

## EMPOWERMENT OF TRIBAL WORKING WOMEN THROUGH FINANCIAL LITERACY IN INDIA

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### ABSTRACT

*India being the third-largest economy and emerging economic power house in the world. Still awareness about money and finance has not penetrated enough among some demographic groups. As per National Centre for Financial Education (NCFE Report, 2019) 75 per cent of Indians are Literate but only 27 per cent of adults are financially literate which mean only 27 per cent of the Indian adult understand the fundamental of savings, investment, debt, and budgeting. According to the Humanity Welfare Council, around 80 per cent of the Indian women struggle with financial literacy, and around 62 per cent of Indian women do not have bank accounts and have limited access to banking services. This statistical figure shows the stark picture of the dismal levels of financial literacy and freedom among Indian women. And to make India become next largest economy, half of its population can play a crucial role in the economic growth, for which the Indian women need to be financially empowered. Though, the modern woman has begun to unlock her true potential and is dominating in various field and is creating a better and evolved ecosystem for the society, which make the knowledge of financial literacy even more essential to enable them to navigate the challenges and break the barriers. The tribal women in the state like Arunachal Pradesh occupy an economically significant place that is reflected in the socio- economic equalities observed in the attitudes and practices in the tribal society. In tribal communities the role of women is extensive and essential, merely because they very hard working and family economy and management rely upon them (Mitra, 2008).by empowering the women with resources and financial knowledge, we will be able to bridge the gender gaps in financial literacy, so its crucial to priorities and invest in women financial literacy for women and India to progress. The present study aims to understand the level of financial literacy among the Tribal working women of East Siang Distict in Arunachal Pradesh and to highlight the key benefits and necessity of financial literacy for women empowerment.*

**Keywords:** Tribal Working Women, Women Empowerment, Financial Literacy, Necessities of Financial Literacy.

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### Introduction

In Today's modern world, financial literacy is a basic knowledge that people need to know, in order to survive in a modern society". "Financial knowledge is defined as understanding key financial terms and concepts needed to function daily in society". Today, financial literacy is particularly important for women empowerment because women count half of the population in the world, which are in considerable numbers, who has the capacity if equal opportunities are given to them and with an academic achievement, they can be more capable of reasoning adequately on an economic problem, who would play a vital role in economic activities to stimulate economic growth of the nation. Women are instinctively very good in managing everything whether its family, money or career, and the only thing that is blocking their growth is, the lack of access to knowledge and equal opportunities. Though, the

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modern woman today has begun to unlock her true potential and is dominating in various field and is creating a better and evolved ecosystem for the society, which make the knowledge of financial literacy even more essential to enable them to navigate the challenges and break the barriers. So, empowering women through financial literacy is an important tool to enhance their knowledge in managing their financial resources, so that they become financially independent and self-reliance.

In India, the knowledge of personal finance is very poor at all demographic levels, especially the women folks in the lowest level. The global economic crisis causes, due to the unprecedented Covid-19 pandemic and the resulting lockdown caused millions of people lose their job and lives over 2020 leading to financial crisis among various households and in addition to financial illiteracy that had ultimately steered some to wrong decision making in financial matters making the situation even worst for them, making them realized how important it is to have a financial knowledge and a fund for emergency situation like this.

