

# Financial Literacy among Rural Women in Darbhanga District: An Empirical Evidence

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## Abstract:

Financial Literacy is defined as the possession of knowledge and understanding of elementary financial concepts which results in developing the ability to make conversant, poised and effective financial decisions. In current scenario, the concern to increase the level of financial literacy among common masses has been witnessed by many countries of the world through various Financial Literacy center, programme and initiatives but all these programmes and policies are crafted and implemented taking into consideration the male as ultimate receiver and so women who constitute half of the rural population are lagging behind in terms of a making informed financial decisions and financial wellbeing. Hence Strategies should be formulated taking into consideration the women as the main spectators. This paper is an attempt to analyze the current status of the financial literacy among the rural women of the Darbhanga district.

**Keywords:** *Financial literacy, Behavioral Finance, Financial attitude, Rural women*

## Introduction

Theoretically speaking, Financial Literacy is “A combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decision and ultimately achieve individual financial wellbeing” (OCED,2011)<sup>1</sup>. In other words, for making successful use of financial services, people need to be literate enough to understand the basics of managing money. This skill is known as financial literacy<sup>2</sup>. In the recent past, India as well as many countries have depicted remarkable data in terms of embarking many financial literacy initiative and programme intended to propagate the awareness with regard to access of financial services at an affordable cost even to the bottom of the pyramid but it is documented from several studies that all this financial programme have been largely designed, crafted and implemented taking into consideration

the male as the ultimate receiver of the benefits(binod,2019)<sup>3</sup> and misapprehend that women who constitute half of the rural population are active, productive and engaged economic agent having their own financial needs and constraints(Fletschner,2011)<sup>4</sup>. Gender equality in terms of economic and financial opportunities are becoming increasingly relevant at both national and international level(OCED Report,2011)<sup>4</sup>. For empowering the role of women as a producer for expanding the various economic activities even at the Nano level and extracting benefit from such economic opportunities, it is pertinent that any financial products and services should be within the reach of women so that they can direct access them at large. However, at the grass root level, the picture deemed to be hazy, most of the rural credit, insurance, savings and so forth do not take into consideration the economic and social position of women in their community while crafting the

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primary data have been collected through well structured questionnaire distributed among 160 rural women in the selected Six villages of Darbhanga district. convenient sampling technique were deployed for selecting the sample respondent. The have been further analyzed through percentage and cross tabulation on SPSS20 version.

### Data-analysis And Interpretation:

### Socio-economic and Demographic Profile of the respondent of the study area:

Broadly speaking, for assessing the social repercussions of any government policies it is imperative to get a holistic view about the status of socio-economic profile of the study area in terms of age, educational attainment, occupations, annual income, pattern of savings and borrowings so on and so forth.

**Table No.1**  
**Socio-economic and Demographic Profile of the Sample Respondents**

Village							Total
Khutwara	Gangwara	Barhampura	Tatuwar	Bithauli	Bhagwatipur		
47	17	18	28	42	5		157
29.9%	10.8%	11.5%	17.8%	26.8%	3.2%		100%
Age-group (in years)							
18-24	25-49	50-65			Above 65		
33	71	31			22		157
21.0%	45.2%	19.7%			14%		100%
Occupation							
Housewife	Casual Laborer	Business	Farming	Service	Retired	unemployed	
103	21	11	2	7	1	12	157
65.6%	13.4%	7%	1.3%	4.7%	0.6%	7.6%	100%
Educational level							
Illiterate	Upto 5th	matriculation	+2	Diploma	Grad&above		
73	36	27	13	2	6		157
46.5%	22.9%	17.2%	8.3%	1.3%	3.8%		100%
Annual Income							
No income	Below 25k	25-50K	50-75K	75-100K	Above 1 lakh		
94	41	12	1	3	6		157
59.9%	26.1%	7.6%	0.6%	1.9%	3.8%		100%

Source: Primary Data from Field Survey.

product and services accessible to them.

### Review Of Literature:

Extensive theoretical and empirical literature are available in the area concern. Notable studies are as follows:

**Binod (2019)**<sup>6</sup> argue that financial literacy of women is being influenced by various socio-economic variables and found out that women who are highly educated, well employed and earn handsome salary living in urban areas are found to have higher level of literacy than those of women counted low results on various socio-economic variables. **Rani (2017)**<sup>7</sup> in her study about the context of prevalent difference in availing financial services by the rural women states that to boost women's direct access to financial services and not puppetry acted through man. **Kumar and K.P(2016)**<sup>8</sup> empirically assessed the current status of financial literacy and wide-ranging impediments in attaining the standard level of financial literacy among rural women of Mallipuram district, Kerala and revealed that the level of financial literacy of rural women is not at a satisfactory level. **Baluja (2016)**<sup>9</sup> analyzed the issue of financial literacy and documented that despite several steps taken by government at the micro and macro level, still the existence of gender differences in the financial literacy exist across the world in terms of cultural barriers, physical barriers, psychological barriers and financial barriers. **Mathivathani(2014)**<sup>10</sup> highlighted that financial literacy of marginalized women living especially in rural areas are very low thus participation of women in financial decision would contribute to their own well being as well as overall economic growth of the nation. **Fletschner (2011)**<sup>11</sup> in his study states that how context-specific legal rights, social norms, family responsibilities and women access and full control over their financial resources would shape their need for capital and the way to attain that, not only this empowering the financial capability and direct

access to and control over financial matter could lead to high Human Capital development and have a very stronger impact in shaping the health and future of their children.

