

Financial Literacy for Women SHG in Mainstream Finance

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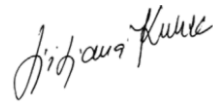
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< FINANCIAL LITERACY FOR WOMEN SHG IN MAINSTREAM FINANCE >

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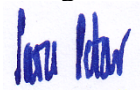
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ABSTRACT
<FINANCIAL LITERACY FOR WOMEN SHG IN MAINSTREAM FINANCE>

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The goal of this thesis is to determine the level of financial literacy among women who are members of Self-Help Groups (SHGs) in rural India. It also investigates how financial literacy affects microfinance services such as credit, savings, and insurance, and how demographic characteristics such as education, income, and social capital impact financial literacy and the use of microfinance services among SHG women. The survey was conducted on a sample size of 360 respondents, with 60 respondents selected from each of the six identified states in six zones of the country. Based on the pilot survey results, the survey instruments such as the questionnaire and instruction set were fine-tuned, and outcomes were derived. The survey included four sets of questions, namely, demographic and socio-economic characteristics of the response domain, financial literacy, financial inclusion, and measuring financial literacy, inclusion, and well-being.

The survey revealed the following findings on financial literacy:

1. Only 24% of rural and 33% of urban respondents were found to be financially literate.

2. Respondents aged 18-29 years were the most financially literate in their age category.
3. The prevalence of financial literacy was higher among respondents with higher levels of education and income.
4. Government employees exhibited the highest prevalence of financial literacy in the occupation category.

The survey also revealed the following findings on financial inclusion:

1. Urban respondents were found to be more financially included than rural respondents.
2. Young respondents aged 18-29 years were more financially included than older respondents.
3. Respondents belonging to the General category were found to be ahead of other social categories in financial inclusion.
4. Financial inclusion was found to be higher among respondents with higher levels of education.
5. Government employees were found to be more financially included than respondents from other occupations.
6. The prevalence of financial inclusion was higher among respondents with higher income levels.

List of Abbreviation

Abbreviation Full Form	
BCs	Banking Correspondents
CAPI	Computer Assisted Personal Interviewing
CC	Credit Card
CD	Community Development
CDB	Community Development Block
DRS	Development & Research Services Pvt. Ltd.
ECS	Electronic Clearing Service
FA	Financial Attitude
FB	Financial Behaviour
FI	Financial Inclusion
FK	Financial Knowledge
FL	Financial Literacy
FLIS	Financial Literacy and Inclusion Survey
FSDC	Financial Stability and Development Council
KVP	Kisan Vikas Patra
INFE	International Network on Financial Education
INR	Indian Rupee
IRDAI	Insurance Regulatory and Development Authority of India
MF	Mutual Fund

NCR	National Capital Region
NEFT	National Electronic Funds Transfer
NISM	National Institute of Securities Markets
NPS	National Pension Scheme
NSC	National Saving Certificate
NSFE	National Strategy for Financial Education
NSS	National Sample Survey
OBC	Other Backward Class
OECD	Organisation for Economic Cooperation and Development
PFRDA	Pension Fund Regulatory and Development Authority
PG	Post Graduate
PMJJBY	Pradhan Mantri Jivan Jyoti Bima Yojana
PMSBY	Pradhan Mantri Suraksha Bima Yojana
PPF	Public Provident Fund
PPS	Probability Proportional to Size
RBI	Reserve Bank of India
RSBY	Rashtriya Swasthya Bima Yojana
SC	Scheduled Caste
SEBI	Securities and Exchange Board of India
SSY	Sukanya Samriddhi Yojana
ST	Scheduled Tribe
UT	Union Territory

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CHAPTER I: SELF-HELP GROUPS AND FINANCIAL LITERACY IN INDIA

1.1 Introduction to Self-Help Group

Women Self Help Groups (SHGs) in India, particularly in rural regions, maybe a superior instrument for financial inclusion. Self-help groups can now use various fresh and creative digital tools to achieve financial inclusion. These aid in information sharing, simplifying access to financial services, and fostering connectedness among SHG members. High mobility and fewer barriers, in addition to these cost savings, can increase the advantages. The process of universal digitization assists SHG members in dealing with significant concerns, such as the accuracy of bookkeeping, records of various SHG memberships, credit history, and effective grading.

For instance, the members of women's self-help groups (SHGs) are gaining big time from an innovative digital and financial literacy initiative that was developed in Rajasthan's Churu district. These women have been encouraged to engage in productive labor for economic empowerment. Many women have enrolled in the training programs established in the computer labs of government schools. In the first phase, the district administration has started training about 1,000 SHG members attached to the Rajasthan Grameen Ajeevika Vikas Parishad in over 40 schools.

Churu Collector Siddharth Sihag, who observed women's computer training at the Government Senior Secondary School in Ghangu village earlier this week, said the administration would fully support their productive activities. Mr. Sihag asked the women to learn computer operations and carry out their financial transactions through online platforms. The women, who were learning the new techniques with interest and enthusiasm, said the SHGs were willing to take up new ventures, for which they would need financial support from the district administration for a start and marketing support later. Mr. Sihag discussed the operations of SHGs in detail with the women. (In India's Villages, Women SHG members provide vital banking services during the COVID-19 crisis. <https://www.worldbank.org/en/news/feature/2020/07/22/in-indias-villages-women-shg-members-provide-vital-banking-services-during-the-covid-19-crisis>) & Chen, Y. T., Yung-Feng, Y., Shih-Heng, Y., & Shih-Heng, Y. (2020). A Flexible Lockdown by Integrating Public Health and Economic Reactivation to Response the Crisis of COVID-19: Responses to Comments by Alvaro J Idrovo on "An Examination on the Transmission of COVID-19 and the Effect of Response Strategies: A Comparative Analysis". International Journal of Environmental Research and Public Health, 17(21), 8068.

Similarly, women SHG members working as bank correspondents brought doorstep banking services to rural India during COVID-19, as well as helping with emergency financing, which was another incredible feat. As a bank sakhi– or female banker friend– Bandhini, one of the members, has provided essential banking services in her village for the past two years. Women like Bandhini have proved to be a lifeline in these

extraordinary times. In 2015-16, India's National Rural Livelihoods Mission (NRLM) – with support from the World Bank – sought to address the issue by piloting a new female-led model that employed self-help-group (SHG) women as banking correspondents in the villages.

Furthermore, in a study conducted in the Jalandhar district of Punjab, the sample size comprised over 300 rural female respondents. It was brought to light that savings accounts were used by the majority of the female respondents of the study (96.7%), followed by bank fixed deposits (84.2%) and life insurance (81.5 %). According to rural female investors' patterns, the three investment options are the most popular. Other options used by rural female investors include Post Office Savings (56.4%), Mutual Funds (57.3%), and Gold/Silver (53.1%). On the other side, very few people prefer KisanVikasPatra (2.7%), Government Securities (10.1%), Debentures (6.3%), Bonds (4.2%), Commodity Market (2.1%), National Savings Certificates (0.9%), and Chit Fund (0.6%) to diversify their portfolio. (Loans. <https://kansascity.edu/admissions/financial-aid/loans>)

1.2 Introduction to Financial Literacy:

Financial literacy refers to the knowledge and skills needed to understand and make informed decisions about personal finances, including managing money, investing, retirement planning, and insurance. It is considered essential for individuals to be financially literate to achieve financial stability and security. Mainstream finance often focuses on financial literacy education through various channels such as schools, online resources, financial institutions, and government initiatives. Due to growing and changing financial objectives, each individual must have a sense of Financial Literacy.

Better Money Management: Understanding personal finances helps individuals make informed spending and saving decisions to manage their money better.

Avoiding Debt: Financial literacy helps individuals understand credit, interest rates, and debt management, which can help them avoid excessive debt and financial problems.

Building Wealth: Financial literacy provides the knowledge and tools needed to make intelligent investment decisions, grow wealth, and plan for retirement.

Making Informed Financial Decisions: Financial literacy equips individuals with the skills and knowledge to make informed financial decisions, including insurance, taxes, and estate planning.

Promoting Financial Stability:

A financially literate population is better equipped to make informed decisions, manage risks, and promote overall financial stability and security.

Financial literacy is recognized as a critical component of the sustained financial inclusion process, and research has shown inadequate financial literacy, which raises serious concerns about the ability of individuals to secure their economic well-being.

The financial literacy rate in India is relatively low. According to a study conducted by the Reserve Bank of India (RBI), only about one-third of the adult population in India is financially literate. The study also found that financial literacy is lower among women, rural residents, and low-income households. Efforts are underway by the government and financial institutions to increase financial literacy in India, including financial education programs, online resources, and financial inclusion initiatives.

According to a survey on Global Financial Literacy 2012 conducted by VISA, only 35% of Indians were financially literate. India was among the least financially literate countries. In a Standard & Poor's survey, over 76% of Indian adults lacked basic financial literacy. They need help understanding the most basic and critical financial concepts.

There is a vast segment of the population who (excluded from the formal financial system) suffer from a lack of financial literacy in terms of utilizing their money/earnings and also a safe and secure place to avail savings, credit, insurance, or remittances with

each of the service addressing specific purpose for an individual. The SHG Bank linkage over the past decade has connected many poor women with the banking system. However, SHGs also need to impart financial literacy for sustained financial inclusion.

Self Help Group (SHG) is a type of microfinance organization in India that consists of individuals who come together to pool their resources and support each other in achieving their financial and economic goals.

SHGs are typically comprised of 10-20 women who are similar in terms of their economic status, occupation, and geographic location. Members of an SHG make regular contributions to a common fund and use these funds to support each other in various ways, including providing loans, offering training and support, and improving access to financial services.

The formation of SHGs is promoted by the government of India and various NGOs to provide low-income individuals with access to credit and financial services and empower them with the knowledge and skills necessary to manage their finances and improve their livelihoods.

Overall, SHGs are a crucial part of the microfinance landscape in India and play an essential role in promoting financial inclusion and empowering low-income individuals.

In India, the first official interest in group lending took shape during 1986-87 when the National Bank for Agriculture and Rural Development (NABARD) supported and financed a research project on saving and credit management of Self Help Group of Mysore Resettlement and Development Agency (MYRADA). There are two significant models under microfinance: Self-Help Group-Bank Linkage and Micro-Finance Institution (MFIs). The SHG banking linkage program was initiated in 1992, which tried to facilitate the flow of bank credits to the SHGs. In 1991-1992, a pilot project for linking about 500 SHGs with banks was launched by NABARD in consultation with the RBI, which advised the banks to participate actively. In 1994, the RBI constituted a working group of NGOs and SHGs. On the group's recommendation, the reserved bank advised that the bank's financing of SHGs would be reckoned as part of their lending to weaker sections, and such lending should be reviewed by banks and at the state level Bankers Committee level at regular intervals. In India, two major SHG networks have access to institutional credit. One is NABARD sponsored SHG bank linkage programme, and the second is the Swarnajayanti Gram Swarajgar Yojana (SGSY) started by the Ministry of Rural Development on April 1, 1999

In other words, women in India have always held a specific paradoxical position. Although in modern society, women have slowly started recognizing their true potential and are conquering every field, whether it is politics, sports, entertainment, literature, or technology, there are certain areas where women still need to catch up to men. One such area is —Personal financial Planning'. It has been observed that women have inherently

been better money managers on a small scale regarding household expenses and savings. However, many women, including working women, seem comfortable leaving their long-term finances and retirement planning to their fathers or husbands. In other words, their efficiency in managing home finances is not extended to their financial front (Shobha and Shalini, 2015). The primary reason behind such an issue is women's lack of financial literacy.

The Survey by NCFE exhibits that the financial literacy percentage among women in India is relatively low, which needs particular focus (Dwivedi et al., 2015). Since women comprise around 50% of the population of India, it would be unjust if only the rest of the 50% would be taking the financial decisions. Moreover, several theoretical arguments support that women should be financially literate to make rational economic decisions.

A woman is identified as a mother, wife, daughter-in-law, or daughter but is not considered independent. Women constitute almost half of the population, perform nearly two-thirds of their work hours, receive one-tenth of the world's income, and own less than one-hundredth of the world's property. When a young girl reaches the age of five, she assumes adult responsibilities inside and outside the household. Financial security creates demand for financial products and services, accelerating the pace of financial inclusion. It enables the commoner to understand the needs and benefits of the products and services offered by banks and other financial institutions. All segments of society need financial security in one form or the other. Financial literacy is an essential component of the sustained financial inclusion process. Financial literacy is concerned

with providing knowledge and skills to poor people to help them make decisions about expenditures, savings, investments, credit and insurance, and other financial services such as remittances and pensions in an informed manner.

1.3 Lack of Financial Literacy in SHG Women in India

The enduring concern for the long-term financial well-being of SHG individuals holds significant implications for a nation's economic health. Recent times have intensified these concerns, especially against increased uncertainty and volatility in the financial sector. The growing role of private players, a diminishing public support system, elevated living costs, and an array of financial products and services have exacerbated this. The government is responsible for ensuring comprehensive financial literacy across the entire population and a progressive expansion of this educational effort.

In 2013-14, a nationwide baseline survey was conducted to evaluate the state of financial literacy and inclusion among the general populace, using specific indicators. This research is to gauge changes in these indicators only for the SHG Women segment. This assessment will provide insights into the effectiveness of the educational initiatives in place to promote financial literacy within the country.

1.4 Establishing Relationship between Financial Literacy/Inclusion with 'n' Factors

The participation of women-led Self Help Groups (SHGs) in the finance sector in India has been increasing in recent years, although there is still room for improvement. The deep-dive and study of critical factors impacting the participation of women SHGs in the finance sector.

1.5 Significance of the Study

A few of the research studies have already described moderately the factors impacting the participation of Male and Female participants; this is specifically for Self-Help Group Women in India.

