

Level of Financial Literacy of Urban Women: A Study of Ahmedabad District in Gujarat

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Abstract

One of the most effective techniques is an inclusive growth to achieve economic growth. An inclusive growth means include the excluded population into all benefits. Financial inclusion is a process, to help poor, slum, backward and women to come out from the poverty trap. Financial Inclusion means inclusion of excluded population to access formal financial services like savings, borrowings, insurance and pension from formal financial institutions. Among socio- economic problems in India, Gender inequality is one of the major affecting problem. Financial Inclusion can be successful, if financial literacy is enough. Financial literacy means knowledge of formal financial services about access and benefits of them. The main objective of this study is to know the financial literacy level and accessing level of urban women and also difference between them in Ahmedabad. The main source of data is primary and secondary data. The major findings of this study are- there is still difference between the level of financial literacy and level of accessing formal financial services among the urban beneficiary women as well as non-beneficiary women. In urban, the non-beneficiary women have very lower level of financial literacy in comparison to beneficiary women.

Keywords: Financial Inclusion, Financial Literacy, Urban Beneficiary Women, Urban Non-beneficiary Women, Ahmedabad.

INTRODUCTION

Economic growth is a long term process. One of the most effective techniques is an inclusive growth to achieve economic growth. An inclusive growth means include the excluded population into all benefits, which an included population is getting benefits; either it can be social inclusion or financial inclusion. Financial inclusion is a process, to help poor, slum, backward and women to come out from the poverty trap or from the below poverty line. Financial Inclusion means inclusion of excluded population in accessing level of formal financial services like savings, borrowings, insurance and pension from formal financial institutions. There are various socio- economic problems in India, which are affecting to economic growth, like gender inequality, caste discrimination, poverty, unemployment etc. Among them, Gender inequality is one of major affecting problem, which is having inter-link with all other socio- economic problems and issues as well. It is identified that due to patriarchal Indian society, man is the only one, considered as an income earner so all rights he should get. But, in modern era, woman is also contributing in larger proportion of economic activity and so that the same rights she should get. If gender equality would be there, then both male and female can equally get all the benefits and the goal of inclusive growth can be achieved with sustainable economic growth of an economy. Financial Inclusion can be successful, if financial literacy is enough. Financial literacy means knowledge of formal financial services about access and benefits of them. Financial literacy refers as a combination of financial awareness, knowledge, skills, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing. People achieve financial literacy through a process of financial education¹.

REVIEW OF LITERATURE

The determination of gender financial differences in belief, current situation, spending behavior etc. in Kenya had been emphasized by Hira and Mugenda (2000). From a list of 2000 lowans (a community), 529 were selected at random, among them 77 percent were men and 23 percent were women. Their Research had demonstrated that there are, indeed, differences in the way men and women perceive financial issues. They found there were inconsistencies in women's perceptions of their financial situations. D'Silva et al. (2012) conducted a study to explore the level of financial literacy among females in city of Mumbai. They had assessed the knowledge of females towards investment in various financial instruments. A structured questionnaire was circulated among women in Mumbai to assess the financial literacy level of

¹ OECD (2010)

females. The results of the analysis revealed that most of the females in India do possess certain kind of financial security, but they were still financially illiterate, women in urban areas do have financial freedom to take decisions not only with respect to their personal investments but also for the family as a whole. Still majority of females were highly ignorant about different investment opportunities in the market.

The planning and financial literacy level among women in US was less. Many older US households have done little or no planning for retirement, and there was a substantial population that seems to under saves for retirement. The data have been used from a special module, which devised on planning and financial literacy in the Health and Retirement Study 2004, which expressed that women display much lower levels of financial literacy than the older population as a whole and women who are less financially literate are also less likely to plan for retirement and be successful planners. Further, financial knowledge and planning are closely related: women who display higher financial literacy are more likely to plan and be successful planners (Lusardi and Mitchell, 2008).

According to Bhushan & Medury (2013) advocated less overall financial literacy level among respondents by getting affected by gender, education, income, nature of employment and place of work and several socio-demographic variables in Indian context.

While, Jason (2012) proposed that the actual good financial behaviours with reference to being financially literate and he has given two areas to improve financial behaviour of the consumers: with financial education, highlighting the psychological biases & limitations to the humans and protect consumers from complex financial products which are inappropriate and confusing in nature.