The term financial literacy is been largely associated with the study of economics, especially in relation to the consumer ability in selecting the products they want to purchase (Kozup & Hogarth, 2008). Financial literacy has been referred to an individual ability to access financial information and decide and manage money related matter effectively (Wolfe & Hayes, 2010). Financial literacy is stated as a wide range of economic literacy (Retzmann et al. 2016) from this perspectives, financial literacy involves several competencies, the first competence is the ability of the individual in rational decision making. The second competency include the ability to interact and connect with others and the third and final competency has a broader extent that includes combining the two previous competencies. The empirical evidence of differences in gender competence found by Lusardi and Mitchell (2009) shows that, there is a difference between men and women in making financial decisions and that men are better because they are financially more knowledgeable. Similar results were found by Ibrahim, Harun and Isa (2009) that most female students in Malaysia have lower financial literacy (financial Knowledge) and this can lead to inconsistencies in everyday financial decisions. And with the advancement of electronic and internet banking and shifting toward private obligation to fund retirement due to lack of robust social security and increasing proliferation of complex financial product in the market prompted the need for a higher and better informed and financially literate consumers. Financial products have become increasingly difficult to select and assess for individual, with lack of knowledge on basic economic and financial concepts, and thus the performance of financial products is almost impossible to predict in an informed way, leading to increasing need for Financial Education in academic institution, so that more people are financially literate and become a knowledgeable individual who can take financially informed decision. Financial literacy is not only beneficial for the consumers himself but also to the community, and the economy as a whole. Financial literacy is a set of processes or activities designed to improve the knowledge, skills, and trust of customers and the community so that they can better manage their personal financial resources (Otoritas Jasa Keuangan, 2014). In addition, Sina (2012) argues that financial literacy is essentially a useful tool in changing people behavior in order to gain financial literacy, e.g. how to utilize revenues for saving, investing, protection, and satisfy their needs. Financial literacy refers to "the ability to sustain current and maintain a desired living standards and financial freedom" (Bruggen et al, 2017). Financial literacy is the ability to use the skill and knowledge to manage financial resources effectively for a lifetime of financial well-being. Goncalves et. al. (2021) highlighted the wider gender gap among the women and men, and according to (Lusardi and Mitchell, 2011) there is a significant financial literacy gap among people across different regions apart from gender differences in financial literacy.

### **Women Empowerment and Financial Literacy Concepts**

According to definition of world bank, 2007," empowerment is the process of enhancing an individual or group ability to make choices and turn them into actions and produce a desired result. There are several concepts related to empowerment of women, in term of economic development, women empowerment is a process whereby a women gain the ability to take strategic life choices from which they were deprive earlier (Kabeer,1991). Empowerment of women has been defined as an attempt to create an environment or a situation for a women where they can freely make their own decision and choices for their own progress and the society in general (Srivastava, 2014).

There are a few different definitions of financial literacy in the literature. At its most basic level, "financial literacy" refers to a person's ability to make educated, confident, and effective financial decisions as a result of their knowledge and understanding of financial concepts. Financial literacy can be characterized in a variety of ways. An 'understanding of economics and how economic conditions and

circumstances affect household decisions is a wide definition of financial literacy. A more limited definition of financial literacy focuses on 'fundamental money management strategies including budgeting, saving, investing, and insurance.' The narrow definition of financial literacy is particularly relevant to consumer decisions concerning financial products. In research, many definitions of financial literacy were utilized, resulting in no unified definition. Several studies have used the terms "financial literacy" interchangeably. Empowerment, responsibilities, credit literacy, financial awareness, and economic literacy are some of the other terms used to describe "financial literacy" and "financial capacity." Some researches have failed to define the notion explicitly. Huston looked, survey 71 studies and discovered that only 13% of them accurately defined financial literacy. Huston found eight definitions of financial literacy after reviewing 71 studies. The definitions focus on knowledge, ability to make informed judgments and to reach an intended outcome such as lifetime financial security, and the skills required to realize those outcomes.

The eight definitions are:

- "Financial literacy is the ability to make informed judgments and to take effective decisions regarding the use and management of money";
- "Personal financial literacy is the ability to read, analyze, manage and communicate about the personal financial conditions that affect material wellbeing. It includes the ability to discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future and respond competently to life events that affect every day financial decisions, including events in the general economy";
- "Consumer literacy, defined as self-assessed financial knowledge or objective knowledge";
- "Financial literacy refers to a person's ability to understand and make use of financial concepts";
- "Financial literacy is the ability to use knowledge and skills to manage financial resources effectively for lifetime financial security"
- Financial literacy has also been defined as:
- Confidence with managing money;
- 'Mathematical ability and understanding of financial terms'; and
- 'The ability of people to make informed judgments and take effective decisions in managing their finances'.

