A STUDY ON THE LEVEL OF FINANCIAL LITERACY AMONG RURAL WOMEN IN VIRUDHUNAGAR DISTRICT

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ABSTRACT

Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players. In most south-Asian countries, the status of women is low and their socio-economic conditions are much below than that of men. The researcher argues that it is important that development 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. The success of Financial Inclusion Initiative is in the hand of rural people. Hence strategies should be formulated to bring the rural women into the access of financial services. In this context, the researcher attempts to evaluate whether financial literacy possessed by the rural women in Virudhunagar District to access financial services.

Keyword *Financial Literacy, Financial Inclusion, Financial Service*

1.Introduction

Financial inclusion is considered as an important initiative for achieving inclusive growth in India. The Government of India, the RBI and other authorities concerned have been introducing a number of measures to bring the poor people under the ambit of the mainstream financial institutions. Despite, the policy efforts, gap remains in the availability of financial services in the rural area. The dependence of the rural poor on money lenders continues, especially for meeting emergent requirements. In India, the term financial inclusion first featured in 2005, when RBI, in its annual policy statement of 2005-06, while recognizing the concerns in regard to the banking practices that tend to exclude rather than attract vast sections of the population, urged banks to review their existing practices to align them with the objective of financial inclusion. Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players.

In most south-Asian countries, the status of women is low and their socio-economic conditions are much below than that of men. The flow of financial assistance to them is too Marginal, if at all to enable them to cross the poverty line therefore a need to create a grass root organizational base to enable women to come together, to analyze their issues and problems themselves, and to fulfill their needs was strongly advocated. In fact, experience shows that some of the successful group-based participatory programmes have made significant improvement in the conditions of living poor women .women are particularly financially illiterate. Women are more conservative investors than men. Rural women are less confident, more worried, less knowledgeable and more prone to spend without addressed in financial education. Financial literacy is important to today's adult as it allows the knowledge base for making important financial decisions such as credit use, savings and investing, retirement planning, insurance purchasing and use, and estate planning.

Poverty reduction has been an important goal of development policy since the inception of planning in India. Various anti-poverty, employment generation and basic services programmes have been in operation for decades in India. Over the past five years, Reserve Bank of India, as also other policy makers have resolutely pursed the agenda of financial inclusion and achieved discernible progress in improving access to financial services for the masses. However, the progress is far from satisfactory as evidenced by the World Bank Findex Survey (2012). According to the survey findings, only 35% of Indian adults had access to a formal bank account and 8% borrowed formally in the 2013. Only 2% of adults used an account to receive money from a family member living in another area and 4% used an account to receive payment from the Government. The miniscule numbers suggest a crying need for a further push to the financial inclusion agenda to ensure that the people at the bottom of the pyramid join the formal financial system, reap benefits and improve their financial well-being.RBI has adopted a bank-led model for achieving financial inclusion and removed all regulatory bottle necks in achieving greater financial inclusion in the country. Further, for achieving the targeted goals, RBI has created conducive regulatory environment and provided institutional support for banks in accelerating their financial inclusion efforts. Whatever the initiative taken by the Government of India, RBI, SEBI , the successes is depend upon the implementation procedure. Hence after implementing any programme, the respective authority should know its impact. Then only the purpose will be fulfill.

2. Review of Literature - Select Studies

RBI (2005) proposed financial inclusion based on the business facilitators/ business correspondent model, adapting the Brazilian success story in India. In 2005, efforts were made enabling banking services to reach the rural areas through credit facilities. While the banking network started expanding in the rural areas, there were still a majority of the population in rural areas without having access to banking services. The reasons behind these are: declining productivity of the rural branches of SCBs, digression of RRBs from their social objective of reaching out to the masses and the fragility of the cooperative credit structure. The report also identified supply and demand side reasons for the lack of penetration of banking services in the rural areas. The report mainly focused on further acceleration of efficient and effective delivery of credit to the rural farm and non-farm sectors and in order to achieve this, the suggestions provided by the committee in the report were broadly based on the three models such as business facilitator model, business correspondent model and microfinance model.

GOI (2008) examined financial inclusion as a delivery mechanism providing financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The recommendations of the report focused on the following areas. First, financial inclusion should include access to mainstream financial products. Second, banking and payment services should be available to the entire population without discrimination. Third, promotion of sustainable development and generation of employment in rural areas should be a priority. Fourth, financial inclusion must be taken up in a mission mode and thereby suggested the constitution of a National Mission on Financial Inclusion (NMFI) in order to achieve universal financial inclusion within a specific time frame. Fifth, the Committee also recommended for the constitution of two funds with NABARD – the Financial Inclusion Promotion and Development Fund, and the Financial Inclusion Technology Fund for better credit absorption capacity among the poor and vulnerable sections of the country and also for proper and appropriate application of technology in order to facilitate the mandated levels of inclusion. In short, the report provided an understanding of one of the best ways to achieve inclusive growth through financial inclusion.