Research Gap:

In above literature, the researcher has been found that in urban area, the difference has been seen in financial literacy level between men and women in Mega city like Mumbai and even in developed economy like US; in addition, the factors affecting financial literacy also has been seen- among them gender is one of them. This lower level of financial literacy among urban women leads them to lower way of managing their finances and it ultimately leads to lower access to formal financial services. But, the researcher could not found any census statistical data regarding the same aspect for Ahmedabad district particularly.

Significance of the Study:

1. The presented study is very important for knowing the level of financial literacy among urban women.
2. The importance of the study is to examine the accessing level, after knowing financial literacy level.
3. This study is to know the difference between awareness and accessing level of formal financial services among urban women.

Scope of the Study:

Urban population increment is a cause of rural migration and gender inequality is one of the key issues in patriarchal society of India. Therefore, it is necessary to initiate the role of financial literacy in change of accessing level by urban women. This study is to initiate the research on level of financial literacy among urban women in Ahmedabad district. So that Financial inclusion can be possible in more effective way. Financial inclusion of urban women is very important footfall for removing the problem of gender inequality. Thus, this study will mark the role of financial literacy by doing inter-linking with change in the accessing level due to existing financial literacy level. That will help in knowing the gap between the level of financial literacy and level of accessing formal financial services among urban women, so the government can get the estimation and improve their policy in that perspective and also the reality can be known and next policy measures for increasing financial inclusion level can be improved. However, there is a scope for further research in this area with more emphasis on each aspect of financial literacy level and actual accessing level of urban women in different districts of Gujarat as well as in other states of India, because financial literacy is playing important role in improving accessing level of formal financial services among women.

Objectives of the Study:

1. To know the level of financial literacy among urban women.
2. To examine the accessing level, after knowing financial literacy level.
3. To analyse the difference between awareness and accessing level of formal financial services among urban women.
4. To chalk out some suggestions for increasing financial literacy level and accessing level of formal financial services for urban women.

Hypothesis of the Study:

1. Financial literacy among beneficiary urban women is higher than non-beneficiary urban women.
2. There is no significance difference between level of financial literacy and level of accessing formal financial services among urban women

RESEARCH METHODOLOGY OF THE STUDY

In this study, researcher has made an endeavour to study the level of financial literacy and accessing level of different formal financial services by urban women in Ahmedabad district of Gujarat as Ahmedabad is considered as Mega city of the fastest growing Gujarat state (Ahmedabad is having highest urban population in comparison to other districts of Gujarat and due to problem of gender inequality² and Ahmedabad district have many opportunities for the growth of women, the researcher has been emphasizing on women.)

Table No.1: District-wise Urban Female Population of Gujarat State - 2011

Sr. No.	Districts	Female	Sr. No.	Districts	Female
1	Ahmedabad	2870579	14	Mahesana	244985
2	Surat	2087049	15	Surendranagar	236474
3	Rajkot	1055869	16	Banaskantha	198277
4	Vadodara	989978	17	Navsari	195721
5	Bhavnagar	561033	18	Amreli	188140
6	Jamnagar	466961	19	Sabarkantha	175630
7	Junagadh	442327	20	Panchmahals	161242
8	Kachchh	345322	21	Porbandar	138725
9	Anand	306262	22	Patan	135008
10	Valsad	290923	23	Dahod	93937
11	Gandhinagar	285199	24	Tapi	38847
12	Kheda	253079	25	Narmada	30194
13	Bharuch	248645	26	The Dangs	12576

Source: GOI (2011A)

Table No.2: Population of Ahmedabad District - 2011

1. Sr.No	2. District - Talukas	3. Total Population	4. (a)Rural Population			7. (b)Urban Population		
			Male	Female	Total	Male	Female	Total
	Ahmedabad District	7214225	595583	555595	1151178	3192468	2870579	6063047
1	Mandal*	70346	36063(6)	34283(6)	70346	0(0)	0(0)	0
2	Detroj-Rampura*	83199	42958(7)	40241(7)	83199	0(0)	0(0)	0
3	Viramgam	193283	71224(12)	66238(12)	137462	28929(1)	26892(1)	55821
4	Sanand	237845	73183(12)	68772(12)	141955	50559(2)	45331(2)	95890
5	Ahmadabad City	5585528	0(0)	0(0)	0	2942922(92)	2642606(92)	5585528
6	Daskroi	321817	95970(16)	90812(16)	186782	70757(2)	64278(2)	135035
7	Dholka	249852	88208(15)	80699(15)	168907	41905(1)	39040(1)	80945
8	Bavla	158191	60091(10)	55642(10)	115733	22341(1)	20117(1)	42458
9	Ranpur	92926	39000(7)	36982(7)	75982	8717(0)	8227(0)	16944
10	Barwala	75986	30103(5)	27932(5)	58035	9337(0)	8614(0)	17951
11	Dhandhuka	145252	58783(10)	53994(10)	112777	17001(1)	15474(1)	32475

Source: GOI (2011A)

*These Talukas have null urban female population.

