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FINANCIAL LITERACY AND INVESTMENT DECISION OF RURAL WOMEN

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ABSTRACT

Gender disparity in financial literacy amalgam women's difficulties in securing their economic future and well-being and in participate confidently in profitable and financial activities. Women also have fussy economic literacy needs, outstandingly because they tend to live longer and receive less than men, therefore being more likely to face financial suffering in old age. Made to order financial education can contribute to improving women's access to and use of economic and financial opportunity. It also has the budding to empower women to healthier assess risks so they have to manage, protect themselves against these risks, plan for their future, and participating income generating activities. Ultimately, the contribution of financial education to women's superior participation to economic activities and more suitable use of financial products are expected to benefit countries' overall economic growth.

KEYWORDS: *Gender Disparities, Financial Literacy, Financial Opportunities etc*

INTRODUCTION

Women contain at least half the population in rural areas and their come to significantly higher in those rural areas with high levels of male outmigration and households headed by women. Women have not only often proved to be better re-payers of loans, but also better savers than men, and more willing to form effective groups to collect savings and decrease the delivery costs of many small loans. Women like men who are confident make a good livelihood and household decisions, have control of resources and can use larger loans effectively to increase their incomes are potentially very good long-term clients. They can accumulate substantial savings and use a range of insurance and other financial products. They can also pay for services that benefit them.

STATEMENT OF THE PROBLEM

Financial literacy is an essential pre-requisite for ensuring consumer protection. The low levels of transparency and the consequent inability of consumers in identifying and understanding the fine-print from a large volume of information leads to an information asymmetry between the financial intermediary and the consumer. In this context, financial education can greatly help the consumers to narrow this information divide. Besides, knowledge about the existence of an effective grievance redress mechanism is essential for gaining the confidence of the unbanked population and overcoming apprehensions they may have about joining, what would appear to be a complex and unfriendly financial marketplace.

SIGNIFICANCE OF THE STUDY

Rural women are usually poorer than their male counterparts, more vulnerable, own no land, are less educated and in poorer health. They struggle because of low paid work and care for the home. The women are often ignorant of their rights, liberties, and privileges. Being women, they are likely to have little or no say in the financial matters within her house. Without financial literacy, we cannot expect to make major headway in either financial inclusion or consumer protection. Financial literacy has assumed greater importance in the recent years, as financial markets have become increasingly complex and as there is information asymmetry between markets and the common person, leading to the latter finding it increasingly difficult to make informed choices.

OBJECTIVES OF THE STUDY

- To know the demographic variables influencing financial literacy among rural women.
- To analyze the literacy level of rural women in various financial products identify the factors influencing investment decision.

ANALYSIS AND INTERPRETATION

The chapter aimed to analyze the data and convert it into some meaningful information. This chapter comprises a compilation of primary data that was collected through a structured questionnaire. Broad observations were made after analyzing the data. This chapter details the demographic profile of the respondents, assessed financial attitude, financial behaviour and financial knowledge of the respondents, studied the relationship between investors profile and financial literacy and identified the impact of financial literacy on investment experience and risk appetite of the investors. The data were analyzed using MS- Excel and Statistical Package for Social Sciences.

Demographic Profile of the Respondents

Table 1 shows the demographic profile of the respondents. The age distribution of sample respondents was heavily dominated within the age group of (36- 45) years as it weighs 40% (n=40) of the sample and in comparison to it only 15 % respondents were from the age bracket of (26-35)years and 25% from the age bracket of (46-55)years.

On the basis of educational qualification responses from graduate, postgraduates and professional were collected. Out of the total sample size nearly, 16% (n=16) of the respondents were graduates and 10% (n=10) of the respondents were professionals.

It can also be seen that 70% (n=70) of the respondents were married and 30% (n=30) were unmarried.

The distribution of the sample respondents on the basis of occupation was heavily dominated by government employees as it weighs 0.18% (n=18) of the sample size. Responses received from businessmen were 12% (n=12) and from professionals were 0.25% (n=25).

Table 1 examined the annual income of the respondents and it was found that 80 % (n=80) of the respondents were from the income bracket of (up to rs.50000) and 0.20% were from the income bracket of (Rs. 5, 00,001 – Rs. 10, 00,000). Table showed the data of how many people from the respondents' family were dependent on the respondent. It was found that on 20% of the respondents more than two family members were dependent and 50% of the respondents have two dependents in their family.