A closer look reveals that the definitions only explain one thing in another way. Reading together, the definitions attempt to define financial literacy as a state of understanding financial resources. This understanding equips individuals with the knowledge and skills necessary to achieve financial security and thus life-long survival and well-being. The definitions report ample evidence that financial education provides life-long financial security and well-being, the ability to "respond effectively to life events", "survive in modern society" and "function" in society on a daily basis. It will be clear that the common denominator of financial literacy is the positive financial results that come from skillful competition in key financial concepts and activities.

### **Importance of Financial Literacy for Women Empowerment**

Women around the world face significant barriers when it come to further their education. With lack of proper education, women have fewer job opportunities and are more vulnerable to sexual and domestic violence and lower earning potential for their families and women who lack financial resources are often forced to remain in the same situation. Giving them an access to basic education, empowers them to make their own educated choice for their future that bring a positive change in the communities. According to the Humanity Welfare Council, around 80 per cent of the Indian women struggle with financial literacy, and around 62 per cent of Indian women do not have bank accounts and have limited access to banking services. Financial literacy of women is one of the most important determinants in achieving the development and growth. A financially literate women is financially independent women, financial literacy is important for both women and man, as well as for the financial system and the economy overall. Financial literacy aids in the development of a specific attitude toward money, which leads to individual behaving in a specific manner and developing specific attitudes toward money management. The household's microeconomic benefits spill over into macroeconomic benefits for the economy and financial system. A women with financial literacy will have the knowledge and abilities to judge the suitability of financial products and investments. This results in a number of advantages some of this are discuss below:

### Benefits of Financial Literacy

- **Negotiating Power and Life Skills:** The acquisition of information and skills, which give the foundation for making informed decisions, is the key to achieving good financial behavior. A skilled and knowledgeable woman with a positive attitude is in the best position to maximize life's chances while also budgeting and planning spending: Children too can benefit from financial education by learning about the importance of money and budgeting and saving from their mother.
- **Life Skill:** It can provide a woman a crucial life skill such as managing and repaying debts. It can help them to prepare for important life events like as purchasing a home or becoming parents or handling finance in absent of her husband.
- **Financial Prudence:** Financial efficiency is the product of financial literacy. This relates to using financial products and investing without wasting money or incurring unneeded expenses. As a result, financial literacy enables a individual to live more efficiently, avoiding unnecessary costs and waste.
- Individual ratings of their financial expertise will become more realistic.
- According to recent surveys, most people exaggerate their financial capability, whereas financial education ensures that people have a realistic view of their own financial knowledge and, as a result, embark on investments and financial decisions with the caution that their level of understanding permit.
- **Participation in Financial Market Activity:** women that are financially literate have been demonstrated to hold more financial products and be more productive investors. Low levels of financial literacy may result in limited financial market involvement, or stagnation. People with inadequate financial literacy are much less likely to own shares and equities. This limited financial market participation and it can be attributed to a lack of financial awareness, which makes a person less inclined to engage in financial activities such as opening a bank account. Not only does financial literacy improve participation, but it also supports sensible investing practices like diversification. It is assumed, that financial illiteracy, increases anxiety when dealing with financial Products. As a result, people who are financially illiterate sidestep from financial Products that are believed to be difficult to comprehend. As a result, a person who is financially illiterate should avoid participating in the market and avoid purchasing expensive things or borrowing. But on the other hand, financial exclusion can be tremendously costly in the long run, causing a person to miss out on the financial system's benefits and chances.
- **Confidently Investing and Selecting the Proper Financial Items**  
A financially savvy women will be more confidence while making financial decisions, thereby increases market involvement. Financial education can assist clients make better financial selections by way of assisting them in deciding on appropriate financial products and offerings, resulting in decrease default rates, which includes on loans and mortgages and more diversified and hence safer saving and investing. As a result, consumers avoid incurring unneeded fees. Consumers get higher financial confidence as they have a better understanding of financial products and services, allowing them to select the most appropriate products and organize them in the best possible way (for example, through diversification techniques).
- **Rights of Consumers and Regulatory Intervention**  
Financial literacy includes knowledge of consumer law, regulation and deceptive practices. This information equips people with the tools and awareness they need to spot and avoid fraudulent schemes, as well as minimize the severity of being a victim of one. As a result, regulatory interference is reduced because consumers are better able to care for themselves.