² GOI (2011A)

Note: The value in bracket is given in percentage.

In the present study, the researcher is following descriptive research design, where researcher is analysing the gap between level of financial literacy and level of accessing formal financial services of urban women of Ahmedabad district.

In this research, a place where employment is generated through non-agriculture or basic operations³ is known as urban place and women residing in such area are known as Urban Women. Here, the researcher has been divided the urban women into two category in accordance of their access to formal financial services i.e. beneficiary women and non-beneficiary women⁴ (and then both category of women are sub-divided into three annual income groups: Middle (Rs.2,00,000- 5,00,000), Low (Rs.1,00,000- 2,00,000) and Poor (Less than Rs.1,00,000)⁵.

Both primary and secondary data will be used in this research. The methodology for secondary data collection resources will be books, journals, magazines, newspapers, periodicals, internet, unpublished sources, reports, and statistics from RBI, Nationalized Banks, Urban Co-operative Banks, Cooperative Banks, NABARD, NGOs, MFIs, different research institutions. The primary data will be collected through a household survey method with a semi- structured questionnaire containing relevant information through discussions and personal interactions with urban women of the Ahmedabad district in Gujarat. The collection of samples of urban women from the Ahmedabad district under this study is presented in table no.1:

Table No.3: Collection of Samples of Urban Women from Ahmedabad District under the study

Sr.No.	Major Urban Populated Talukas	Total Females	Beneficiary Females	Non-beneficiary females
1	Ahmadabad City	150	100	50
2	Sub total of 4 talukas	150	100	50
3	Daskroi		37	18
4	Sanand		26	13
5	Dholka		22	11
6	Viramgam		15	8
7	Ahmadabad district	300	200	100

Source: Field Survey

Thus, 300 sample urban women households (HHs) will be taken under the study. From the GOI (2011A) statistical data provided through Census of India⁶, we can observe that Ahmedabad city has highest female population and after that it is followed by Daskroi, Sanand, Dholka and Viramgam (having second highest female population in urban area). As the Ahmedabad city is having highest urban female population, the 50% of samples will be collected from Ahmedabad city and other 50% of samples of females will be collected from urban areas of other tahsils (second highest female population after Ahmedabad City- Daskroi, Sanand, Dholka and Viramgam), to make study unbiased. The 200 samples will be collected from beneficiary women and other 100 samples will be collected from non-beneficiaries women for the reference period 2016-17. The purposive method is selected in this research.

³ Census of India (2011),
States of Slums in India- A Statistical Compendium, 2013),
RBI (2011)

⁴ Urban Beneficiary women, who are accessing formal financial services like bank account, savings, borrowings, pension and insurance from banks and other formal financial institutions. And, Non- Beneficiary women are opposite of beneficiary women. This is derived through the financial inclusion definition given by CRISIL (2013)

⁵ According to Interest Subsidy for Housing the Urban Poor Scheme(2012), Rajiv Rinn Yojana (2013), MHRD (2016), the same income category is followed for urban area.

⁶ Table is given at the end of the text.