Sharma, R., & Bhat, S. (2016), the article "Financial Literacy and its Impact on the Empowerment of Women in Rural India" by Sharma and Bhat (2016) is a research paper that examines the relationship between financial literacy and the empowerment of women in rural India. The authors use survey data to assess the level of financial literacy among rural women in India and examine the impact of financial literacy on their financial decision-making and overall well-being. The study finds that financial literacy is positively associated with women's empowerment in rural India. More financially literate women are more likely to engage in economic activities and make informed financial

decisions. The authors conclude that increasing financial literacy can play an essential role in promoting the empowerment and well-being of women in rural India.

Average Assets Under Management (AAUM) of the Indian Mutual Fund Industry for February 2023 stood at Rs. 40,688,000 Million. Assets Under Management (AUM) of the Indian Mutual Fund Industry as of February 28, 2023, stood at 39,462,570 Million. The AUM of the Indian MF Industry has grown from Rs. 81.4 Million as of February 28, 2013, to Rs. 394.6 Million as of February 28, 2023, around five-fold increase in 10 years. The MF Industry's AUM has grown from Rs. 222.0 Million as of February 28, 2018, to Rs. 394.6 Million as of February 28, 2023, around two-fold increase in 5 years.

The Industry's AUM crossed the milestone of Rs.10 Trillion (Rs.10 Lakh Crore) for the first time in May 2014, and in a short span of about three years, the AUM size had increased more than two folds and crossed Rs. 20 trillion (Rs.20 Lakh Crore) for the first time in August 2017. The AUM size crossed Rs. 30 trillion (Rs.30 Lakh Crore) for the first time on November 10, 2020. The Industry AUM stood at Rs.39.46 Trillion (Rs. 39.46 Lakh Crore) as of February 28, 2023. The mutual fund industry has crossed a milestone of 10 crore folios during May 2021. The total number of accounts (or folios as per mutual fund parlance) as of February 28, 2023, stood at Rs. 14.42 crore (Rs.144.2 million), while the number of folios under Equity, Hybrid, and Solution Oriented

Schemes, wherein the maximum investment is from retail segment stood at about Rs.11.54 crore (Rs.115.4 million).

The Indian mutual fund industry remains highly underpenetrated. Of the total 43.50 crore individual PAN holders, 3.36 crore respective PAN holders are invested in mutual funds, which is merely 8% of the total individual PAN holders, according to the latest AMFI data. These 3.36 crore individual PAN holders have opened close to 13 crore MF folios as of June 2021.

MF penetration to the total population In terms of MF penetration to the entire population, India has just 2.5% of its total population invested in mutual funds. The US has the highest population percentage investing in mutual funds at 46%. China closely followed the US at 44%. Japan is the third in terms of MF penetration at 20%. *(Should NRI invest in India despite rupee devaluation? - Aarthashastra Investment Managers.*

<https://aarthashastra.com/articles/should-nris-invest-in-india-despite-rupee-devaluation/>)

AUM to GDP ratio.

India's AUM-to-GDP ratio is 18% in FY 2021. This ratio in the US is 120%, Canada is 81% and France is 80%. It has grown by 31% over the last year, i.e., from 14% to 18%.

Mutual fund AUM (as a % of total banking deposits)

Mutual fund AUM as a percentage of total bank deposits also peaked at 20% in FY 2021. US has the highest MF AUM to bank deposits at 161%. China and Japan followed the US with MF AUM to bank deposits at 46% and 29%.

1.6 Research Purpose

Below are some glimpses of the Survey conducted by ET Money in 2020 - India Investment - Report 2020: A Look at How India Invests

It is males who do the bulk of the investing on our platform. However, it gets fascinating when we look at the ratio of male and female investors over ETMONEY's four years of operations. In their first year of operation, only 9% of the investors were females, But by the fourth year, the female investor count had more than doubled to 19%. Hence, it is evident from the above data that penetration of Financial Literacy or the Importance of Investments in Indian Markets is very low, especially in Rural India, where people do not have Bank Accounts. Even the number of Self Help Groups (SHGs) in India has increased significantly in recent years, and there is no exact count of the number of SHGs in the country. As of 2023, it is estimated that there are over 81,57,706 SHGs in India, with the majority located in rural areas. The formation of SHGs is promoted by the government of India and various NGOs to provide low-income individuals with access to

credit and financial services and empower them with the knowledge and skills necessary to manage their finances and improve their livelihoods. The number of SHGs has increased in recent years due to increased government support and awareness of the benefits of these groups, as well as the growth of the microfinance sector in India. However, there is still significant room for growth, particularly in remote and rural areas with limited access to financial services.

Overall, the large and growing number of SHGs in India is a positive sign for financial inclusion and economic empowerment, and these groups play a crucial role in promoting financial literacy and improving the financial situation of low-income individuals.

- India's Self Help Groups (SHGs) economic demographic varies widely. However, they are typically comprised of low-income individuals who are economically marginalized and lack access to traditional financial services.

- SHGs are typically formed in rural areas and often consist of women, who are particularly vulnerable to poverty and financial exclusion. The members of an SHG are usually similar in terms of their occupation, economic status, and geographic location and typically come from low-income families and informal sector occupations.

- In terms of their economic characteristics, the members of SHGs are typically small farmers, landless laborers, micro-entrepreneurs, and women who work in the informal sector. They may need more access to financial services, low financial literacy, and limited collateral to secure loans from formal financial institutions.

- Overall, the economic demographic of SHGs in India is diverse. However, they typically consist of low-income individuals who are economically marginalized and face challenges in accessing financial services and improving their financial situation.

1.7 Questions to be addressed

This thesis would focus on addressing the following:

1. What is the level of financial literacy among women involved in SHGs in rural India?
2. How does financial literacy affect microfinance services, including credit, savings, and insurance?
3. What factors influence financial literacy and the use of microfinance services among SHG women in rural India?
4. How do demographic characteristics, such as education, income, and social capital, impact financial literacy and the use of microfinance services among SHG women

CHAPTER II: PREVIOUS STUDIES CONDUCTED ON FINANCIAL LITERACY

2.1 Past Studies – Its Outcomes and Shortfalls

Below are some of the studies conducted for Financial Literacy in India.

Misra, S (2017) Financial literacy and its impact on micro-entrepreneurship: Evidence from India. Journal of Entrepreneurship and Public Policy Misra (2017) conducted a study to examine the impact of financial literacy on micro-entrepreneurship in India. The study used data from a survey of women involved in Self Help Groups (SHGs) in rural India. The findings indicated that financial literacy was positively associated with micro-entrepreneurship among SHG women. The study also found that access to credit, entrepreneurial training, and social capital were essential determinants of micro-entrepreneurship among SHG women. This study provides evidence of financial literacy's importance for women's economic empowerment in SHGs in India. The results suggest that efforts to increase financial literacy among SHG women can help to improve their entrepreneurial skills and economic well-being.

De and Tiwari (2015) conducted a study to examine the relationship between financial literacy and microfinance in rural India. The study used data from a survey of women involved in Self Help Groups (SHGs) in rural India. The findings showed that financial literacy was positively associated with using microfinance services, including credit, savings, and insurance. The study also found that the level of education, income, and

social capital were significant determinants of financial literacy and the use of microfinance services among SHG women. This study highlights the importance of financial literacy for women's effective use of microfinance services in rural India. The results suggest that efforts to increase financial literacy among SHG women can help to improve their ability to access and use microfinance services, leading to greater financial inclusion and economic empowerment.

The study by De and Tiwari (2015) on financial literacy and microfinance among women in rural India involved in Self Help Groups (SHGs) had some limitations and drawbacks in its findings.

One of the limitations was the sample size, which may only represent part of the population of SHG women in rural India. Additionally, the study relied on self-reported data, which may be subject to biases and measurement errors. Another drawback was the study's limited scope, which only focused on financial literacy and the use of microfinance services among SHG women in rural India. The study did not examine other factors that might affect financial literacy and the use of microfinance services, such as access to financial education, financial incentives, and cultural norms.

Finally, the study should have addressed the broader context of financial inclusion in rural India, including the role of the government, non-governmental organizations, and the private sector in promoting financial literacy and the use of microfinance services among SHG women.

Overall, while the study provides valuable insights into the relationship between financial literacy and the use of microfinance services among SHG women in rural India, it is essential to consider its limitations and drawbacks when interpreting the findings. Further research is needed to better understand financial literacy and microfinance among SHG women in India.

Jayaraman, T. (2015) analyzes the impact of Self-Help Group (SHG)-bank linkage programs on financial literacy and microfinance in India. The study examines the relationship between financial literacy and access to microfinance services through SHG bank linkage programs. The purpose of the study is to understand the role of financial literacy in the success of these programs in improving access to finance for micro-entrepreneurs in India. The research method and findings of the study should have been specified in the information provided.

Sharma, R., & Bhat, S. (2016) the article "Financial Literacy and its impact on the empowerment of women in rural India" by Sharma and Bhat (2016) is a research paper that examines the relationship between financial literacy and the empowerment of women in rural India. The authors use survey data to assess the level of financial literacy among rural women in India and examine the impact of financial literacy on their financial decision-making and overall well-being. The study finds that financial literacy is positively associated with women's empowerment in rural India. More financially literate

women are more likely to engage in economic activities and make informed financial decisions. The authors conclude that increasing financial literacy can play an essential role in promoting the empowerment and well-being of women in rural India.

Sastry, N., and S. Narayan. 2015. The article "Financial Literacy and Access to Financial Services in India" by Sastry and Narayan (2015) is a research paper that explores the relationship between financial literacy and access to financial services in India. The authors use survey data to assess the level of financial literacy among individuals in India and examine the impact of financial literacy on access to financial services, such as bank accounts and loans. The study finds that financial literacy is positively associated with access to financial services and that more financially literate individuals are more likely to use formal financial services. The authors conclude that increasing financial literacy can be crucial in promoting access to financial services and reducing financial exclusion in India.

M. Nandhini and M.Usha (2017) conducted a study on women's Empowerment through Self Help Groups in Coimbatore district. The primary consideration of the study was to eradicate women's unemployment in Tamil Nadu by introducing more attractive schemes, one of which, with less effort, is the Self Help Group, hereafter called SHG. SHG is a

group of poor rural females who have volunteered to organize themselves into a group to eradicate the poverty of the members. They agree to save regularly and convert their savings into a Common Fund called the Group corpus. The group members agree to use this common fund through joint management. The objectives of the study were,

1. To study the functions and performance of SHG in Coimbatore district,
2. To analyze the reasons for joining SHG,
3. To find the impact of SHGs on women

K. Kanniammal, U. Jerinabi, and A. Arthi (2011) say that microfinance empowers the most marginalized among the poor to take charge of their life's requirements. The study results proved that the intervention of microfinance through the SHG-Bank Linkage Programme has a positive impact on the economic and social status of the members in terms of an increase in income, savings, employment generation, asset creation, decrease in dependency on money lenders, improvement in decision-making skills, participation in community affairs and the empowerment of women. Micro-finance activities have helped the poor escape poverty and achieve social reorganization and empowerment. *(D.B, N. (2016). Self-Help Groups and Women Empowerment. <https://core.ac.uk/download/354382118.pdf>)*

Makkar and Kumari (2012) concluded that the number of poor women enrolling in SHGs all over rural India has been increasing remarkably. SHGs have the potential to have a powerful impact on women's empowerment. To reduce poverty by enabling the poor household to access gainful self-employment and skilled wage employment opportunities. SHGs are now the main motive of most of the employment schemes. Thus, SHGs have been showing the way ahead to alleviate the poverty of India along with women empowerment.

Kamdar (2013) reported that, on average, the augmented income ranges from 0.001 Million to 0.003 Million per month. It was also found that many beneficiaries had assumed some leadership role in the neighborhood and improved decision-making in the household.

Mathivathani and Velumani (2014) conducted a study to determine the level of financial literacy among women in rural areas of Tamil Nadu. The study found that the financial literacy of marginalized rural women could be much higher. Hence, the proper development of financial literacy would help women to better financial decision-making and adequate utilization of financial services and products.

Dwivedi et al. (2015) analyzed the NCFE report on financial literacy and financial inclusion in India based on occupation, geographical area, and gender mix. The study

found that the urban population is more financially literate than the rural population. Also, men are found to be more financially literate than women. Moreover, the study observed that women have higher financial attitudes but less economic behavior and knowledge. In contrast, men have slightly less financial attitude than women but scored more on financial behavior and financial knowledge.

Shobha and Shalini (2015) surveyed women's perception of personal financial planning in Bengaluru. The study revealed that Indian women prioritize family and children's requirements over their financial needs and individualistic financial security. Also, difficulty in convincing the spouse and family is a challenge to the women to create their financial

B. Garima (2016) has studied financial literacy among women in India; this paper attempts to go in this direction. It has been observed that although women must be given equal power to make financial decisions as taken by men, many Indian women are facing several cultural, economic, psychological, and physical barriers that are creating hindrances in becoming financially literate. The government is taking initiatives to make people more financially literate, yet there still needs to be a gap in the financial literacy level of men and women. Hence, more women-specific financial literacy programs should be introduced, and new universities should be established to make women more literate.

2.2 Need for Current Study

Below are the statistics no of SHG under NRLM, around 8.2 million+, and there are 80 Million+ + members of SHG out of 658 million total female Indian population in 2022 as per World Meter.