### Research Objectives

The aim of the study is to understand the level of financial literacy and awareness level of various financial products among the working women in East Siang District of Arunachal Pradesh and to highlight the key benefits and necessity of financial literacy for women empowerment In India.

### Hypothesis

- H<sub>0</sub>:** There is no significant association between education and financial literacy of the working women.
- H<sub>1</sub>:** There is a significant association between education and financial literacy of the working women.

### Research Methodology

This research is a descriptive in nature and both primary and secondary data were used, data were collected using convenient sampling technique and descriptive statistic like median, percentage, frequency analysis and cross tabulation were used to analysis the data. The target population were the working women of government departments of east Siang district of Arunachal Pradesh, total of 100 sample data were collected for the study.

### Analysis & Interpretations

#### Demographic Profile of The Respondents

##### • Respondent Educational Status

**Table 1: Educational Status of Respondents**

		Frequency	Percent	Cumulative Percent
Valid	Post graduation	24	24	24
	Graduation	67	67	95
	High school	09	9	100
	Total	100	100	

Source: Primary Data

Table1 educational status of the respondents 9 % are high school passed, 67 % are graduate and 24% are post graduate.

##### • Monthly Income

**Table 2: Monthly Income of the Respondents**

		Frequency	Percent	Cumulative Percent
Valid	10,000- 50,000	20	20	20
	50,000-10,0000	50	50	70
	10,0000- above	30	30	100
	Total	100	100 %	

Source: Primary Data

From Table 2 one can observe that 20% of the respondents received monthly income in between 10,000- 50,000, 50% of the respondent's received income between 50,000- 100,000 and 30% of the respondents received income more than 100,000.

##### • Regular Savings Habits

**Table 3: Monthly Savings of the Respondents**

		Frequency	Percent	Cumulative Percent
Valid	10-20%	58	58	58
	20-30%	31	31	89
	30 -above%	11	11	100
	Total	100	100	

Source: Primary Data

From Table 3, it is noteworthy that 58% of the respondents could make a short-term saving of 10-20% of their monthly income to meet their short-term goals and long-term goals ,31 % respondents save between 20% to 30%, and 11% of the respondents are able to save more than 30% due to their high monthly earning as most of them are A grade govt. employees.

#### Financial Literacy of the Respondents

Financial literacy was categories as (1) basic financial literacy and (2) advance financial literacy (Lusardi Annamaria, 2012). To measure the basic level of financial literacy, questions related to compounding of Interest Rate, Inflation, and Diversifications where asked to the respondents. To assess the advance level of financial literacy, respondents were asked questions related to Risk Return Relationship, concept of Time Value of Money, relationship between interest rate and bond price etc. (Patel ,2017). At the end of the question, four options are provided out of which one was correct. The Question and the frequency of the answers as true and false are given below

Table 4 shows the overall summary for financial literacy. Respondents possessed fairly good knowledge of basic financial literacy. two questions pertaining to advanced financial literacy and one question from basic financial literacy were such, where more incorrect answers were observed. To check the overall performance of the respondents pertaining to correct answers given by individual respondents, Mode value of the responses was calculated with the help of excel sheet. Mode of the

responses came out to be 5. Which shows that out of 8 questions, majority of the respondents have given 5 correct answers. It can be summarized through the Table that overall people possessed fairly good knowledge of financial literacy regarding all the parameters.

**Table 4: Overall Summary for Financial Literacy**

Levels	Sr. No.	Parameters on which Literacy has been Checked	Frequency (%)	Interpretation
<b>Basic Literacy</b>	1	Saving Bank Interest	70	From the above data it is observed that respondents possessed fair literacy regarding all the parameters asked. Only 3 parameters: time value of money, Working of Bond and Returns on Long Term Investments has shown little low literacy.
	2	Inflation	51.5	
	3	Time Value of Money	40	
<b>Advanced Literacy</b>	4	Concept of Diversifications	50.5	
	5	Basics of Financial Planning	52	
	6	Relation between Risk & Return	63.5	
	7	Relationship of Bond Price & Interest Rates	40	
	8	Returns generated by financial assets in long run	42.5	