### Statement Of The Problem:

According to the report of NCFE<sup>11</sup>, the overall financial literacy of female in Bihar is merely 4% as compared to male which is 11%. The main reason behind this knee-high participation of women in financial decision making is that not only the socio-cultural factors but also the government sponsored rural financial programme designed, crafted and implemented with the male head of households as the intended client and failed to recognize that women herself are more active and involved economic agent having their own financial needs and constraints. This very fact instigated the researcher to conduct the study assessing the level of financial literacy among rural women in selected villages of Darbhanga district in Bihar.

### Objectives Of The Study:

Considering above issue, following objectives have been derived:

1. To study the socio-economic and demographic profile of the rural women living in selected villages.
2. To assess the level of financial literacy in terms of financial attitude, knowledge and behavior of the sample respondents.
3. To suggest context-specific financial literacy programme tailored according to the understanding level of women in rural areas.

### Methodology Of The Study:

The study is empirical in nature based on primary as well as secondary data. The Secondary data has been collected from Census of Bihar 2011 and District Census Handbook Darbhanga. The

The information revealed from the table regarding socio-economic status of women is that highest % of women belongs to Khutwara village followed by Bithauli, and so on. With regards to age range of the respondent it has been found that 71(45.2%) of respondents belongs to the age group of 25-49 followed by age range of 18-24(21%), 50-65(19.7%), and above 65(14%). with regards to occupation of the women, it has been observed that 103(65.6%) of women are housewife, 21(13.4%) are casual laborer followed by unemployment rates of 12% and so on... though seeing the educational qualification figure of the respondent, it has been spotted that 73(46.5%) of the women are illiterate and only 17.2% passed matriculation. Regarding annual income 94(59.9%) of women receive no

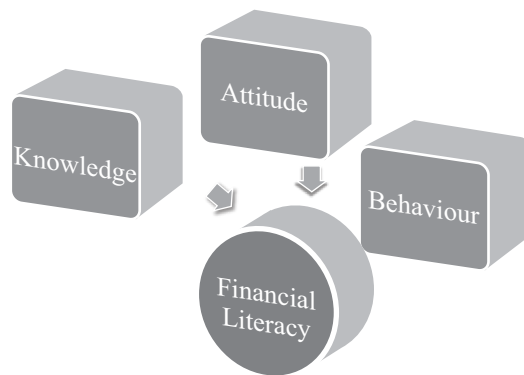
income from the stable sources. Most of the women receive income below 25 thousand in a year.




**Gauging the status of Financial literacy of sample respondents:**

In order to assess the status of financial literacy of the sample respondents, each of the women from the selected villages were surveyed about her personal knowledge, attitude and behavior about numerous financial facets essential to make sound financial decisions and eventually accomplish individual financial wellbeing.<sup>12</sup>

**Measuring Financial Literacy**

**Table No.2**



-  Knowledge relating to managing personal finance, making money and investing.
-  Attitude towards financial management
-  Behaviour relevant to money management

**Table No.3**

**Assessment of Financial Attitude in various villages**

**Table No.4**  
**Assessment of Financial knowledge in various villages**

Villages		Crosstabulation								Total		
		Addition / subtraction	division / multiplication	Percentage	Interest paid on loan	Time value of money	Risk - return	Inflation	Diversification			
Village	Khutwara	Count	28	8	5	3	1	1	0	0	28	
		% of Total	31.5%	9.0%	5.6%	3.4%	1.1%	1.1%	0.0%	0.0%	31.5%	
	Gangwara	Count	13	5	2	0	0	0	0	0	13	
		% of Total	14.6%	5.6%	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%	14.6%	
	Barhampura	Count	4	1	0	0	0	0	0	0	4	
		% of Total	4.5%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.5%	
	Tatuwar	Count	12	5	5	4	3	2	2	2	12	
		% of Total	13.5%	5.6%	5.6%	4.5%	3.4%	2.2%	2.2%	2.2%	13.5%	
	Bithauli	Count	30	15	12	9	8	4	2	2	30	
		% of Total	33.7%	16.9%	13.5%	10.1%	9.0%	4.5%	2.2%	2.2%	33.7%	
	Bhagwatipur	Count	2	1	0	0	0	0	0	0	2	
		% of Total	2.2%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.2%	
	Total		Count	89	35	24	16	12	7	4	4	89
			% of Total	100.0%	39.3%	27.0%	18.0%	13.5%	7.9%	4.5%	4.5%	100.0%

Percentages and totals are based on respondents.

a. Dichotomy group tabulated at value 1.