2.1 – State-wise SHG Count:

Indian SHG	SHGs Type (in million)				Total Members (in millions)
	New	Revived	Pre-NRLM	Sub-Total	
State	5,04,519	77,012	2,03,882	7,85,413	85,33,944
North-West State	25,333	1,531	195	27,059	2,34,174
North-East State	10,426	850	1,727	13,003	1,19,289
Union Territories	718	254	101	1,073	12,865
Grand Total	5,40,996	79,647	2,05,905	8,26,548	89,00,272

Table 2.1 Source: <https://nrlm.gov.in>

2.2 – SHG having Bank Account:

Indian SHG	Bank Account (in millions)		Total Members (in millions)
	Having No Bank Accounts	Having Bank Accounts	
State	43,52,289	41,81,611	85,33,900
North-West State	89,464	1,44,736	2,34,200
North-East State	53,089	66,212	1,19,301
Union Territories	1,200	11,700	12,900
Grand Total	44,96,042	44,04,259	89,00,301

Table 2.2 Source: <https://nrlm.gov.in>

2.3 Summary

Taking into consideration the Outcomes, Shortfall and Impact of past studies a methodology is created to conduct this research to create a 360 Degree evaluation from the participants which includes:

- Demographic and Socio-Economic Characteristics of Response Domain
- Financial Literacy – Financial Attitude, Financial Behaviour, and Prevalence Pattern of Components.
- Financial Inclusion – Awareness, Operations and Holding for financial Products and Services
- Measuring Financial Literacy, Inclusion and Well-Being.

CHAPTER III: METHODOLOGY

3.1 Overview of the Research Problem

In India's rapid economic growth, there is a significant need to strengthen the country's financial system. This involves addressing the challenges posed by inadequate access to financial services, particularly among a substantial portion of the population with limited financial literacy, including SHG. The absence of proper financial education presents a significant barrier to reducing economic poverty, improving livelihood prospects, accumulating assets, facilitating income-generating endeavors, and broadening the options accessible to the populace. Consequently, achieving financial inclusion is pivotal in promoting inclusive growth and ensuring the nation's sustainable development.

Financial Literacy: Assessing Financial Literacy primarily entails evaluating a blend of consciousness, understanding, expertise, mindset, and actions required for making informed financial choices and ultimately attaining personal economic welfare.

Financial Knowledge constitutes a crucial aspect of financial literacy, essential for engaging in tasks like staying informed about the economy and economic environment, contrasting financial products and services, and arriving at suitable, knowledgeable financial choices. Possessing a fundamental comprehension of financial principles and

the capacity to apply numerical skills within an economic context guarantees that individuals can independently handle their financial affairs and respond to information and situations that might impact their financial welfare.

Financial Behaviour encompasses individuals' decisions and actions that influence their economic welfare in immediate and extended periods. Certain behaviors, such as postponing bill payments, selecting financial products without considering alternatives, or relying on credit to compensate for income gaps, can adversely affect individuals' financial circumstances and overall well-being. Conversely, consistent practices like thoughtful spending, timely bill payments, budgeting, and saving represent positive behaviors conducive to financial management.

Financial Attitude pertains to the mindset or mental inclination of individuals. Even when equipped with sufficient knowledge and capability to undertake a specific course of action, this outlook shapes their determination to proceed accordingly. It reflects a natural tendency for individuals to prioritize personal contentment or lifestyle preferences over other factors.

Financial Inclusion denotes facilitating affordable, prompt, and sufficient availability of diverse regulated financial products and services. This process involves encouraging their widespread adoption by all societal segments through customized, established, and innovative strategies, including financial education and awareness. The ultimate goal is to

foster financial well-being and social and economic integration (Atkinson and Messy, 2013). Alongside a robust consumer safeguard system, financial inclusion plays a crucial role in empowering individuals and ensuring the overall stability of the financial system. Gauging Financial Inclusion encompasses evaluating access from both the supply and consumer perspectives. The recommended framework assesses the following dimensions individually, although they often exhibit interconnectedness.

Product awareness – This dimension examines whether consumers possess a minimum level of familiarity with the range of financial products offered nationally. These products span various sectors, including banking and non-banking services related to savings, payments, credit, insurance, and investments.

Product Holding – This aspect is evaluated through four distinct indicators concerning individuals' existing possession of a) saving or retirement products; b) payment products like current accounts or mobile money (excluding credit cards classified as credit products); c) various forms of insurance; and d) credit products or mortgages. Depending on the country's context, the ownership of investment products is also considered.

Product Operating – This pertains to how consumers actively engage with the products and services they possess to derive their intended advantages. Consistently using these

products for transactions and actively managing them to adapt choices and actions is crucial for reaping the tangible benefits of Financial Inclusion.

3.2 Operationalization of Theoretical Constructs

Considering all Indian States and Union Territories, a diverse sample of participants aged between 18 and 65. For better distinction divided the nation's States and Union Territories into six zones based on their geographical proximity, as outlined below as per the SHGs in NRLM

□ Northern Zone – Including Delhi (NCT), Chandigarh, Jammu & Kashmir, Haryana, Himachal Pradesh, Punjab, and Rajasthan

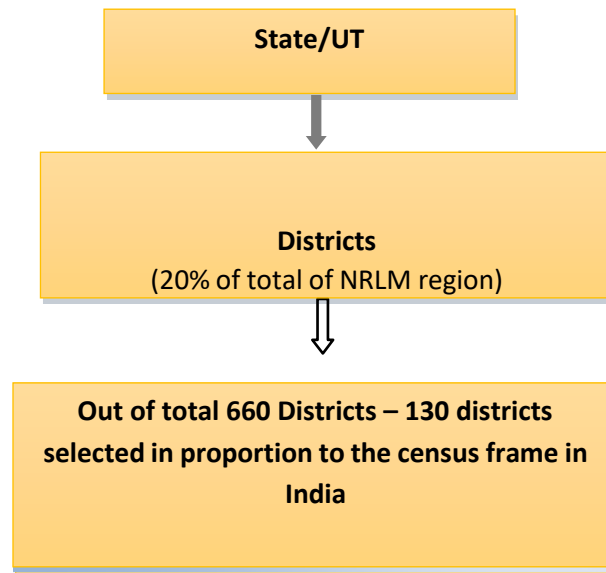
□ Central Zone – Including Chhattisgarh, Madhya Pradesh, Uttar Pradesh, and Uttarakhand

□ Eastern Zone – Including Andaman & Nicobar Islands, Bihar, Jharkhand, Odisha, Sikkim, and West Bengal

□ North-Eastern Zone – Including Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura

□ Western Zone – Including Goa, Gujarat, Maharashtra, Dadra, and Nagar Haveli, and Daman and Diu

□ Southern Zone – Including Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Telangana, Lakshadweep, and Puducherry.



3.3 Research Purpose and Questions

Overall, the economic demographic of SHGs in India is diverse. However, they typically consist of low-income individuals who are economically marginalized and face challenges in accessing financial services and improving their financial situation.

Moreover, to address below Questionnaire:

1. What is the level of financial literacy among women involved in SHGs in rural India?
2. How does financial literacy affect microfinance services, including credit, savings, and insurance?
3. What factors influence financial literacy and the use of microfinance services among SHG women in rural India?
4. How do demographic characteristics, such as education, income, and social capital, impact financial literacy and the use of microfinance services among SHG women

If the abovementioned Problem Statement is achieved, Women from SHG can have several positive impacts on their lives and communities. Improved financial decision-making: Financial literacy can help rural women make better decisions about managing their money, such as budgeting, saving, and investing. They will be able to understand financial terms and concepts, such as interest rates, inflation, and risk, and use this knowledge to make informed decisions about their finances.

Increased financial independence: With financial literacy, rural women can become more financially independent, reducing their dependence on their partners or family members for money. This can give them more freedom to make choices about their lives, including starting their businesses or pursuing education and training.

Enhanced economic participation: Financial literacy can also enable rural women to participate more actively in the economy by starting their businesses, creating jobs, and contributing to the growth of their communities. This can help to reduce poverty and increase the economic well-being of their families and communities.

Improved financial security: Financial literacy can help rural women plan for the future and build financial security by creating savings plans and investing in assets that appreciate value over time. This can provide a safety net during financial hardship or unexpected expenses.

In short, financial literacy can empower rural SHG women and improve their economic and social well-being, benefiting not only themselves but also their families and communities.

The Indian government has taken several initiatives to improve the country's financial literacy for Self-Help Groups (SHGs). Some of these initiatives are:

National Rural Livelihood Mission (NRLM): NRLM is a flagship scheme of the Ministry of Rural Development that aims to reduce poverty by promoting self-employment and entrepreneurship in rural areas. NRLM supports forming and strengthening SHGs, capacity building and training members, and access to credit and financial services.

Digital Financial Inclusion: The government has launched several digital financial inclusion initiatives such as the Digital India program, the Pradhan Mantri Jan Dhan Yojana (PMJDY), and the Bharat Bill Payment System (BBPS). These initiatives have facilitated the adoption of digital payment methods among SHGs, thereby improving their financial literacy and inclusion.

National Rural Livelihoods Mission- Ajeevika Grameen Express Yojana (AGEY): AGEY is a sub-scheme of NRLM that aims to provide safe, affordable, and community-monitored rural transport services to SHGs. This initiative has helped improve access to markets and financial services for SHGs, thereby enhancing their financial literacy.

National Bank for Agriculture and Rural Development (NABARD): NABARD provides financial and technical assistance to SHGs for their livelihood and entrepreneurial activities. The organization offers financial literacy training to SHG members through its Rural Development and Banking Service (RDBS) program.

Financial Literacy and Credit Counseling Centers (FLCCs): The government has set up FLCCs in various parts of the country to provide financial literacy training and credit counseling to SHGs. The centers guide financial planning, savings, investment, and credit management, thereby improving the financial literacy of SHG members. These initiatives have helped improve the financial literacy of SHGs in the country and contributed to their socio-economic development. However, more must be done to strengthen the existing initiatives and reach out to more SHGs, especially those in remote and marginalized areas.

The success rate of Digital Financial Inclusion initiatives by the Government of India (GOI) for Self-Help Groups (SHGs) has been significant. The GOI has implemented several schemes and initiatives to promote digital financial inclusion among SHGs, which are community-based organizations comprising women who come together to save and borrow money for their respective businesses. Some of the initiatives launched by the GOI to promote digital financial inclusion among SHGs include:

National Rural Livelihoods Mission (NRLM): This initiative aims to provide access to financial services to the rural poor, including SHGs, through a community-based institution network.

Pradhan Mantri Jan Dhan Yojana (PMJDY): This scheme was launched to promote financial inclusion among all sections of society, including SHGs, by providing them access to bank accounts, insurance, and pension services.

Digital India: This initiative aims to transform India into a digitally empowered society and knowledge economy and includes measures to promote digital financial inclusion among SHGs.

Digital Saksharta Abhiyan (DISHA): This scheme aims to promote digital literacy among the rural population, including SHGs, to enable them to access digital financial services.

The success rate of these initiatives has been quite significant, as they have enabled.

SHGs to access formal financial services and have empowered them to take control of their financial lives. As per the latest available data, over 9.3 million SHGs have been linked to banks and have availed credit of over Rs. 2.04 lakh crore (approx. USD 27 billion) through various government schemes and initiatives.

3.4 Research Design

The sample comprises 75,000 SHG Women adult participants aged 18 to 80, categorized by factors such as rural or urban residency and gender. Employing a multi-stage sampling approach, the selection process involves Districts, CD-Blocks, Villages/Wards, Households, and eventual individual participants. The national sample size outlined in the survey's Terms of Reference is approximately 75,000, with potential minor deviations due to the specific sample selection process in various stages. This overall sample size is distributed across districts using the following sampling strategy. Consequently, different States/UTs exhibit varying sample sizes, influenced by the number of Districts selected.

(if, during the proportionate (20%) selection, 1 district is selected randomly; if the number of districts happens to be less than 1, a minimum of one district is designated as a sample for every state/UT. Hence, if 20% of 651 Districts = 130 Districts But the actual number of Districts in sample selection is increased to 144, taking into account the fractions less than one as a whole, 1)

3.5 Population and Sample

Stage 1: Population and Stages of sampling are done as below: To determine the sampling approach, the configuration of India's district-level data from the 2011 Census has been adopted. After organizing the Districts based on the 88 regions, they were ranked by the total number of households in each State/UT. In the first selection stage, 20% of the Districts from each region of the States/UTs were chosen using Systematic Random Sampling with equal likelihood. As a result, 144 districts were selected from the country's total of 651 districts according to the 2011 Census framework. Notably, in the case of Lakshadweep UT, its districts were considered jointly with those of Kerala State for District selection.

Stage 2: The district's samples (individuals/ households) were divided into rural and urban subsets, maintaining the proportional distribution of rural and urban households in the district according to the 2011 Census data. Districts are further subdivided into CD Blocks for Census purposes. Within each selected district of a State/UT, 20% of the total CD Blocks were chosen. A PPS sampling method was employed to determine which CD Blocks to include, utilizing the number of households within each CD Block as the criterion for selection probability.

Stage 3: The number of Villages/Wards to be picked within the selected CD Blocks was determined by applying the district-level rural-urban household proportion to the total count of villages and wards in each CD Block. Once the count of Villages and Wards to be sampled was established, all CD Blocks of a State/UT were categorized separately into rural and urban segments. As per the 2011 Census data, along with their household numbers, the corresponding villages and wards were organized accordingly. Employing the PPS sampling approach, where the selection probability is determined by the household count in each village/ward, 20% of rural and urban Villages/Wards were randomly chosen.

Stage 4: The number of respondents required at the District level (for the selected Districts of each State/UT) was divided according to the rural-to-urban ratio of households (established in Stage 2). After fixing the count of rural households to be sampled, this number was divided by the total number of villages (across all rural CD Blocks) to calculate the average number of households sampled per village (n_v). Similarly, the count of urban households within a District was divided by the total number of wards (across all urban CD Blocks) to determine the average. When arriving at the village/ward, an estimate of the Total households is obtained to determine the number of households per ward for sampling from local authorities or the community head. The number of households specific to each selected village/ward was then divided by n_v or n_w , as applicable, to establish the sampling interval (r_v for villages and r_w for wards). Beginning with a randomly chosen household position within the range 1, 2,...

rv for villages, each with the numbered household was included in the village sample until nv was reached. Similarly, for urban wards, each with numbered household was selected starting from a random point within the range 1, 2,.... rw, until nw was reached."

