Assistant Professor, School of Commerce, Bharathiar University, Coimbatore

## ABSTRACT

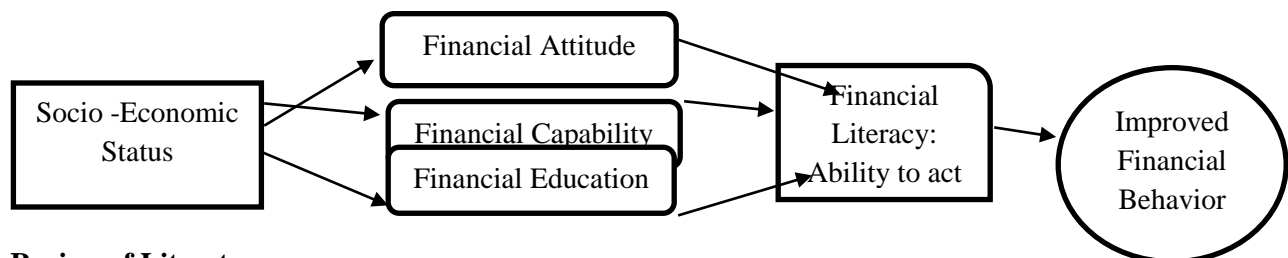
Financial literacy has assumed greater importance in the recent years, as financial markets have become increasingly complex and there is also an information asymmetry leading to making informed choices more and more difficult for the common person. Since, we are in an emergent global financial system 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 financial system 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. 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. Hence, the purpose of this study is to know the level of financial literacy measures among rural women in Kanyakumari District.

## 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 in improving the quality of financial services and contribute to economic growth and development of a country. Financial literacy skills enable individuals to navigate the financial world, make informed decisions about their money and minimize their chances of being misled on financial matters. Having financial literacy skills is an essential base for both avoiding and solving financial problems, which in turn, are crucial for living a prosperous, healthy and happy life. Financial problems are often the causes for divorce, suicides, mental illness and a variety of other unhappy experiences.

**Fig 1: Vision towards Financial Literacy**



## Review of Literature

According to **Prahalad, C. K. (2010)<sup>1</sup>** these people constitute the 'bottom of the pyramid' and could be a source of much needed vitality and growth. They represent extreme variety in their levels of literacy, rural urban mix,

geographical mix, income levels, cultural and religious differences and every other conceivable basis of segmentation. These people have to mobilize, spend, save and invest money to escape from poverty. They are to be streamlined into the main flow of the nation which is one of the objectives of financial inclusion.

**Neha Dangi and Pawan Kumar (2013)<sup>2</sup>** focused on the RBI and Govt. of India initiatives and policy measures, current status and future prospects of financial inclusion in India on the basis of facts and data provided by various secondary sources. They found that the factors affecting access to financial services such as psychological and cultural barriers, legal identity, level of income, limited literacy etc., therefore it is suggested that new bank branches have been opened and new ATM's have been installed for the purpose of achieving financial inclusion. For building customer awareness E-banking, mobile banking training and education programmes should be conducted. Finally, they concluded that initiatives must be taken for the implementation of EBT in the process of financial inclusion. Thus, financial inclusion is a big road which India needs to travel to make it completely successful.

**Pallavi Gupta and Bharti Singh (2013)<sup>3</sup>** did a research on Role of literacy level in financial inclusion in India: Empirical evidence with objective to assess the correlation between the usage dimension of financial inclusion index and literacy level in India and they conclude that lower literacy rate is not main reason for low financial inclusion in states. They suggested that for achieving financial inclusion government should focus on behavioral factors.

**M. Jegadeeshwaran and Mahesh Kumar.T (2017)<sup>4</sup>** their study made an attempt to review the financial literacy of people. They developed a theoretical model based on socio-economic status towards financial literacy which consists of financial attitude, financial capability and financial education, these leads to the improved financial behavior. After the detailed study of financial literacy in India, it is concluded that the greater financial literacy can be an important component to efforts to increase savings rates and lending to the poorest and most vulnerable consumers. Recently, most of the developing countries launched various programs to effective financial education and definitely, it would be helpful for sound financial and economic stability in the organizations.

### Objectives of the Study

- To identify the factors influencing financial literacy measures of women.
- To study the barriers to acquire financial knowledge for women

### Scope of the Study

The study is focusing on rural women in Kanyakumari District. 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 Tamil Nadu to assess the financial knowledge of women as a whole in Tamil Nadu 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.

### Methodology of the Study

The study is mainly based on the primary data. The primary data of this study is collected from the women in rural areas of Kanyakumari district through well-structured interview schedule. The study is developed to investigate the level financial literacy measures of respondents and its impact. The present study was conducted among 250 respondents as per simple random sampling. The tools used for this study were Percentage analysis, Reliability analysis and Factor Analysis.