Source: Primary Data

Patel. A (2017) in her thesis had stated that median can be used to find out the status of financial literacy of the respondent. One can take overall score of correct answers given by respondents, and then median of the score is found. Respondents scoring above median score are known to be financially literate while those with score below that are financially illiterate. The same method is adopted in the present study to find out whether respondent is financially literate or not. In the present research, 8 questions pertaining to financial literacy were asked. With the help of Microsoft Excel score of each respondent in terms of correct answers provided by them was found. Median of these scores was found to be 5. So, respondents who gave 5 or more than 5 correct answers are financially literate and those with less than 5 are financially illiterate. Table 5 shows the frequency of Financially Literate and Illiterate Respondents.

**Table 5: Financial Literacy of Respondents**

		Frequency	Percent	Cumulative Percent
Valid	Financial Illiterate	49	49.00	49
	Financial Literate	51	51.00	100
	Total	100	100	

Source: Primary Data

Table 5 depicts that 49% of the respondent are financially illiterate and 51% of the respondents are financially literate.

#### **Awareness Level for Various Investment Avenues**

The respondents were asked to select their level of awareness pertaining to various Investment Avenues.

**Table 6: Descriptive Statistics for Awareness of Financial Products**

Sr. No.	Financial Products	Descriptive Statistics (Mode)
1	Saving Account	3
2	Fixed Deposits	3
3	Equity Shares	2
4	Bonds	2
5	PPF	2
6	Mutual Funds	2
7	Derivatives	1
8	Other post office schemes	3
9	Life insurance	2
10	Money market	1
11	Tax saving schemes	1
12	Real estate	2
13	Non- conventional Avenues	1

From Table 6, one can see that highest awareness has been observed for Saving Bank Account, fixed deposits and post office schemes and moderate awareness can be seen for equity shares, Govt. Bonds/Debentures, life insurance, mutual fund, PPF tax saving schemes and real estate and unawareness has been observed for, Derivatives, Money Market and Non- Conventional Avenues like precious coins, paintings etc. Thus, one can infer that respondents possess fair awareness regarding conventional products like FD, Saving Account and post office scheme, while awareness regarding non-conventional products like, Money Market and Derivatives is very low.

### Hypothesis Testing

**H<sub>0</sub>:** There is no significant association between educational level and financial literacy of the respondents.

The Table below shows the result of the Chi-square test of association. Education and Financial Literacy of the respondent were tested for association.

**Table 7: Cross Tabulation–Educational Level and Financial Literacy of the Working Women of East Siang District, A.P.**

		Financial Literacy		Total
		Financially Illiterate	Financially Literate	
Education	Post Graduate	04	20	24
	Under Graduate	36	31	67
	High School	09	nil	09
	Total	49	51	100

Source: Primary Data

The table above shows that 20 (83.3%) post graduate women respondents are financially literate and 4 (16.7%) of them are financially illiterate and 31 (46.3%) under graduate are financially literate and 36 (53.7%) are ill literate and 100% of high school completed working women respondents are financially illiterate. Which make it very clear that financial literacy of the working women of East Siang District of Arunachal Pradesh, India is highly related with their educational level.

**Table 8: Chi-Square Tests – Education and Financial Literacy of the Respondent**

	Value	Df	Asymp. Sig. (2-Sided)
Pearson Chi-Square	20.006	2	.000
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 4.41			

Source: Primary Data

The Table above shows the result of test statistics. As the P Value is less than 0.05, we reject the null hypothesis. So, it can be concluded that Education and Financial Literacy of the respondents are related with each other. Chi-Square at 2 degree of freedom = 20.006,  $P < 0.05$ .

### Conclusion

Based on the analysis of the result it can be concluded that financial literacy of the working women of tribal society of East Siang District of Arunachal Pradesh, India is highly related with their educational level. And a women can be financially empowered and independent when she is financially literate enough to take a rational and strategical financial decision. As the UN believes, "if you educate a man, you educate one person, if you educate a woman, you educate a nation." Therefore, financial literacy is not only essential for women for their economic empowerment but also for the generations to come.

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