RBI (2014b) presented a report to study various challenges and evaluate alternatives in the domain of technology that can help large scale expansion of mobile banking across the country. The report divided the challenges into 2 broad categories – Customer enrollment related issues and Technical issues. Customer enrollment related issues include mobile number registration, M-PIN (mobile pin) generation process, concerns relating to security as a factor affecting on-boarding of customers, education of bank's staff and customer education. On the other hand, technical issues include access channels for transactions, cumbersome transaction process, and coordination with MNOs (Mobile Network Operators) in a mobile banking eco-system. The report has a detailed comparison of four channels of mobile banking - SMS (Short Message Service), USSD (Unstructured Supplementary Service Data), IVRS (Interactive Voice Response System) and Mobile Banking Application, and evaluates each one of them based on accessibility, security and usability. To resolve the different problems identified, the report suggests to develop a common mobile application, using SMS and GPRS channels, for all banks and telecom operators. The aforementioned application should enable the user to perform basic mobile banking operations such as enquiring his/her account balance, transfer and remittance of money. The application is expected to be developed in such a way that it provides a simple menu driven, interactive interface to the user. Such an application can be developed by combined efforts of telecom operators and banks. The application can be embedded on all new SIM cards, so that any person buying a new card has a pre-installed application. For customers already using SIM cards, the application can be transferred "over the air" (OTA) using a dynamic STK (SIM Application Tool Kit) facility.

3. Statement of the Problem

Certain level of financial literacy is need one by the women to decide the financial products. Designing appropriate financial products for women to be able to save, borrow and insure is essential to strengthen women's role as producers and widen the economic opportunities available to them. For this purpose it is essential to understand how family responsibilities and women's access to and control over other resources. The researcher argues that it is important that development 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. The success of Financial Inclusion Initiative is in the hand of rural people. Hence strategies should be formulated to bring the rural women into the access of financial services. In this context, the researcher attempts to evaluate whether financial literacy possessed by the rural women in Virudhunagar District is the central part of the problem.

4.Objectives

The main objectives of the present study are as follows

1. To study the socio-economic background of the respondents
2. To analyse financial literacy Gap among the rural women
3. To offer suitable suggestions based on the findings.

5. Methodology

Primary and secondary data were used for the analysis. Primary Data were collected through structured interview schedule. Totally 360 sample respondents are used for the study based on convenient sampling techniques. The important statistical tools like percentage and gap analysis are used to find out the result.

6. Analysis and Interpretation

The following are the findings of the study. It divided into two categories one is profile findings and another is Gap Analysis of Financial Literacy among the Respondents .

6.1. Profile of the Respondents

Socio-economic background of the respondents are playing important role in their participation in any activity. The researcher, study the important demographic factors like age, educational level, family income, Percentage of savings and investment pattern to support the findings. Conventionally statistical methods were used for the analysis to know the Impact of Financial Inclusion Initiatives among Rural Women in Virudhunagar District .

Table No.1

Socio-Economic Condition

Socio-Economic Factor	variable	No of the respondents	Percentage
Age	Below 30	120	33.3
	30 – 45 years	120	33.3
	Above 45 years	120	33.4
	Total	**360**	**100.0**
Educational status	Illiterate	90	25.0
	Primary Level	110	30.6

	Higher secondary Level	84	23.3
	Degree & Above	76	21.1
	Total	**360**	**100.0**
Income	UptoRs.10000	102	28.3
	Rs.10001 to Rs.15000	143	39.7
	Rs.15000 to Rs.20000	85	23.6
	Above Rs.20000	30	8.3
	Total	**360**	**100.0**
Percentage of savings on Family Income	Upto10%	116	32.2
	10% to 20%	132	36.7
	20% to 30%	54	15.0
	Above 30%	58	16.1
	Total	**360**	**100.0**

Source: Primary Data

The information derived from the above table is that, researcher gave equal importance to the three age group of respondents, 30.6 per cent of the respondents are qualified only primary level, more than 39 per cent of the respondents' monthly family income is between Rs.10000 and Rs.15000, 36.7 per cent are saving 10 percent to 20 per cent of their family income and 40.6 Per cent of the respondents are prefer to invest their savings in the gold.

6.2 Gap Analysis of Financial Literacy among the Respondents

Gap analysis helps to know the gap between expected mean and actual mean. Generally financial literacy is somewhat differ from literacy. Financial management is most important for not only run the business but also run the peaceful family life. The following table shows the financial literacy gap among the respondents.

