

# IMPACT OF SOCIO-ECONOMIC STATUS ON FINANCIAL LITERACY AMONG RURAL WOMEN OF GORAKHPUR

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**ABSTRACT:** Financial literacy is interrelated with the economic growth of a nation. Women are also contributing in this regard. Although rural women are very active in domestic and social sectors but their involvement in financial sector is very poor. One of the major reasons for this is their poor financial literacy of rural women. So, to ensure the positive involvement of rural women in economic growth, it is important to look into the level of financial literacy for them. This paper therefore aims to analyze the impact of socio-economic status and present status of financial literacy and also about various barriers for attaining financial literacy among rural women of Gorakhpur.

**Key Words:** Financial literacy, self help groups, women empowerment, barriers in financial literacy, socio-economic status.

**INTRODUCTION:** Role of women in India has undergone several changes over many years. 'Women are legal citizens of the country and have equal rights with men.' (Indian Constitution). The educational status of women in India is poor especially in rural areas. Although they are responsible for bearing children, but still are malnourished and have poor health. Most of the jobs performed by them are in agricultural and other domestic sectors, does not need any formal training. Women have double work responsibilities, at workplace and home. Women are now emerging as self-reliant persons with equal status in all spheres of society, but they are still mostly employed in low-paid, low-skilled and low-status jobs.

Self Help Group (SHG) is a small voluntary association of 10-20 people either registered or unregistered preferably from the same socio-economic background. They come together for the purpose of solving their common problems through self help and mutual help.

Financial literacy is the ability to understand everyday financial matters, including debt, credit, saving, consumer rights, and more, as well as how to make informed and effective decisions about earning, managing, investing, and donating money.

**REVIEW OF LITERATURE:**

**Dr. S. Amutha Rani (2017)**, argues in her research paper that it is important that developmental strategies that aim to boost rural women's productive capacity must enhance women's direct access to financial services, i.e., not mediated through their husbands.

**Chetna Singh & Raj Kumar (2017)**, Financial literacy would help the women in making better financial decisions and helps in the utilization of financial products and services but when it comes to financial decision-making, they are still dependent on the male members of their family.

**Mathivathani & Velumani (2014)** conducted a study on rural women in Tamil Nadu finds 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.

## **METHODOLOGY:**

**Type of research:** The study is based on descriptive type of research.

**Sources of data:** The study is based on primary data collected through a field survey in the study area. Data were collected with the help of standard scales on Socio economic status (Dr. Deepa Vinay and Divya Singh) and Self developed tool on financial literacy was administered to assess the present status on financial literacy.

**Area of sampling:** The study was conducted in two blocks in Gorakhpur district. Four villages were selected randomly and all the Self Help Groups in the village formed from three to four years before and running properly were randomly selected for the purpose of the study. 210 women members were included in the study.

**Data analysis:** The data collected is represented with the help of tabulation method.

**Purpose of study:** The purpose of the study is to find out the relationship between financial literacy status of rural women and their socio-economic status.

## **RESULTS AND DISSCUSION:**

Women from self help groups were the respondents of the present study from various age groups. Majority of them were (47.6 %) from 31-40 yrs of age group, but the educational status was very poor as 31.4% of them were totally illiterate and 42.9% were able to do their signature only. Although the educational level was very poor but all of them were very active for all the activities of the group. The financial status was found low, (76.2%) were having monthly income below Rs. 20,000. Majority of them were having 4 to 6 family members and one or two earning family members.

**Table: 1. General profile of the respondents:**

S.No.	Profile	Items	Frequency	Percentage (%)
1	Age group	20-30 years	19	9
		31-40 years	100	47.6
		41-50 years	58	27.6
		51-60 years	33	15.7
2	Gender	Male	0	0
		Female	210	100
3	Educational Qualification	Illiterate	66	31.4
		Can do signature only	90	42.9
		Primary education (1-5)	25	11.9
		Secondary education (6-8)	15	7.1
		High school	9	4.3
		Intermediate	5	2.4
4	Monthly Family Income(Rs)	5,000- 9,999	14	6.7
		10,000-14,999	62	29.5
		15,000- 19,999	84	40
		20,000- 24,999	47	22.4
		25,000-29,999	3	1.4
5	Family type	Nuclear Family	118	56.2
		Joint Family	92	43.8
6	No. of family members	2 family members	1	0.5
		2 to 4 family members	38	18.1
		4 to 6 family members	98	46.7
		6 to 8 family members	47	22.4
		> 8 family members	26	12.4
7	No. of Earning members in family	One	101	48.1
		Two	99	47.1
		Three	10	4.8