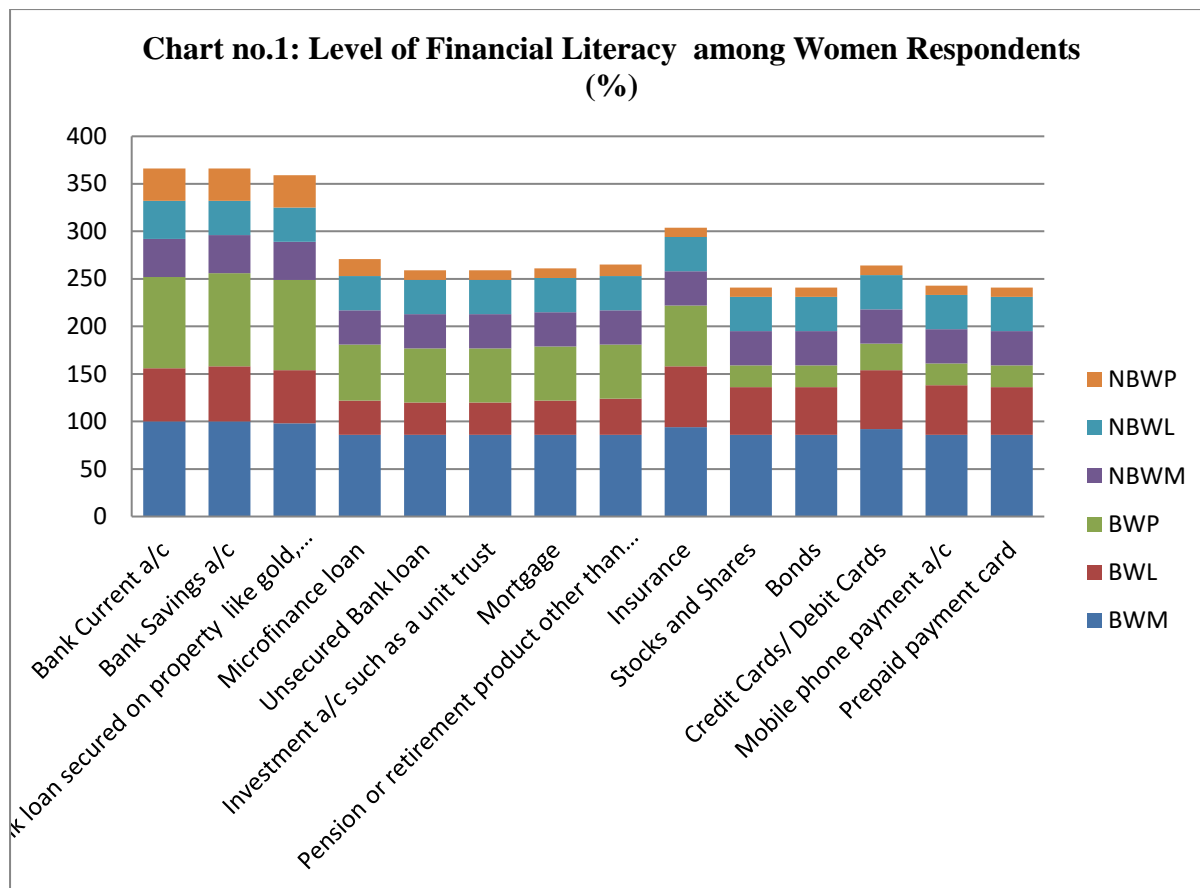
ANALYSIS OF THE STUDY

Table No. 4: Level of Financial Literacy of Women respondents

Sr. No.	Financial Products	Level	BW			NBW		
			Middle	Low	Poor	Middle	Low	Poor
1	Bank Current a/c	Awareness	100	56	96	40	40	34
		Accessing	2	0	0	0	0	0
2	Bank Savings a/c	Awareness	100	58	98	40	36	34
		Accessing	90	54	90	0	0	0
3	Bank loan secured on property like gold, vehicle etc.	Awareness	98	56	95	40	36	34
		Accessing	0	0	0	0	0	0
4	Microfinance loan	Awareness	86	36	59	36	36	18
		Accessing	0	0	1	0	0	0
5	Unsecured Bank loan	Awareness	86	34	57	36	36	10
		Accessing	0	0	0	0	0	0
6	Investment a/c such as a unit trust	Awareness	86	34	57	36	36	10
		Accessing	0	0	0	0	0	0
7	Mortgage	Awareness	86	36	57	36	36	10
		Accessing	0	0	0	0	0	0
8	Pension or retirement product other than compulsory products	Awareness	86	38	57	36	36	12
		Accessing	8	2	3	0	0	2
9	Insurance	Awareness	94	64	64	36	36	10
		Accessing	72	42	29	0	0	0
10	Stocks and Shares	Awareness	86	50	23	36	36	10
		Accessing	0	0	0	0	0	0
11	Bonds	Awareness	86	50	23	36	36	10
		Accessing	0	0	0	0	0	0
12	Credit Cards/ Debit Cards	Awareness	92	62	28	36	36	10
		Accessing	54	50	18	0	0	0
13	Mobile phone payment a/c	Awareness	86	52	23	36	36	10
		Accessing	2	0	2	0	0	0
14	Prepaid payment card	Awareness	86	50	23	36	36	10
		Accessing	2	0	0	0	0	0

Note: (1) Figures in parenthesis are % of respective total women respondents.