Stage 5: Selection of Respondent within the household: Only one individual was interviewed from each chosen household. The selected individual must be a permanent household resident within the age bracket of 18 to 69 years.

3.6 Participant Selection

It was predetermined that one SHG individual from each selected household would be chosen for the interview. Hence, the overall sample size of 75,000 individuals was equivalent to 75,000 households. This household count at the national level was then reallocated among the States/UTs based on their respective portion of the total number of households according to the 2011 Population Census. Once the sample size (number of individuals/households) for each State/UT was thus determined, the distribution of State/UT-specific household samples within the selected districts was carried out proportionally, accounting for their share in the total household count of the respective State/UT being sampled.

The state-specific distribution of Sampled Units (households/Respondents) is given in the following.

3.1 - State-specific distribution of Sampled Units:

Zone	State/UT	Rural Count	Urban Count	Total Count
NORTH-EAST	Arunachal Pradesh	58	18	76
	Assam	1,598	318	1,916
	Mizoram	38	18	56
	Manipur	78	78	156
	Meghalaya	78	78	156
	Nagaland	58	58	116
	Tripura	198	58	256
	Sub-Total	2,106	626	2,732
EAST	Andaman & Nicobar Is	18	18	36
	Bihar	5,198	498	5,696
	Jharkhand	1,158	738	1,896
	Odisha	2,158	738	2,896
	Sikkim	18	18	36
	West Bengal	4,698	1,438	6,136
	Sub-Total	13,248	3,448	16,696
CENTRAL	Chhattisgarh	1,398	303	1,701
	Madhya Pradesh	2,498	2,033	4,531
	Uttar Pradesh	7,518	2,518	10,036
	Uttarakhand	378	238	616
	Sub-Total	11,792	5,092	16,884
NORTH	Chandigarh	18	58	76
	Haryana	738	718	1456
	Himachal Pradesh	338	118	456
	J&K	100	136	236
	Delhi	58	978	1,036
	Punjab	958	698	1,656
	Rajasthan	2,498	1,718	4,216
	Sub-Total	4708	4424	9132
WEST	Goa	38	61	99
	Gujarat	1,418	2,259	3,677
	Maharashtra	3,898	4,438	8,336

	Dadra & Nagar Haveli	18	14	32
	Daman & Diu	18	18	36
	Sub-Total	5,390	6,790	12,180
SOUTH	Andhra Pradesh Telangana	4,418	1,918	6,336
	Karnataka	2,018	998	3,016
	Kerala & Lakshadweep	1,138	1,229	2,367
	Puducherry	38	53	91
	Tamil Nadu	2,976	2,594	5,570
	Sub-Total	10,588	6,792	17,380
	GRAND TOTAL	47,832	27,172	75,004

Table 3.1 Source: Author

3.7 Instrumentation

A survey questionnaire was crafted in alignment with the OECD/INFE (International Network on Financial Education) framework to gather data from survey respondents. This questionnaire underwent refinements based on insights gained from the pilot survey conducted in the field. The questionnaire comprises eight distinct sections and a section dedicated to capturing Identification details. The subsequent paragraphs outline the thematic content of these questionnaire sections.

Identification Particulars of Respondent in respect of STATE/UT, DISTRICT, VILLAGE, RURAL/URBAN, ETC

- Section I – Socio-Economic Profile
- Section II – Financial Awareness about Products/Services
- Section III – Financial Knowledge

- Section IV – Financial Behavior
- Section V – Financial Well-Being
- Section VI – Financial Attitude
- Section VII – Financial Inclusion
- Section VIII – Awareness Campaign

3.8 Data Collection Procedures

Measuring Financial Literacy and Financial Inclusion Status – Following the methodology outlined in the OECD Toolkit (<https://goingdigital.oecd.org/>), responses corresponding to indicators of Financial Literacy (FL) and Financial Inclusion (FI) are categorized as either negative or positive, occasionally with a graded positive classification. To quantify negativity and positivity, negative responses are attributed a score of '0' each, while positive responses are assigned a score of '1' each. A cumulative score can be achieved by summing the scores of all respondents linked to each question within every FL and FI indicator. When questions allow for graded positive responses, scores of 1, 2, 3, and so forth are assigned, depending on the potential variations, instead of a singular '1' score.

For specific indicators, such as 'Financial Behavior,' scaled responses on a 5-point scale are employed. In these cases, neutrality is also considered in addition to negativity and

positivity. Scale values below neutral are deemed harmful, while those above neutral are considered positive. However, scale values of 1, 2, ... 5 on the 5-point scale are aggregated across the component questions within a specific indicator. The aggregate scale value for an individual is then divided by the number of questions to yield an average scale value, serving as the individual's score within the range of 1 to 5.

The overall score for an individual respondent corresponding to FL and FI indicators thus encompasses a minimum aggregate score (typically '0') and a maximum aggregate score equivalent to the sum of the top positive scores for individual questions within the relevant indicator. The detailed scoring criteria aligned with this approach will be covered later in the analysis part. (3.9)

3.2 – *Financial Literacy Scoring Grid:*

OECD Matrix	Indicator	Indicator	Minimum Score	Maximum Score	Considerate Score
A. Financial Literacy			1	22	15
1		Financial Attitude	1	5	3
2		Financial Behavior	0	9	6
3		Financial Knowledge	0	8	6
B. Financial Inclusion			0	22	8
1		Banking Products/Services	0	8	2
2		Non-Banking Products/Services	0	14	6

Table 3.2 Source: Author

Conducting Financial Literacy Sessions: These sessions are led by experts. DRS developed PowerPoint presentations, explanatory materials, and FAQ-response sheets covering nearly all study aspects, including methodological considerations, questionnaires, field protocols, and issues related to non-cooperation and misinformation to aid the training process.

When conducting a substantial survey using personal interviews, such as the present study, there is an inherent risk of encountering various non-sampling errors and biases. Unlike sampling errors, which arise from collecting data about a small subset (sample) of a more extensive set (population) to conclude the entire set, non-sampling errors are not due to investigator errors. They often emerge inadvertently due to local belief systems, respondent attitudes toward surveys and specific topics, and other factors influencing survey instruments and methods. In this survey, efforts were made to mitigate data limitations stemming from non-sampling factors, addressing concerns such as:

- Significant non-response rates
- Invalid or inaccurate data entries
- Inconsistent responses between questions
- Influences from other household members on responses
- Misinterpretation of questions or answers
- Errors during data entry into devices
- Effective management of investigator workload and more.

3.9 Data Analysis

Geographical Dispersion of Participants

Through the sample selection process, the allocation of participants across various regions of the nation exhibits an uneven pattern across rural and urban settings. In most regions, participants are primarily from rural locales, with the highest proportion (79%) in the East Zone and the lowest (39%) in the West Zone. Respondents nationwide are distributed, with 64% hailing from rural areas and 36% from urban areas.

3.1 – Distribution of Respondents

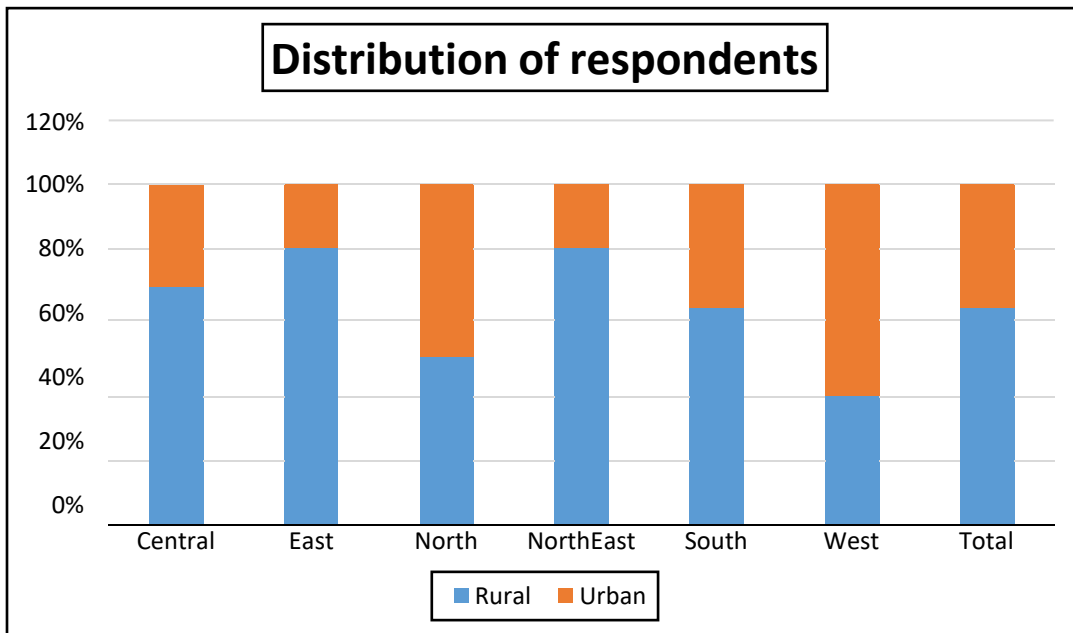


Chart 3.1 Source: Author

Distribution of Participants by Age

The distribution of respondents by age reveals that, across all zones, the largest contingent falls within the 30-39 age bracket, closely trailed by those aged 20-29 years. Nationally, the largest segment, constituting 31% of respondents, belongs to the 30-39 age group, followed by 26% from the 20-29 age group. Additionally, 10% of respondents are in the 50-59 age group, while only 7% are aged 60 and above. The North-East Zone has the highest representation (39%) in the 30-39 age group, with the West Zone at 33%.

3.2 – Age Distribution of Respondents

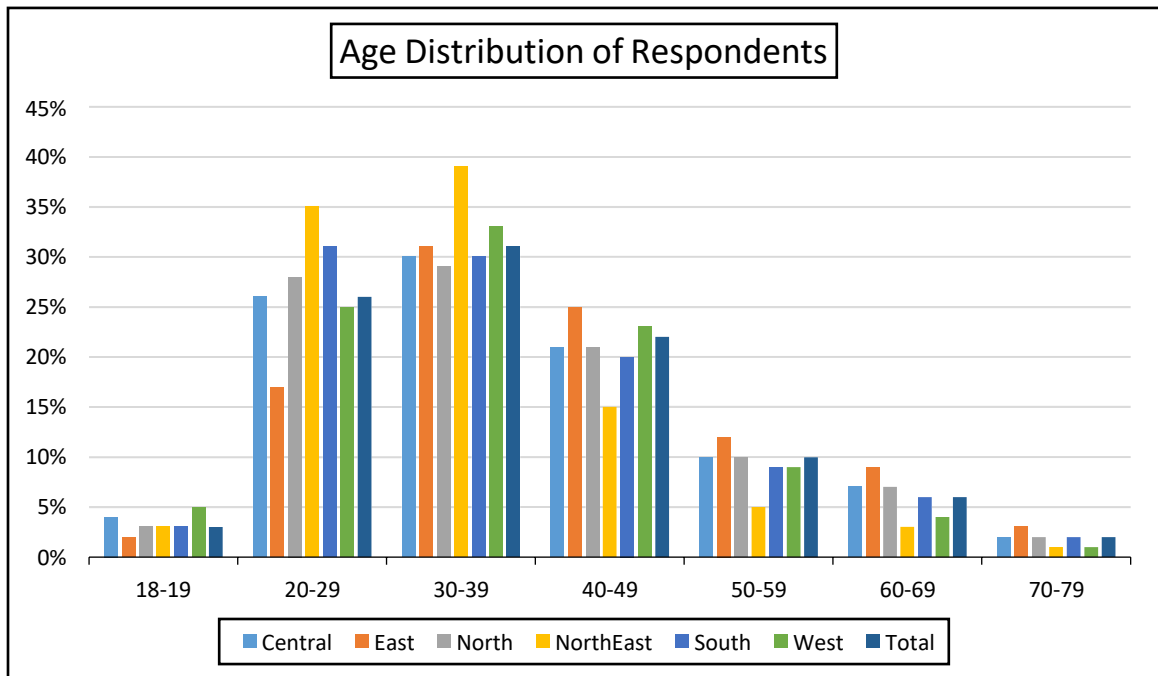


Chart 3.2 Source: Author

Distribution of Respondents by Social Categories

Participants are spread across various significant social categories, with the highest number of individuals nationally identifying as part of the OBC and General Categories. Specifically, 34% of respondents are affiliated with the OBC category, while 33% align with the General category. Additionally, 24% identify as SC and 5% as ST. The distribution of social categories among respondents varies by region. In the South Zone, the General Category is the most prominent (44%), while in the West Zone, it is the General category (35%). Similarly, the General category holds the highest representation in the North-East (34%), the OBC category in the North (32%), the OBC category in the East (33%), and the OBC category in the Central (43%). SCs exhibit the highest representation in the North and North-East Zones (32%), and STs are most represented in the North-East (21%).