**Table: 2. Financial knowledge regarding basic financial aspects:**

S.no.	Elements of financial knowledge	Yes	No
1	Regular monthly income	14 (6.67)	196 (93.3)
2	Limited amount for household chores	210 (100)	0 (0)
3	Financial decision taken by male partners	173 (82.38)	37 (17.62)

4	Practice of making family budgets	0 (0)	210(100)
5	Having personal bank accounts	184 (87.62)	26 (12.38)
6	Habits of operating bank account regularly	89 (42.38)	121 (57.62)
7	Loan taken from group	189 (90)	21 (10)
8	Familiar with ATM	64 (30.48)	146 (69.52)
9	Use of ATM	0 (0)	210 (100)
10	Record keeping of money transaction	72 (34.29)	138 (65.71)

The study includes some basic information regarding financial literacy. 93.3% of the respondents do not have regular monthly income as majority of earning members from their family were daily paid workers.

The respondents were getting limited amount of money to fulfill the household chores because major part of income was spent by the male partners. Major financial decisions were performed by them only.

Although all of them were members of self help group, but still only 87.62 1% was having their personal bank account.

Operating bank accounts for group activities and for personal works was also low. 57.62% of them were not found operating bank account. They prefer others to do such activities on their behalf.

Only 30.48 % of them knew about ATM cards but no one were found operating these cards in their life not even once.

34.9% of the respondents were active enough to maintain their record of money transaction. But majority of them were not bothering of keeping such records.

**Table: 3. Relationship between socio-economic status and existing financial literacy status of respondents:**

			Level of Financial Literacy among Rural Women		Total
			Average Level of Financial Literacy	Low Level of Financial Literacy	
Socio-Economic Status	Extremely Inferior	Count	0	4	4
	Inferior	% of Total	0.0%	1.9%	1.9%
	Inferior	Count	0	87	87
		% of Total	0.0%	41.4%	41.4%

Low	Count	12	107	119
	% of Total	5.7%	51.0%	56.7%
Total	Count	12	198	210
	% of Total	5.7%	94.3%	100.0%

Although the socio-economic status of the respondents was low to extremely low, they were ready to do accept the changes which help to raise their economic status. Their financial literacy was also found at low level (94.3%). Only 5.7% of them have average level of financial literacy. To access about their financial literacy level various aspects of income, savings, borrowing patterns, investments practices, financial schemes, online transactions, banking, etc were investigated. It was found in the study that although women are being connected with self help groups for years and their financial condition has improved a little bit but the basic financial literacy among them was very poor. There are various factors which are acting as barriers in financial literacy among these women.

Barriers in providing Financial Literacy:

- The women respondents were from poor families having low educational status.
- They were having poor knowledge about their family financial issues.
- The areas about monthly family expenses were not planned. Many of the expenses were carried out without proper planning.
- Very few of them have heard about the latest schemes especially those which are running for rural women.
- Although all of the respondents were having access to television, mobile phones but were they were not upgraded with latest financial schemes.
- The resource persons of the area were also not efficient to facilitate or upgrade the women with updated information.
- The main emphasis should be on multiple growths of their savings which was totally neglected.
- The women find it very difficult to talk about their personal finances with others.

**CONCLUSION:**

Good financial Skills are the prerequisite for empowerment and women empowerment could be achieved only through better financial literacy status. Socio-economic status and gender have an impact on financial literacy as majority of the respondents wants their male partners to operate all the financial transactions. Women want to become financially sound and self-dependent but there are various barriers which needs to be overcome. Proper awareness and guidance are the basic requirement for increasing financial literacy and in turn women empowerment.

## **SUGGESTIONS:**

There should be proper dispersion of knowledge about knowing their own income, savings, investment practices and knowledge about the change in economic practices that should be adopted.

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