Source: Field survey data.



Financial Literacy means having knowledge about formal financial services. From the below table no.4, the level of financial literacy of women respondents can be observed. As the researcher has been found that the percentage of financial literacy is very high among BW than NBW comparing all three income groups in terms of different financial products like Bank Current a/c, Bank Saving a/c, Bank loan, Micro Finance loan, Unsecured bank loan, investment a/c such as unit trust, mortgage, Pension, Insurance, Stocks and Shares, Bonds, Credit Cards/ Debit Cards, Mobile Phone payment a/c, Prepaid Payment a/c. The responsible reason behind this is that NBW don't find formal financial sector as their interesting as well as comfort zone having lower literacy and secondly if they are interested then they don't find any proper source of information to know about the formal financial services and thirdly even if they get the information from radio or television, then they don't get a proper way of direction to avail the financial services as well as they don't have that much of amount of earning to save or not that much of asset to give mortgage and not having any guarantor or not have any risk management method due to less income.

Starting with the Bank current a/c, the awareness level among Middle (100%) and Poor (96%) BW has highest percentage, followed with Low BW (56%); while the awareness level among NBW (Middle- 40%, Low- 40%, Poor- 34%) is very less in comparison to BW; But, when it comes to accessing level of Bank Current a/c, only Middle BW has been accessing it- not even Low and Poor BW- not even a single NBW.

Coming to the highest accessing level among all different formal financial services, the BW have highest awareness of Bank saving a/c, Insurance, Credit or Debit Card, Bank loan, Pension, Bank current a/c, in descending order, where Middle and low BW have more percentage than Poor BW (due to lack of information and also they are less interested in plastic money because they do prefer cash for easy transaction); While, NBW have accessing only Unsecured loan (for easy borrowing money from informal sector) and Insurance (only vehicle insurance as they consider it as an asset).

From the table no.4, observing the financial literacy level of beneficiary women (BW) and non-beneficiary women (NBW), it has been found that in most of the financial product, the level of financial literacy among BW is higher than NBW in urban area of Ahmedabad district. Thus, here the researcher is accepting the first hypothesis that 'Financial literacy among beneficiary urban women is higher than non-beneficiary urban women'.

Subsequently, from the above table no.2, going through the level of financial literacy and level of accessing level of formal financial services of BW as well as NBW in urban area; it has been found that both urban BW as well as NBW is having significance difference between awareness and accessing level of various financial products and formal financial services. Thus, here the researcher is rejecting the second hypothesis that "There is no

significance difference between level of financial literacy and level of accessing formal financial services among urban women’.

LIMITATIONS OF THE STUDY

1. In this research study, urban areas of Ahmedabad district will be undertaken in consideration of women. The level of financial literacy and level of accessing formal financial services may differ from one city to another city of Gujarat. Results of one district of Gujarat cannot be applicable to other districts of Gujarat.
2. The results of the study are based upon the information provided by the sample respondents.
3. The hypotheses are empirically proved.

CONCLUSION AND SUGGESTIONS

While concluding this research, it has been found by researcher that there is still difference between the level of financial literacy and level of accessing formal financial services among the urban BW as well as NBW. In addition, the NBW are having very lower level of awareness of formal financial services and benefits (i.e. financial literacy) in comparison to BW in the urban area. The major suggestions are coming through this research are that government should focus more on initiating financial literacy level by focusing on various determinants or factors affecting to it; and to increase the financial inclusion of urban women, financial literacy should be taken as most effective tool to be work on; and lower and poor urban women are having downward percentage of financial literacy and access to formal financial services as compared to middle urban women- so low and poor income group of women should be in priority to achieve the goal of inclusive growth; lastly, it is might possible that even having financial literacy, the urban women are not going for accessing formal financial services, that’s why the accessing level has been found to be less than the level of financial literacy level- for this kind of urban women, government and formal financial institutions should increase the financial literacy programs to explain the benefits of using formal financial services. Still, In India, the population is increasing day by day, so it is difficult to increase 100% financial literacy level of urban women, but if education level and awareness for benefits from formal financial services will increase then it is quite possible to achieve inclusive growth with maximum financial inclusion of urban women.

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