Table No.2

Gap Analysis of Financial Literacy of the Respondents

S.No.	Dimensions	Exp. mean Score	Experienced mean Score	Std. Deviation	Literacy Gap
1.	Knowledge about different types of bank accounts	5	3.39	1.233	1.61
2.	Knowledge about interest of different accounts	5	3.59	1.302	1.41
3.	Knowledge about various types of Investment and its return	5	2.91	1.086	2.09
4.	Familiarity on ATM Card operations	5	3.02	1.431	1.98
5.	Awareness on credit facilities of banks	5	2.49	1.440	2.51
6.	Knowledge about Bank account opening procedure (KYC)	5	2.93	1.314	2.07

7.	Familiarity on deposit and withdraw of money in bank account	5	3.17	1.412	1.83
8.	Knowledge about online banking	5	2.19	1.439	2.81
9.	Knowledge on core banking services	5	2.62	1.548	2.38
10.	Chit fund investment is risky one	5	3.81	1.229	1.19
11.	Understand the money value on different period	5	3.66	1.229	1.34
12.	Understand the time requirement for increase the value of different investment	5	3.05	1.389	1.95

Source: Computed Data

A financial literacy gap greater than 2.5 was considered to be highly critical area for improvement of the literacy dimension. Literacy gap of less than 1.5 is treated as less significant and no need of improvement was required and a difference of 1.5 to 2.5 was considered as critical and it needed further improvement. It has been founded that the following dimension need further improvement.

Literacy gap of the variables Awareness on credit facilities of banks and Knowledge about online banking are 2.51 and 2.81 which are need high improvement. Literacy gap of the variables Knowledge about different types of bank accounts, Familiarity on deposit and withdraw of money in bank account, Understand the time requirement for increase the value of different investment, Familiarity on ATM Card operations, Knowledge about Bank account opening procedure (KYC), Knowledge about various types of Investment and its return and Knowledge on core banking services are 1.61, 1.83, 1.95, 1.98, 2.07, 2.09, 2.38.These variables need further improvement. Remaining variables' literacy gap is less than 1.5. Hence no need of improvement was required.

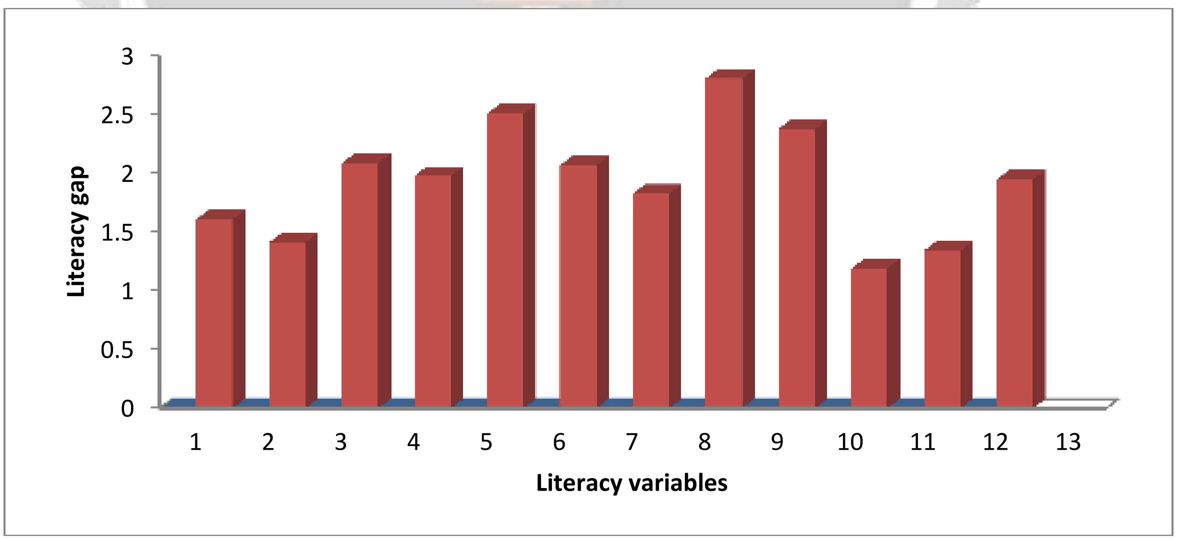

Chart -1 Gap Analysis of the Financial Literacy among the Respondents

7. Suggestions

Researcher offer the following suggestions based on findings.

1. Due to low level of financial literacy most of the rural women prefer gold to invest their savings. These people need awareness about other types of investment like share, bonds, commodity investment. Government may educate benefit of these investments through educated persons in their family.
2. Percentage of savings on Family Income is very low compare to spending. People should reduce their unexpected expense and start to save their saving in banks/financial service providing institutions by getting newspaper knowledge on that. Banks and LIC may create awareness about savings among the rural people.
3. NGOs may offer awareness program to create Knowledge about various types of Investment and its return
4. Banks may offer awareness program to create Awareness on credit facilities in their institutions.
5. Educational institutions may give training to the rural women regarding how to deposit/ withdraw money from Bank account.

8. Conclusion

Nearly 60% of people in India live in villages. The majority of people living in rural areas remain excluded from the purview of the financial institutions even after 64 years of independence. Reaching out to the hither-to unreached segment of population and providing basic financial services is the need of the hour. To bring a large segment of the society under the umbrella of financial inclusion, banks have set up their branches in remote corners of the country. The rules and regulations have been simplified. It goes without saying that the banking industry has shown tremendous growth in volume during the last few decades. India's fastest growing economies have become possible through financial inclusion. In spite of that, still there are large segments of the society outside the financial system.

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