3.3 – Distribution by Social Categories

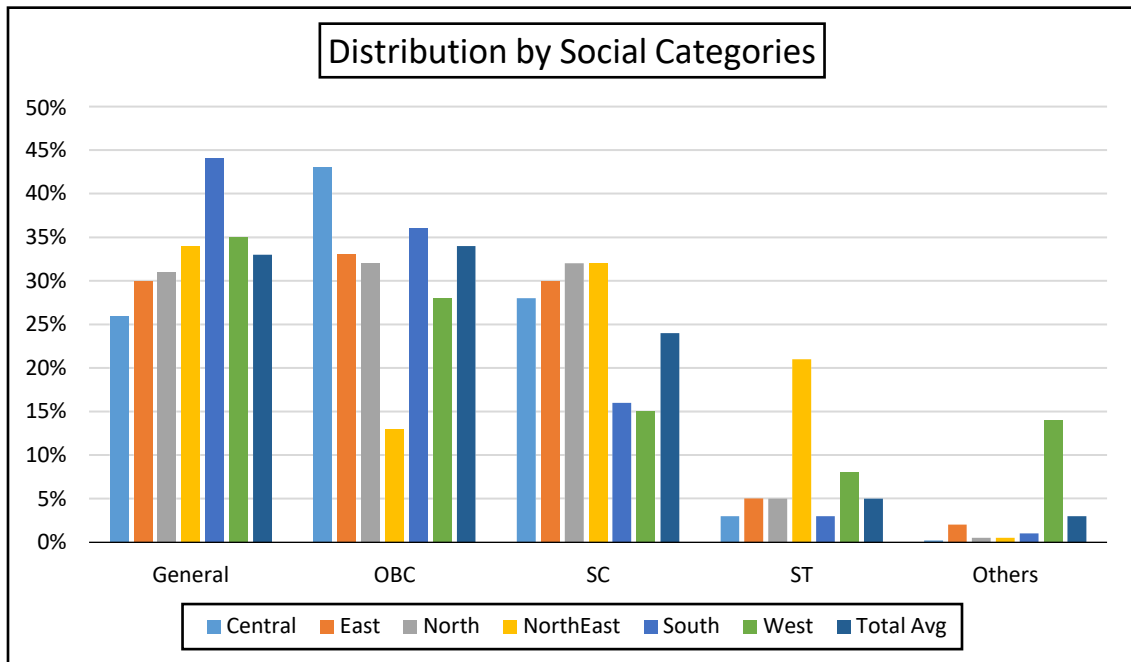


Chart 3.3 Source: Author

Participants' Distribution Based on Household Composition

Most respondents in all regions of the nation come from Nuclear or Joint families. On a national scale, 55% belong to Nuclear families, and 22% to Joint families. The highest proportion of respondents from Nuclear families is observed in the South Zone (66%), whereas the North-East and West Zones have the lowest representation (35%). Meanwhile, the North-East Zone exhibits the highest proportion (40%) of respondents from Joint families, with the South Zone having the least (9%).

3.4 – Distribution by Household

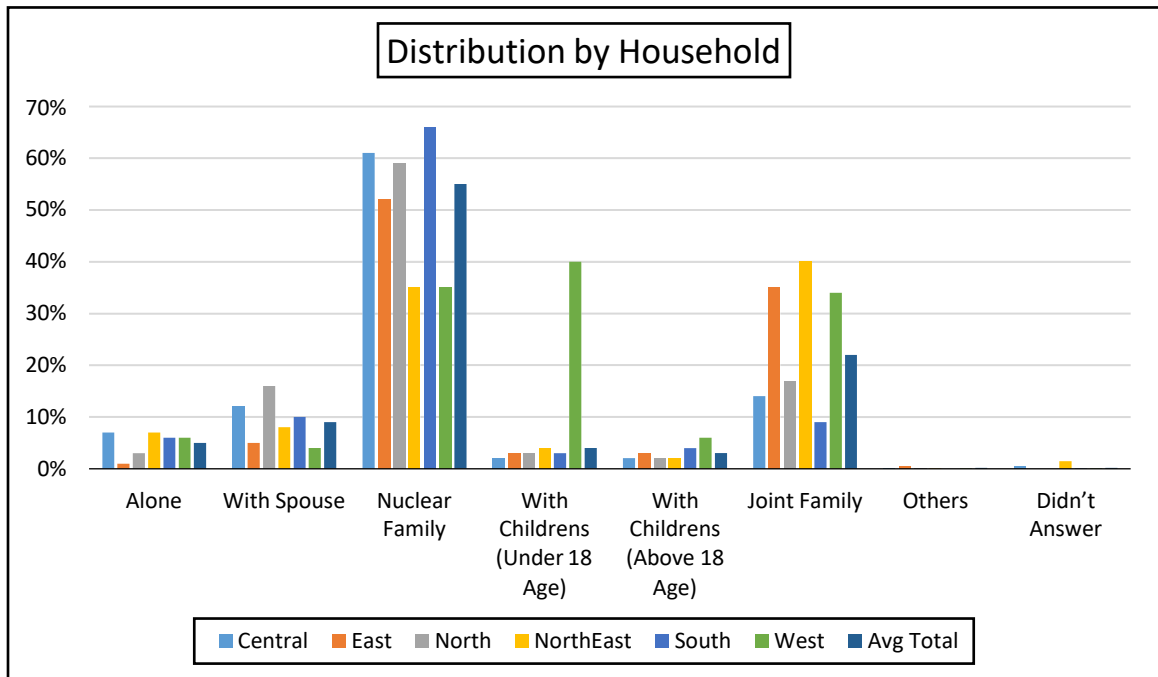


Chart 3.4 Source: Author

Distribution of Participants by Educational Attainment

The educational profile of participants primarily leans towards below-high school levels, encompassing 52% of the national respondents. This group includes those with mid-school, primary, or lower-level education, as opposed to 36% with high school education or higher. Furthermore, 18% of respondents at the national level hold either Graduate or Post-Graduate degrees. Notably, the South Zone boasts the highest representation (9%) of respondents with Post-Graduate education, while the East Zone has the lowest (1%). Most respondents (47% and 57%, respectively) have either Mid-School or High School education in both the West and North-East Zone. On a national scale, 14% of respondents lack formal education, with the East Zone (22%) and Central Zone (17%) having the

highest prevalence. Meanwhile, the North-East Zone stands out with the highest proportion (33%) of respondents educated up to High School level, followed by the West Zone (30%)."

3.5 – Distribution by Education Level

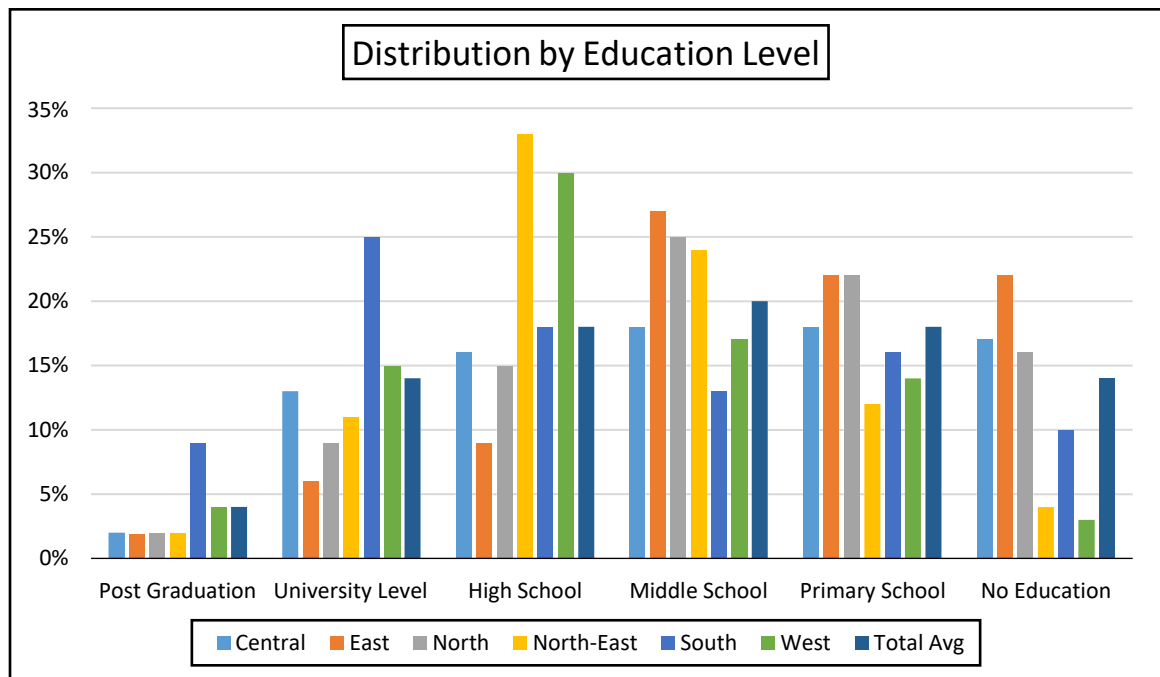


Chart 3.5 Source: Author

Distribution of Respondents by Partners Occupation

Overall, at the national level, the respondents by Partners Occupation are mainly Self-employed-, with 22% in the non-agricultural sector and 18% in the agriculture sector. 16% of respondents are salaried employees in the private sector, and 17% are homemakers. The pattern is almost similar in all the regions, with the West Zone at 37%

and the North. Zone’s 32% is the top share for Self-employed respondents in the non-agricultural sector.

3.6 – Distribution by Occupation

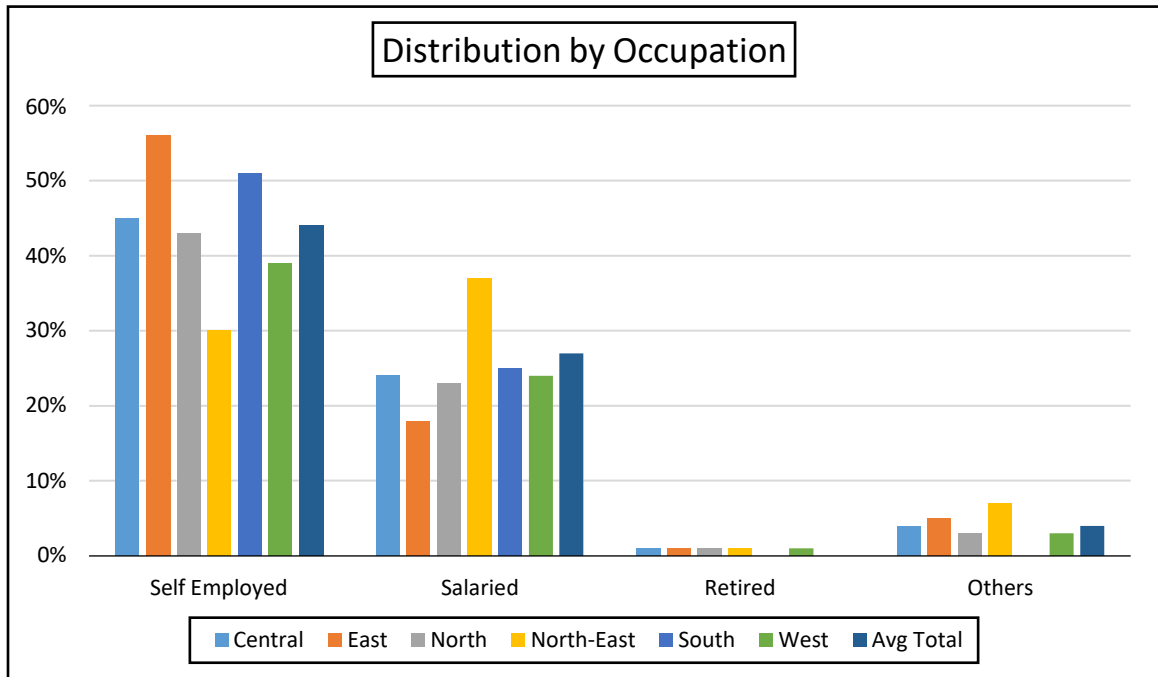


Chart 3.6 Source: Author

Distribution of Respondents by Family Income Level

Nationally, Respondents are pretty evenly distributed over the income categories of less than 0.2 Million per annum, the shares being 23% with no income, 23% with income less than 0.01 Million per annum, 27% with income between Rs. 0.01 Million and Rs. 0.05 Million and 21% with income between 0.051 Million and 0.2 Million. North has the

highest (31%) from the income bracket, 0.051 Million -0.2 Million and East with 14% and North-East with 12% are at the bottom levels in the representation from the income bracket 0.051 Million -0.2 Million

3.7 – Distribution by Family Income

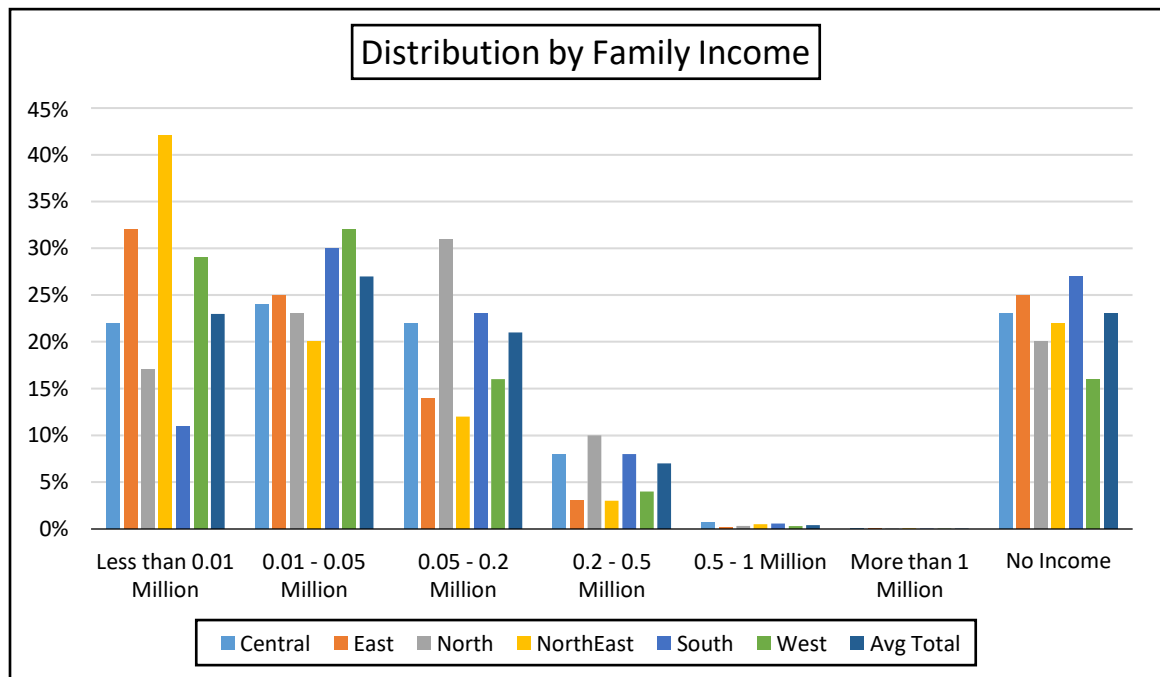


Chart 3.7 Source: Author

Distribution of Respondents by Frequency of Income

Of the respondents, 29% at the national level are observed to be earning monthly income, although monthly income earners are most prevalent (48%) in the Northeast Zone and most minor (22%) in the Central Zone. More respondents in all the regions are found to

be earning at irregular or other (unspecified) frequency, 55% at the national level, with the highest (63%) in the East zone and the lowest (37%) in the Central zone.