### Analysis and Interpretation

**Table 1 Demographic Profile of the Respondents**

Demographic Profile of the Respondents		Frequency	Percentage %
Residential area	Nagercoil	<b>65</b>	<b>26</b>
	Kanyakumari	63	25
	Agastheeswaram	62	25

	Suchindram	60	24
Age	20-30 Years	62	25
	31-40 Years	<b>77</b>	<b>31</b>
	41-50 Years	51	20
	51-60 Years	35	14
	Above 60 Years	25	10
Marital Status	Married	<b>183</b>	<b>73</b>
	Unmarried	67	27
Family Type	Joint Family	62	25
	Nuclear Family	<b>188</b>	<b>75</b>
Educational Qualification	Uneducated	<b>69</b>	<b>28</b>
	Primary	56	22
	Up to Higher Secondary	65	26
	Graduates	60	24
	Occupation	Agriculture	33
	Housewives	65	26
	Business	<b>74</b>	<b>30</b>
	Professional	21	8
	Government Employees	22	9
	Private Employees	35	14
Monthly Income	Up to Rs.5000	47	19
	Rs.5001-Rs.10000	<b>66</b>	<b>26</b>
	Rs.10001-Rs.15000	52	21
	Rs.15001-Rs.20000	40	16
	More than Rs.20000	45	18
Monthly Savings	Up to Rs.1000	<b>71</b>	<b>28</b>
	Rs.1001-Rs.5000	52	21
	Rs.5001-Rs.10000	68	27
	Rs.10001-Rs.15000	34	14
	More than Rs.15000	25	10

Source: Primary Data

**Table 2 - Reliability Analysis for variables of Factor Analysis**

Cronbach's Alpha	N of Items
.782	13

**Table 3 - List of Variables used for Factor Analysis**

X1	I have a good estimate of how much money, I will need to live per year after I retire
X2	I feel confident about the financial decisions I make
X3	I have financial problems that are negatively impacting my life

X4	I actively manage my spending towards a weekly (or) monthly budget
X5	I feel very comfortable dealing with banks and other financial institutions
X6	I can easily explain fixed interest and variable interest to family & friends
X7	I have enough savings that I could meet any unexpected expenses
X8	I make money so I can spend it right away
X9	My personal finances are completely out of my control
X10	I understand the commitments and I agree into financial contracts
X11	I am comfortable managing m personal debt
X12	I set long term financial goals to achieve it
X13	I do a good job of balancing my spending & savings

### Factor Analysis on Factors Influencing

**Table 4 - KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.708
Approx. Chi-Square		2720.827
Bartlett's Test of Sphericity	Df	105
	Sig.	.000

The above table reveals the two tests which indicate the suitability of the data for factor analysis. Two tests, namely Kaiser-Meyer-Olkin measures of sampling adequacy (KMO) & Bartlett's Test of Sphericity have been applied to test whether the relationship among the variables has been significant or not.

**Table 5 - Communalities**

	Initial	Extraction
X1	1.000	.798
X2	1.000	.815
X3	1.000	.787
X4	1.000	.554
X5	1.000	.713
X6	1.000	.675
X7	1.000	.885
X8	1.000	.841
X9	1.000	.666
X10	1.000	.647
X11	1.000	.770
X12	1.000	.755
X13	1.000	.543

**Table 6**  
**Total Variance Explained**

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.958	26.384	26.384	3.958	26.384	26.384
2	2.175	14.500	40.884	2.175	14.500	40.884
3	2.048	13.653	54.537	2.048	13.653	54.537
4	1.413	9.420	59.597	1.413	9.420	63.958
5	1.259	8.394	72.352			
6	.830	5.536	77.888			
7	.785	5.232	83.120			
8	.616	4.105	87.225			
9	.477	3.180	90.406			
10	.433	2.887	93.293			
11	.329	2.193	95.485			
12	.268	1.786	97.271			
13	.203	1.350	98.621			
14	.127	.848	99.469			
15	.080	.531	100.000			

Extraction Method: Principal Component Analysis.

Table 6 depicts the principal component analysis (PCA) method which provides the relationship between the extracted factors and the variables included in the analysis. It is technically termed as the factor loadings. The value of the factor loadings though indicates the relationships clearly but it is unable to group all the variables clearly identified with the factors. Fourth factor consists of higher variance i.e. 59.597.