Source: Primary data from field survey

Table No.4 depict the depth of financial knowledge range from basics to advance being possessed by the sample respondents. From exploring the table it has been found that Bithauli Villages rank highest with 33.7% in possessing the financial knowledge

followed by Khutwara with 31.5%, Tatuwar and Gangwara showcasing neck to neck fight with 14.6% and 13.5%. bhagwatipur is found to be lagging much behind with 2.2% in terms of financial knowledge.

**Table No.3**  
**Assessment of Financial Attitude in various villages**

Village*\$FA Crosstabulation							
Six Villages		Financial attitude			Total		
		Think for future before spending money	Saving money for long term	Planning money for future			
Village	Khutwara	Count	32	17	11	33	
		% of Total	31.4%	16.7%	10.8%	32.4%	
	Gangwara	Count	10	4	2	10	
		% of Total	9.8%	3.9%	2.0%	9.8%	
	Barhampura	Count	12	3	2	12	
		% of Total	11.8%	2.9%	2.0%	11.8%	
	Tatuwar	Count	20	4	4	20	
		% of Total	19.6%	3.9%	3.9%	19.6%	
	Bithauli	Count	21	12	10	23	
		% of Total	20.6%	11.8%	9.8%	22.5%	
	Bhagwatipur	Count	4	0	0	4	
		% of Total	3.9%	0.0%	0.0%	3.9%	
	Total		Count	99	40	29	102
			% of Total	97.1%	39.2%	28.4%	100.0%
<b>Percentages and totals are based on respondents.</b>							
<b>a. Dichotomy group tabulated at value 1.</b>							

source: Primary data from field survey

Table No.3 shows the financial attitude of the sample respondent of the selected villages. From the above table it has been observed Khutwara village score highest 32.4% in collective

measurement of all three variables of Financial attitude followed by bithauli with 22.5%, tatuwar 19.6% and most lagging behind is bhagwatipur with 3.9%.

**Table No.5**  
**Assessment of Financial Behavior in various villages**

Village*SFB Crosstabulation							
			Financial behaviour <sup>a</sup>				Total
			strongly agree	agree	neutral	disagree	
Village	Khutwara	Count	35	82	69	2	47
		% of Total	22.3%	52.2%	43.9%	1.3%	29.9%
	Gangwara	Count	17	39	12	0	17
		% of Total	10.8%	24.8%	7.6%	0.0%	10.8%
	Barhampura	Count	20	25	27	0	18
		% of Total	12.7%	15.9%	17.2%	0.0%	11.5%
	Tatuwar	Count	17	50	26	19	28
		% of Total	10.8%	31.8%	16.6%	12.1%	17.8%
	Bithauli	Count	37	68	63	0	42
		% of Total	23.6%	43.3%	40.1%	0.0%	26.8%
	Bhagwatipur	Count	7	13	0	0	5
		% of Total	4.5%	8.3%	0.0%	0.0%	3.2%
	Total	Count	133	277	197	21	157
		% of Total	84.7%	176.4%	125.5%	13.4%	100.0%
Percentages and totals are based on respondents.							
a. Group=consist of set of 9 questions on Financial behavior.							

Source: Primary data from field survey

Table No.5 measure the financial behavior of the respondent through evaluating their views on the set of nine financial behavioral questions. from the study it has been found out that Bithauli(37) has very strong view with regard to financial behavior in terms of borroeingmoney management and financial planning followed by Khutwara with35%,Barhampura with20% gangwara with17% same as Tatuwar and bhagwatipur lagging behind with4.5%.

### Suggestions:

1. The literacy programme should be planned, crafted and executed solely based on the need and understanding level of the target population i.e. rural women.
2. The financial counselling should be conducted in local language and also by a woman so that the rural women can easily grasp the knowledge without any hesitation.
3. The reward based financial literacy programme should be carried out so that women of all ages will be motivated to attend that programme.
4. At the outset, government should understand the basic problem and then craft the intervention strategies to beat that so that there is no gap of knowledge in communicating the intended benefit of being financial literate.
5. Bank employee should treat the illiterate women properly while solving their queries

regarding any financial services as service provider are the main linking-pin between the services and intended benefit.

### Conclusion:

Despite of several financial literacy programme undertaken by the government of India in near past and present scenario for rural India, still the actions botched to get the intended result. Rural females yet experience hardship of financial incapability due to insufficient presence and access to financial counselling, Centre and programme. The study further divulges that low level of literacy and low unstable income is the key obstruction in having access to financial services. The study proposes that if the rural women better grasp the basic financial knowledge and attitude and that they imbibe in their day to day life, they would be able to wisely manage their own financial decisions in a healthier way. This study is specifically women oriented so it can act as a benchmark in constructing context-specific financial intervention programme entirely designed conferring to the level of understanding of the rural women besides aimed to boost the economic and productive capacity of the rural female which would eventually enhance women's direct access to financial services and not mediated through the men present in house.

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