Daily and weekly income earners at the national level are 11% and 4% among the respondents, with the highest being 16% in the North zone who earn daily income and 7% in the Central zone who earn weekly income. Earning at irregular frequency is minimal (15%) among the respondents of the Northeast, whereas earning income at periodic intervals is the highest (38%) for respondents of the Central and East zones.

3.8 – *Distribution by Frequency of Income*

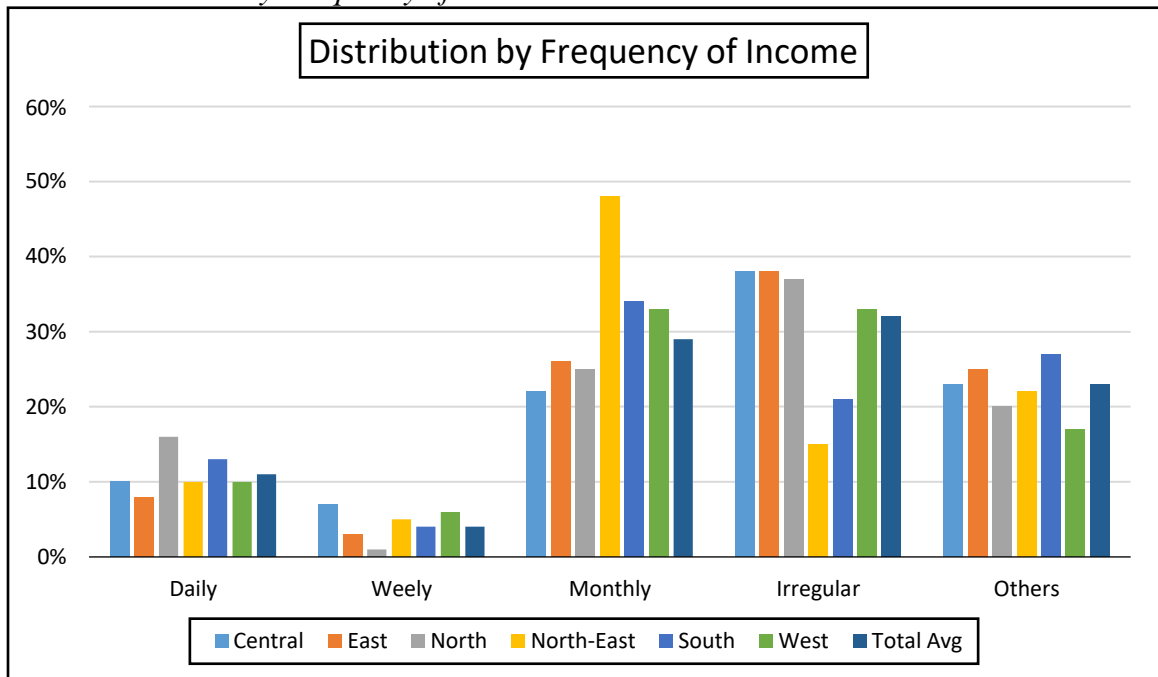


Chart 3.8 Source: Author

3.9 Research Design Limitations

Respondents were asked to give opinions about a few statements, which is a limitation because people would or would not follow those processes or practices; hence, it is based on assumptions and respondents' opinions.

Responses to a few questions were as follows,

Attitude towards Spending Money

Those who strongly agree or agree with "I tend to live for today and let tomorrow take care of itself" hold a pessimistic outlook towards spending money.

3.9 – Research Design Limitations – Attitude towards Spending Money

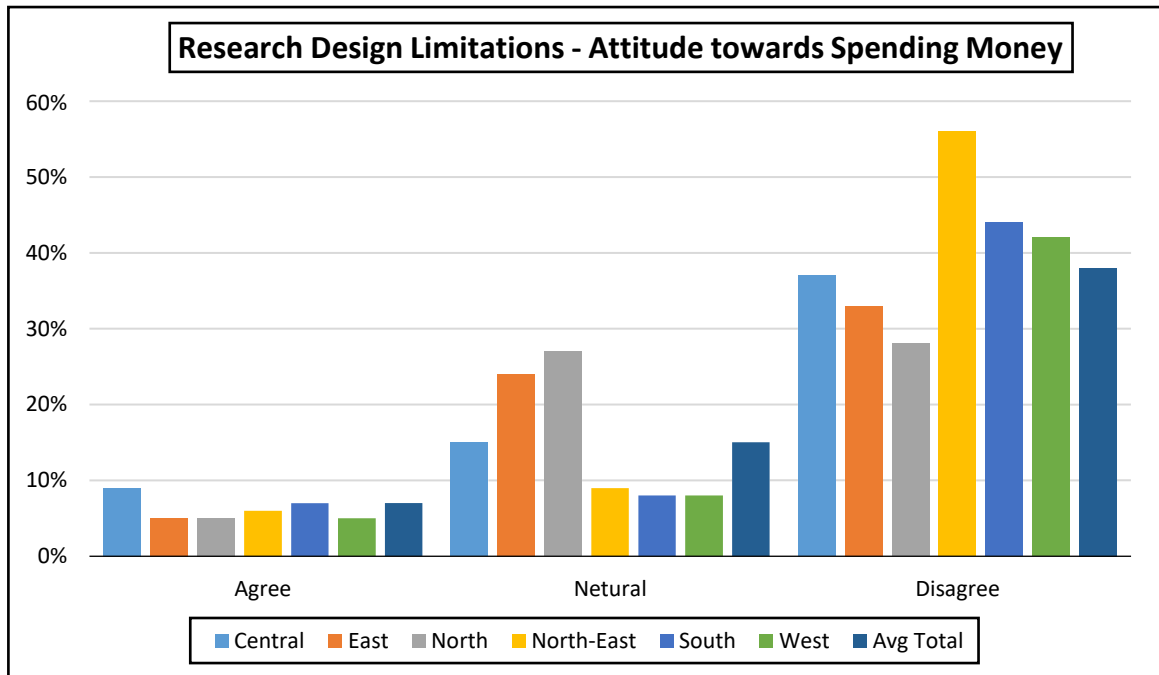


Chart 3.9 Source: Author

On a national scale, 38% of respondents expressed dissent, and 33% strongly disagreed with the statement. Therefore, approximately 71% of respondents at the national level have displayed a favorable financial attitude when it comes to spending money.

The South Zone has the highest prevalence of respondents exhibiting a positive financial attitude (79%), followed by the North-East (76%), West Zone (72%), Central (70%), East (67%), and North (63%).

A positive financial attitude towards spending was expressed by 72% of female respondents. Similarly, 70% of respondents from rural areas and 73% from urban areas indicated a positive financial attitude towards spending.

In general, 15% of respondents at the countrywide level displayed a neutral stance towards spending money, primarily (24%) among the elderly age group of 70-79 years. Among females, 18% held a neutral attitude. Urban residents exhibited the lowest prevalence of neutrality towards spending, at 13%.

Attitude towards Saving Money

The viewpoint of the respondents regarding the statement "I find it more satisfying to spend money than to save it for the long term," when indicating strong agreement or agreement, is regarded as having a negative attitude towards saving money: age, *gender*, and *financial literacy in Japan*. *PLoS One*, 16(11), e0259393.)

3.10 – Research Design Limitations – Attitude towards Saving Money

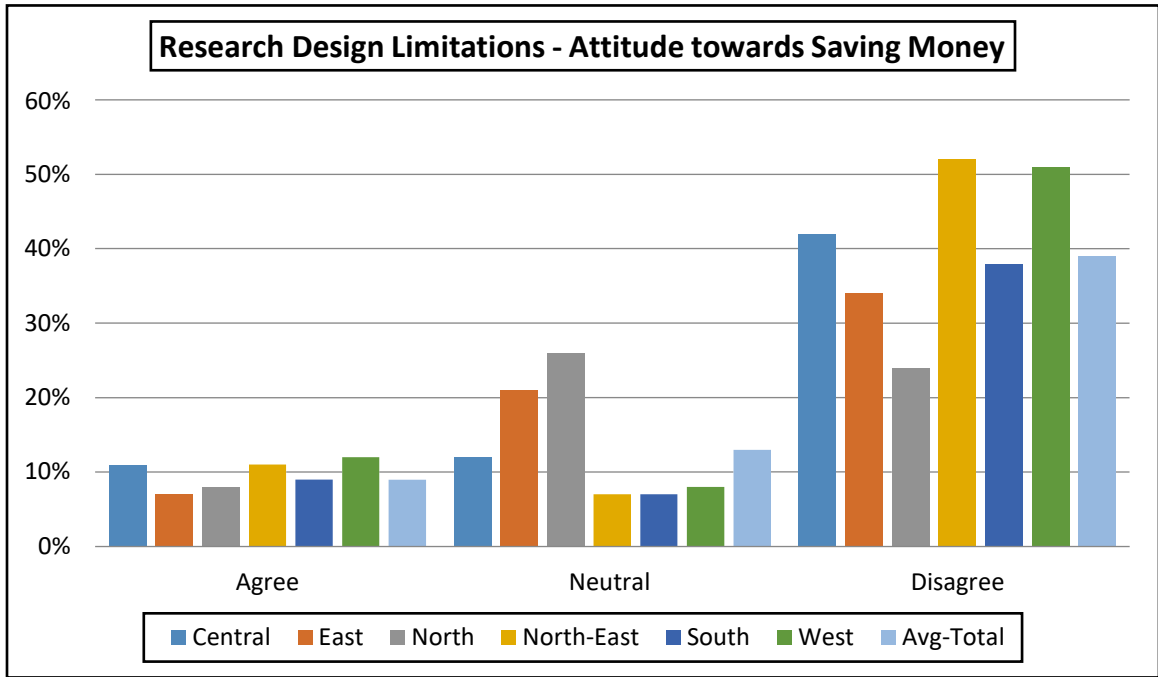


Chart 3.10 Source: Author

At the national level, 76% of individuals who disagreed or strongly disagreed with the statement demonstrate a positive financial attitude towards saving money. The highest percentage of respondents with a neutral attitude towards saving money is observed in the North region, followed by 21% in the East Zone.

A favorable financial mindset concerning saving money is most widespread in the South Zone (82%), trailed by the West (78%), North-East (78%), Central (76%), East (71%), and North (65%).

Attitude towards Planning Money

Expressing their views on the statement "Money is meant to be expended," those who strongly agreed or agreed with this sentiment exhibited an unfavorable perspective regarding financial planning.

3.11 – Research Design Limitations – Attitude towards Planning Money

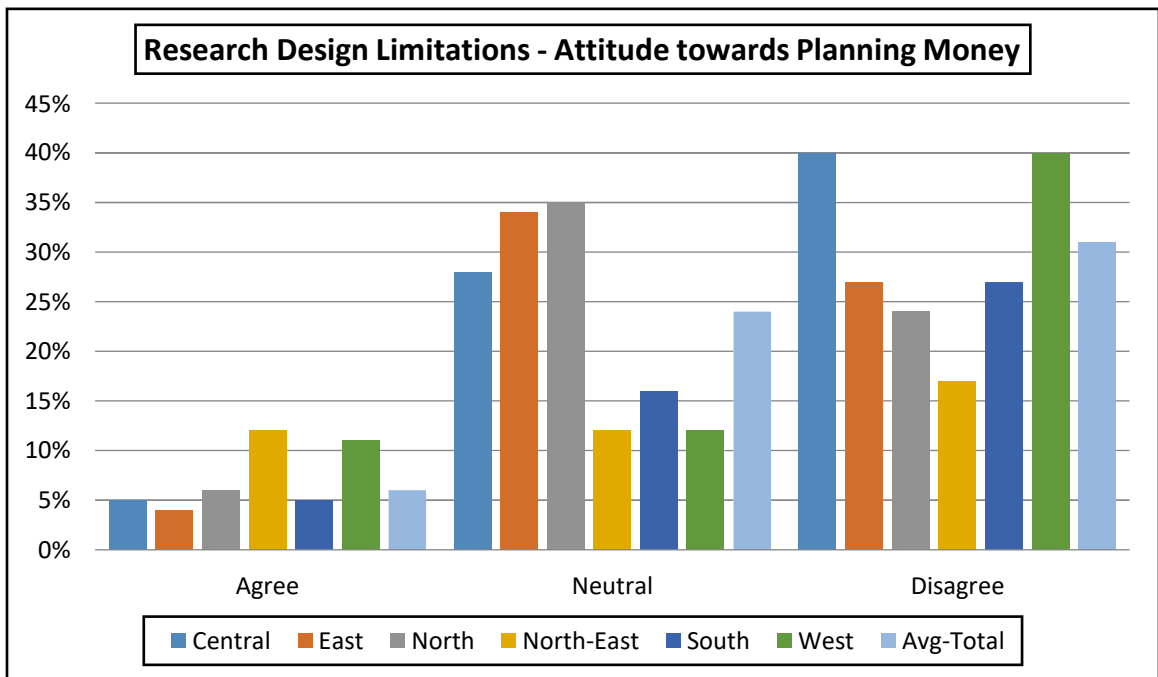


Chart 3.11 Source: Author

At the national level, 69% of respondents strongly disagreed with the statement, demonstrating a positive financial attitude towards money planning. The South Zone displayed the highest prevalence of positive financial attitude towards money planning

(77%), followed by the West (76%), North-East (75%), Central (67%), East (60%), and North (59%). Among respondents, those who held a neutral attitude towards money planning were most common in the North (35%), followed by 34% in the East Zone.