**Table 7 - Rotated Component Matrix<sup>a</sup>**

	Component			
	1	2	3	4
X4	<b>.780</b>	-.257	-.269	-.018
X8	<b>.728</b>	.067	-.169	-.386
X11	<b>.695</b>	-.292	-.146	.215
X13	<b>.693</b>	.354	.112	.381
X1	-.315	<b>.889</b>	-.193	-.297
X12	-.346	<b>.639</b>	.330	.383
X7	.160	<b>.601</b>	-.062	.488
X2	.071	.166	<b>.740</b>	-.346
X3	-.441	<b>.579</b>	<b>.665</b>	.281

X9	.490	.121	<b>.683</b>	.191
X6	.456	.455	-.305	<b>.785</b>
X10	.123	.556	-.439	<b>.641</b>
X5	-.533		.221	<b>.712</b>
Extraction Method: Principal Component Analysis.				
Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 6 iterations.				

The above table 7 explains that the principal components analysis and rotated factor loading method is used to identify the factors. From the above table, it is observed that out of 13 variables, 4 factors namely Money Management, Financial Planning, Financial Wellbeing, Financial Knowledge, were identified by the rotation method.

**Table 8****Factor 1 - Money Management**

Label	Statements	Loadings
X4	I actively manage my spending towards a weekly (or) monthly budget	<b>.780</b>
X8	I make money so I can spend it right away	<b>.728</b>
X11	I am comfortable managing m personal debt	<b>.695</b>
X13	I do a good job of balancing my spending & savings	<b>.693</b>

The above table 8 shows the cluster of statements in to factor 1. The statements 'I actively manage my spending towards a weekly (or) monthly budget' with the loadings of .780, 'I make money so I can spend it right away' with the loadings of .728, 'I am comfortable managing m personal debt' with the loadings of .695, 'I do a good job of balancing my spending & savings' with the loadings of .693 were grouped into first factor Money Management.

**Table 9****Factor 2 - Financial Planning**

Label	Statements	Loadings
X1	I have a good estimate of how much money, I will need to live per year after I retire	<b>.889</b>
X12	I have enough savings that I could meet any unexpected expenses	<b>.639</b>
X7	I set long term financial goals to achieve it	<b>.601</b>

The above table 9 indicates the clustered statements of factor 2. 'I have a good estimate of how much money, I will need to live per year after I retire' with the loadings of .889, 'I have enough savings that I could meet any unexpected expenses' with the loadings of .639 and 'I set long term financial goals to achieve it' with the loadings of .601 were grouped in to the second factor Financial Planning.

**Table 10****Factor 3 - Financial Wellbeing**

Label	Statements	Loadings
X2	I feel confident about the financial decisions I make	<b>.740</b>
X3	My personal finances are completely out of my control	<b>.665</b>
X9	I have financial problems that are negatively impacting my life	<b>.683</b>

The above table 10 reveals the clustered statements of factor 3. 'I feel confident about the financial decisions I make' with the loadings of .740, 'My personal finances are completely out of my control' with the loadings of .665 and 'I have financial problems that are negatively impacting my life' with the loadings of .683 were grouped in to the factor Financial Wellbeing.

**Table 11**

**FACTOR 4 - Financial Knowledge**

Label	Statements	Loadings
X6	I can easily explain fixed interest and variable interest to family & friends	<b>.785</b>
X10	I understand the commitments and I agree into financial contracts	<b>.641</b>
X5	I feel very comfortable dealing with banks and other financial institutions	<b>.712</b>

The above table 11 presents the clustered statements of factor 4. 'I can easily explain fixed interest and variable interest to family & friends' with the loadings of .785, 'I understand the commitments and I agree into financial contracts' with the loadings of .641 and 'I feel very comfortable dealing with banks and other financial institutions' with the loadings of .712 were grouped in to the factor Financial Knowledge.

**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 areas.

**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).

**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.

**Findings**

- The majority of the respondents residing in the area of Nagercoil as 26 percent in this study,
- It is shown that 31 per cent of the respondents belong to the age group of 31-40 Years
- It is clear that 73 per cent were married and the remaining 27 per cent of the respondents were unmarried.
- 75 per cent of the respondents living in the Nuclear Family

- It indicates that the majority 28 per cent of the respondents were Uneducated
- It is inferred that the majority of the respondents i.e., 26 per cent of the respondents earning the Monthly Income Rs.5001-Rs.10000
- It is shown that majority 28 per cent of the respondents Monthly Savings Upto Rs.1000
- 4 factors namely Money Management, Financial Planning, Financial Wellbeing, Financial Knowledge, were identified by the rotation method.

### **Suggestions**

1. Rural women need to know existing financial services available in their region by attending workshops and financial literacy programmes conducted by regional banks and other social welfare organizations.
2. The central government introduced “Jan Dhan Yojana” for the financial welfare of every citizen in India. The proper utilization of government schemes will help them for bank inclusion.
3. The decision making authorities should ensure the reach of such government schemes to rural and tribal areas.
4. 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.

### **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. Financial literacy substantially increases the demand for banking services, but only among those with low initial levels of financial literacy and low levels of education. Recently, most of the developing countries launched various programs for the effective financial education and definitely, it would be helpful for sound financial and economic stability in the organization.

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