Table 1

Characteristics	Percentage	Number
Age of the Respondents		
18-25	0.20%	20
26-35	0.15%	15
36-45	0.40%	40
46-55	0.25%	25
Educational Qualification		
Graduate	0.16%	16
Post graduate	-	-
Professional	0.10%	10
Marital Status		
Married	0.70%	70
Un married	0.30%	30
Occupation		
Govt. Employee	0.18%	18
Business	0.12%	12
Student	0.45%	45
Professional	0.25%	25
Annual Income		
Up to 500000	0.80%	80
500001-1000000	0.20%	20
Number of Dependents in the Family		
None	0.05%	5
One	0.25%	25
Two	0.50%	50
More than two	0.20%	20

Investment Profile of the Investors

Table 2 indicates respondents' awareness about investment products. A large number of respondents were aware of most of the investment products. From the total sample size, 88% (n= 88) and 95% (n=95) respondents were aware of bank fixed deposits and life insurance respectively. Awareness about mutual fund was low as it comprised of 0.08 % (n=8) With respect to bonds and Public Provident Fund 25% (n=25) and equity 60% (n=60) of the respondents were aware. Out of total sample size 10% (n=10) respondents were aware of equity shares.

Table 2

Investment products	Aware (percentage)	Unaware(percentage)
Equity	60(0.60)	40(0.40)
Bonds	10(0.10)	90(0.90)
Mutual funds	8(0.08)	92(0.92)
Life insurance	95(0.95)	5(0.05)
Bank fixed deposits	88(0.88)	12(0.12)
Public provident fund	25(0.25)	75(0.75)

Investment Pattern of the Respondents

Table 3 shows description about variables like how much percentage of income respondents spend on their investment, time period preferred for investment, the rate at which respondents expect their investment to grow, the frequency at which investments were monitored by the respondents. Out of the total sample size of 50% (n=100) of the respondents preferred to invest up to 15% of their income in different investment products. A short term time period of less than one year was preferred by 12% (n=12) of the respondents. While making investment 70% (n=70) of the respondents expect their investment to grow at an average rate. The study depicts that 0.02% (n=2) of the respondents occasionally monitored their investment.

Table 3

Percentage of Income Spent in Investing	Number (percentage)
0-15%	50(0.50)
15-30	30(0.30)
30-50	20(0.20)
Time Period for Investment	
Less than a year	12(0.12)
2-5 years	68(0.68)
More than 5 years	20(0.20)
Rate at which Investment should Grow	
Steadily	14(0.14)
At an average rate	70(0.70)
Fast growing	16(0.16)
Frequency of Monitoring Investments	
Daily	20(0.20)
Monthly	78(0.78)
Occasionally	2(0.02)

Impact of Financial Knowledge on Investment Experience

The impact of financial knowledge on investment experience was investigated by calculating the odds ratio for variables of financial knowledge and investment experience. Out of 15 variables 'knowledge about interest', 'knowledge about mortgage', 'knowledge about return', 'knowledge about risk diversification' was found to have an impact on investment experience.

Findings

All the respondents were aware of the available investment products like equity share, bonds, mutual funds, life insurance, real estate, bank fixed deposits and PPF. The high return was the motivating factor for investment. It was found that the respondents considered tax saving as their investment goal while regular income as an investment goal was preferred by the respondents. More than half of the respondents revealed that they had moderate investment experience. It was found that maximum respondents invested their money in fixed deposits and mutual funds. It was found that of the respondents were willing to accept moderate risk in exchange for potentially higher returns. The results showed a significant association between financial literacy and investment experience. Relationship between all three dimensions of financial literacy i.e. financial attitude, financial behaviour, and financial knowledge were studied with investment experience.

CONCLUSIONS

The deployment of money or other assets in the anticipation of gaining future benefits is known as investment. In investment, the individual forgoes something of value at the moment, with a hope to get benefit from that sacrifice in the future. A potential investor is one who has surplus left after spending on current consumption. The economic progress of an individual, in the long run, depends considerably on how wisely or unwisely an individual invest. Investor sentiments are not stimulated in isolation. They are inseparably linked to and affected by both internal factors like occupation, income, risk tolerance and age and also by various external factors. Risk and return are the two essential factors that influence the investment decision of any investor.

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