This positive attitude towards money planning was nearly equally prevalent across all age groups of respondents, except for individuals aged 70-80 years, where the prevalence was the lowest at 63%.

Prevalence of Financial Behaviour

Preparing Household Budget

Respondents were asked to indicate whether they maintain a household budget by responding with either 'Yes' or 'No.' The survey revealed that most households across all regions of the country reported practicing budgeting for their household expenses.

Whether Household Prepares a Budget

3.12 – Preparation of Budget for Household Expense

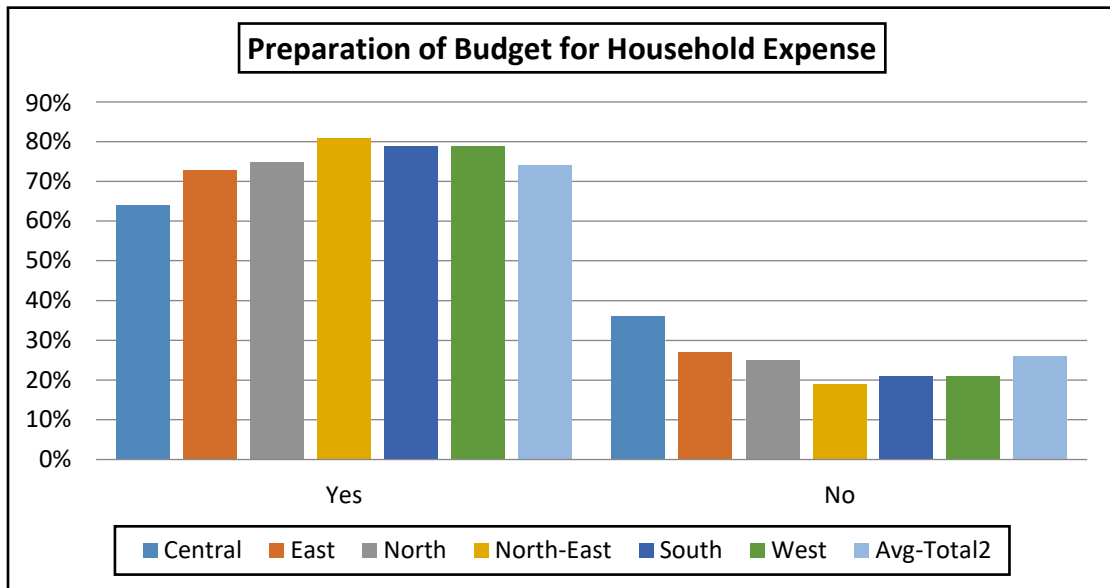


Chart 3.12 Source: Author

Maintaining a household budget is most commonly observed in the Northeast Region (81%), while it is least prevalent in the Central Region (64%). In the remaining regions, the prevalence of this trait falls within the range of 73% to 79%, contributing to an overall national prevalence of approximately 74%.

This practice is most prevalent among individuals aged 70 years and above, while the prevalence of budgeting practice does not significantly differ in other age groups.

Responsibility for Household Finance and Money Management

Recorded responses come from individuals typically responsible (individually or jointly) for managing their households' finances and money matters.

Whether Responsible for Household Money management

3.13 – Responsible for Household Money Management

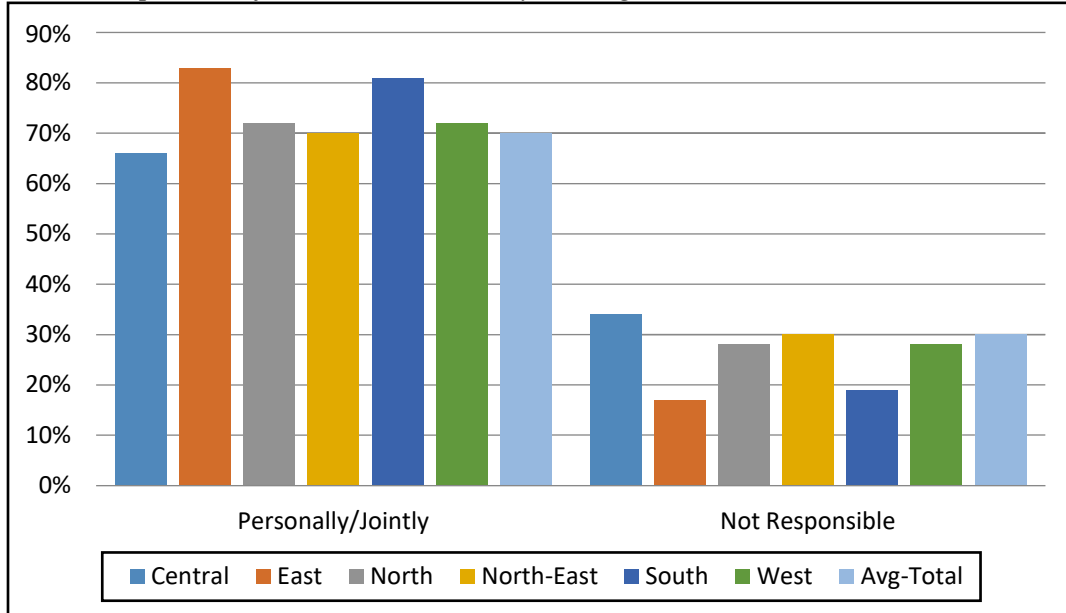


Chart 3.13 Source: Author

At the national level, approximately 72% of individuals are identified as being responsible for financial matters within their households. However, variations exist among regions, ranging from 66% in the East Zone to 83% in the North Zone. However, over 30% of individuals do not take on financial management responsibilities within their households in the Central, East, and South zones.

The attribute of assuming responsibility for household financial management among the respondents (i.e., those who personally or jointly shoulder this responsibility) is most prominent in the younger age group of 18-29 years. Within this age range, the propensity for shouldering personal or shared responsibility is at its peak.

Behavior of Living Cost Management and Ability to meet significant expenses

Responses were documented as 'Yes' or 'No' alongside 'Not Applicable' and 'Don't Know' responses. Among these, only 'Yes' responses indicated the ability to cover expenses without borrowing, while others stated the inability to do so.

Ability to Meet Living Costs in the Past 12 Months

3.14 - Behaviour of Living Cost Management and Ability to Meet Major Expenses

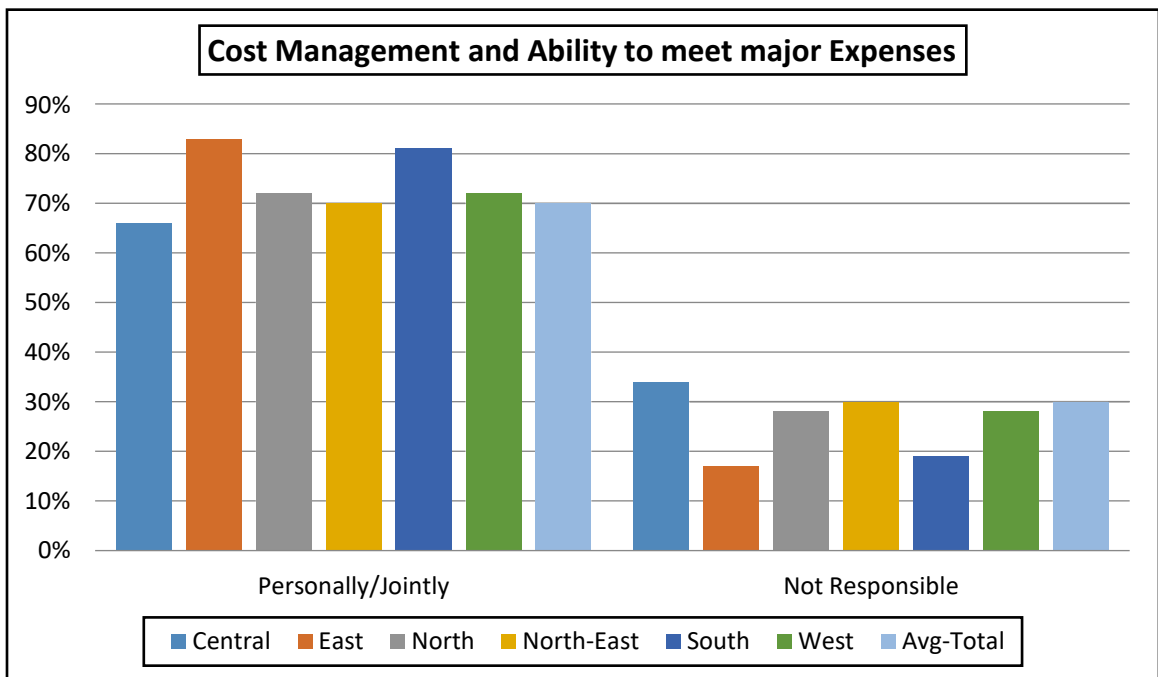


Chart 3.14 Source: Author

On a nationwide scale, 45% of respondents conveyed their capability to cover living expenses from their income over the past 12 months without needing to borrow. In the corresponding category, which holds a prevalence of 55% across the country,

approximately 14% of respondents indicated responses such as 'not applicable' or 'don't know.' The most notable prevalence of individuals unable to cover expenses without borrowing is in the East Zone (64%), trailed by the North and West Zones (60%).

The national prevalence rates have been relatively consistent across different categories, with 45% of respondents hailing from rural areas and 47% from urban areas.

Saving Behaviour in the last 12 months

The categorization of Saving Behavior encompasses Active Saving Behavior and Passive Saving Behavior. Modes or forms of Active Saving generate returns, while those of Passive Saving do not. These forms are not exclusively tied to either category and can overlap within and between the two. Consequently, an individual can adopt one or multiple active and passive saving modes.

3.15 - Saving Behaviour in the last 12 months

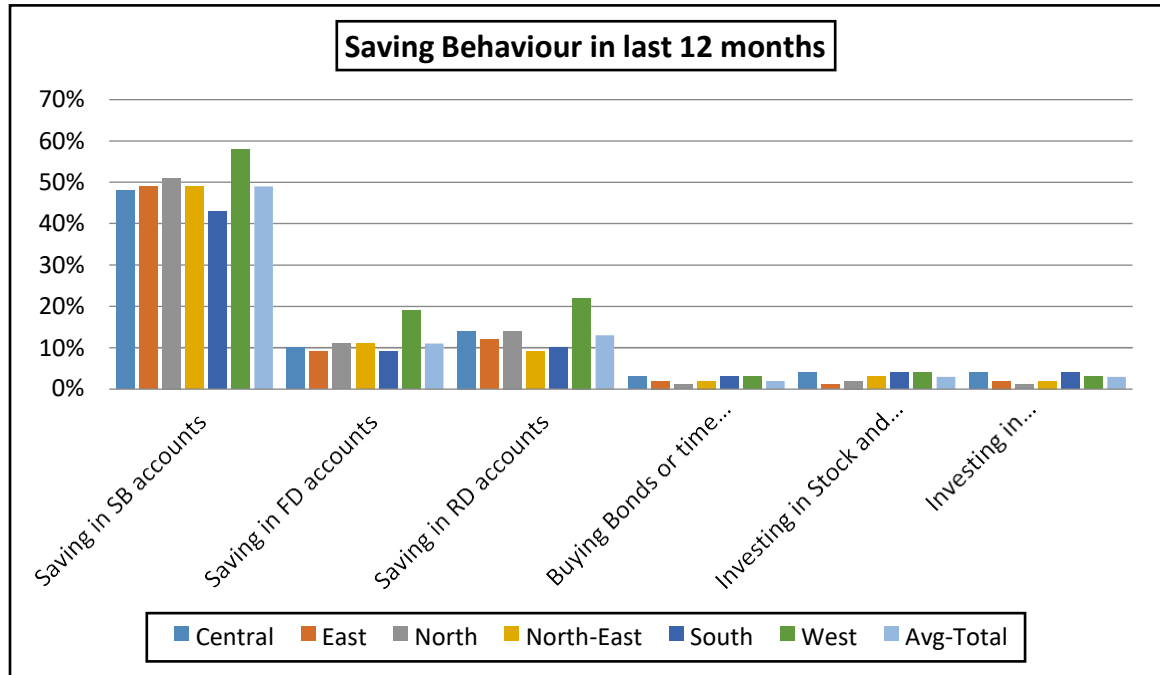


Chart 3.15 Source: Author

The most prevalent active saving method reported by respondents is storing money in Savings Bank (SB) accounts within banks. Nationwide, approximately 49% of respondents have indicated saving money in SB accounts over the last 12 months. The highest occurrence of savings in SB accounts is noted in the West Zone (58%), while the lowest is observed in the South Zone (43%). Among other return-generating saving methods, approximately 24% of respondents hold Term Deposit accounts in banks, such as Fixed Deposit (FD) and Recurring Deposit (RD) accounts, either exclusively or alongside other savings. Conversely, forms of saving involving purchasing Bonds, investing in the Capital market, buying Gold/Livestock, etc., are less popular, collectively

accounting for around 8% of respondents who exclusively or concurrently saved money in these forms over the last 12 months.

The prevalence of saving in SB accounts is slightly lower by approximately two percentage points among rural residents compared to urban dwellers. It is worth emphasizing that individuals may have utilized multiple saving methods over the last 12 months, including various passive modes.

B. No Saving/Passive Savings – Do not Generate Returns

Regarding passive saving methods utilized in the preceding 12 months, respondents predominantly indicated the practice of saving cash within their households. Nationally, around 88% of respondents reported holding cash exclusively or in conjunction with other active or passive methods. This prevalence is most pronounced in the Central Zone, where it reaches 92%, followed closely by the South Zone at 91%.

No Savings/Passive Savings - Do not generate returns.

3.16 – No Saving

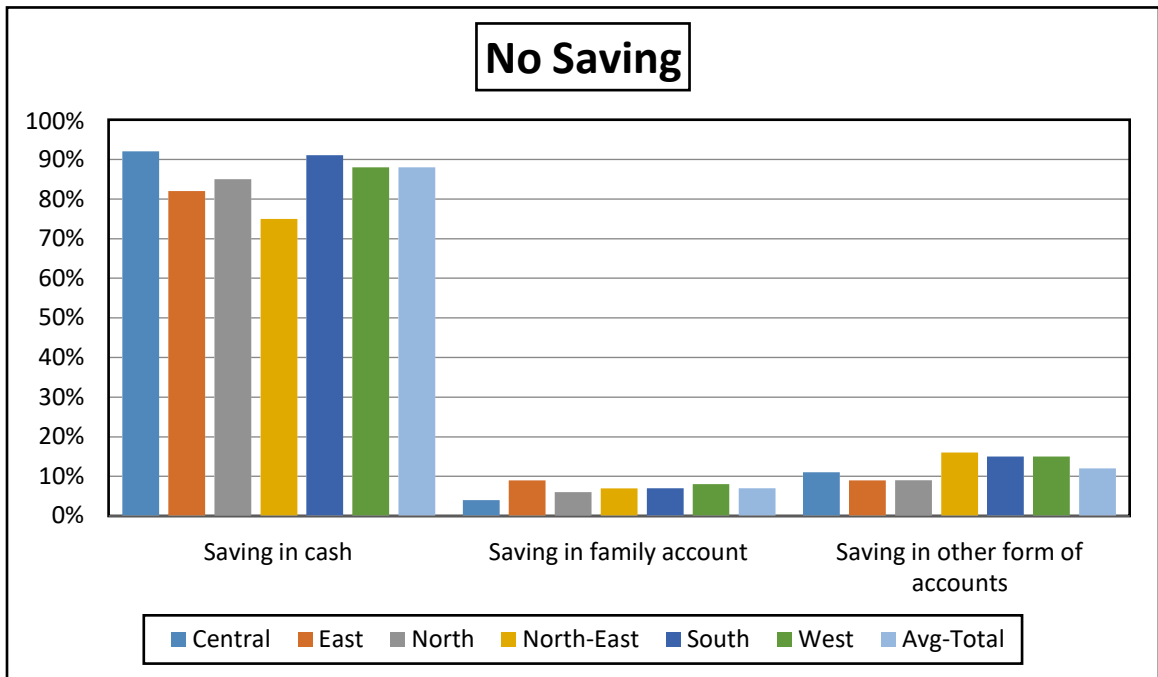


Chart 3.16 Source: Author

A substantial segment of individuals have engaged in saving through alternative types of accounts, categorized as passive saving, either exclusively or alongside other modes of saving. Nationally, this practice holds a prevalence of 12%, with the North-East Zone registering the highest occurrence (16%) and the East and North Zones reflecting the lowest (9%).

Evaluation of Options for Selection of Financial Products/Services

Participants were asked about their financial behavior in assessing choices before choosing any financial product or service. Most respondents indicated either not considering any options, needing to be made aware, considering it not applicable, or declining to respond. These combined responses constitute the non-affirmative group (indicating a need for more information gathering). As a result, responses related to "evaluating various options from different companies," "evaluating different options from the same company," and "having no options to consider" were aggregated to form the affirmative response category for evaluation purposes.

Nationally, approximately 91% of respondents provided non-affirmative responses, with the highest prevalence observed in the North Zone at 95%.

3.17 - Evaluation of Options for Selection of Financial Products/Services

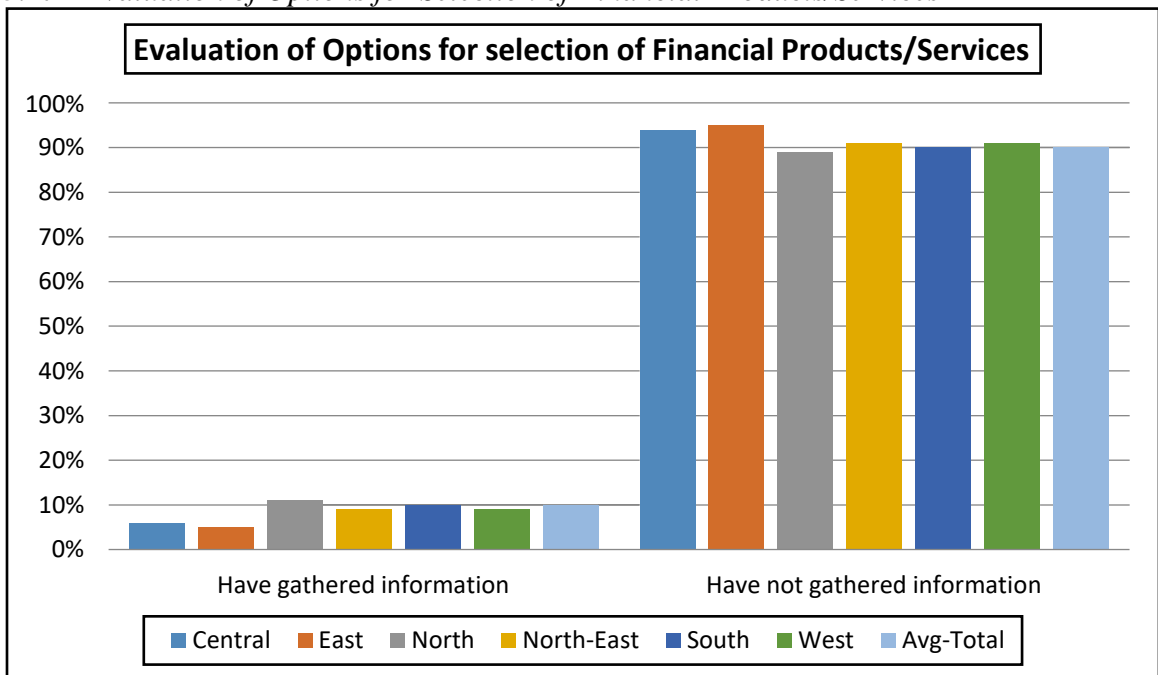


Chart 3.17 Source: Author

Approximately 96% of individuals in the eldest age group of 70-80 years expressed that they did not gather any information. Among particular subgroups where information gathering was mentioned, the highest prevalence is 11% among respondents from urban areas and those aged 18-29 years.

Setting long-term Financial Goals

Respondents indicating agreement or strong agreement collectively constitute the affirmative response. On the other hand, those who responded with disagreement or strong disagreement form the non-affirmative category. Some individuals responded neutrally to either affirmation or non-affirmation.

3.18 - Setting Long-Term Financial Goals

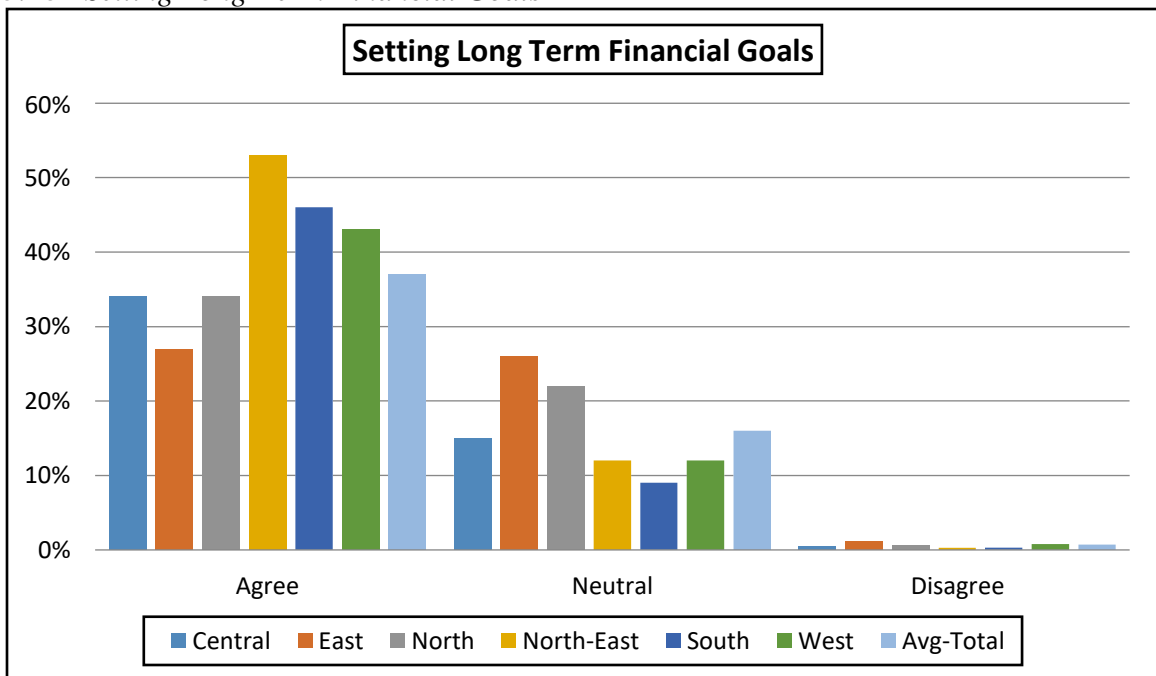


Chart 3.18 Source: Author

Approximately 82% of respondents on a national scale indicated a positive stance toward establishing long-term financial objectives and working towards attaining them. The prevalence of individuals affirming the practice of setting financial goals is most pronounced in the South Zone (90%), followed by the West Zone (87%). Conversely, the East Zone has the lowest prevalence (72%). Respondents who expressed a neutral standpoint on the matter ranged from a low of 9% in the South Zone to a high of 26% in the East Zone, with the national average being 16%. A negligible percentage, only 1.3% nationally, responded with a disagreement or strong disagreement (a non-affirmative stance) to the question.

Individuals who expressed agreement or strong agreement (a non-affirmative stance) exhibited subtle variations in prevalence across different categories, including rural and urban regions, genders, and various age groups. These variations ranged from 0.9% in urban areas to 2.0% among those aged 70 and above.

Keeping a close watch on financial affairs

Regarding whether respondents monitor their financial matters closely, those who indicated or strongly agree are grouped into the affirmative response category. In contrast, those who responded with disagreement or strong disagreement constitute the non-affirmative category.

3.19 - Keeping a close watch on financial affairs

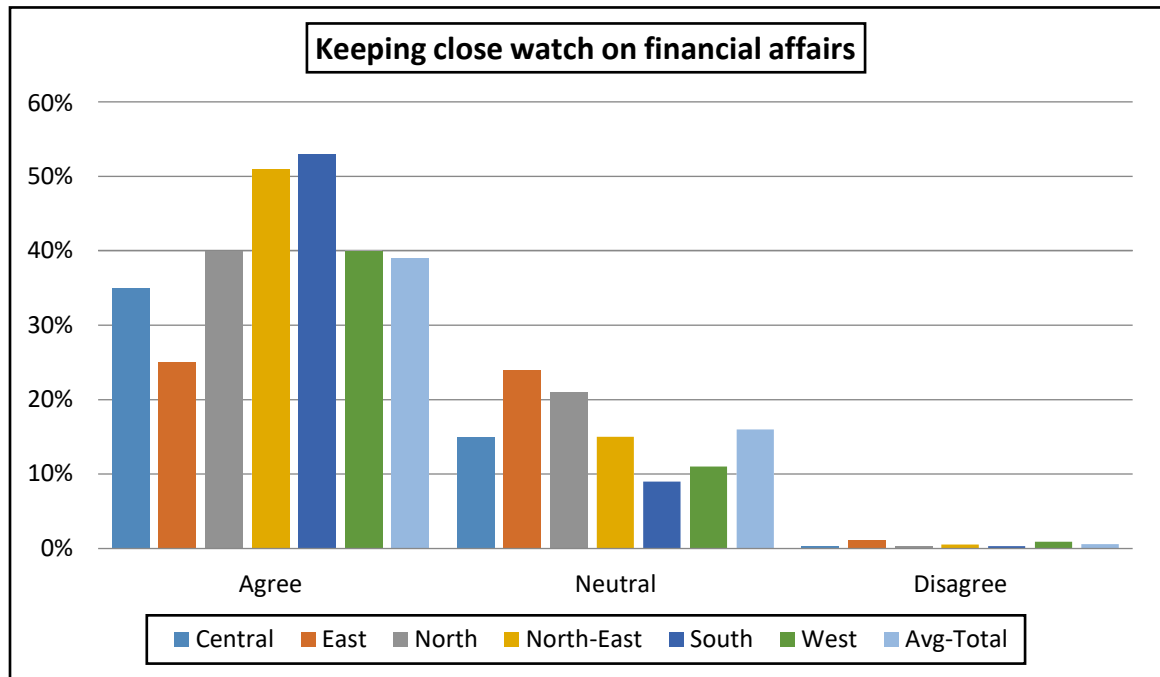


Chart 3.19 Source: Author

On a nationwide scale, most participants (approximately 83%) responded affirmatively, indicating that they keep a close watch on their financial matters. The prevalence of affirmative responses is highest in the South Zone (90%) and lowest in the East Zone (74%).

The difference between rural and urban areas amounts to approximately four percentage points, with affirmative responses from about 82% of rural and 86% of urban participants. Positive responses are prevalent across all age groups, with insignificant variations.

Bill payment behavior

The answers indicating consistent or frequent on-time bill payment have been categorized as "Always/Very Often." In contrast, those showing infrequent or never paying bills on time have been grouped as "Rarely/Never" to organize responses. The first response category denotes a positive bill payment behavior.

3.20 - Bill payment behaviour

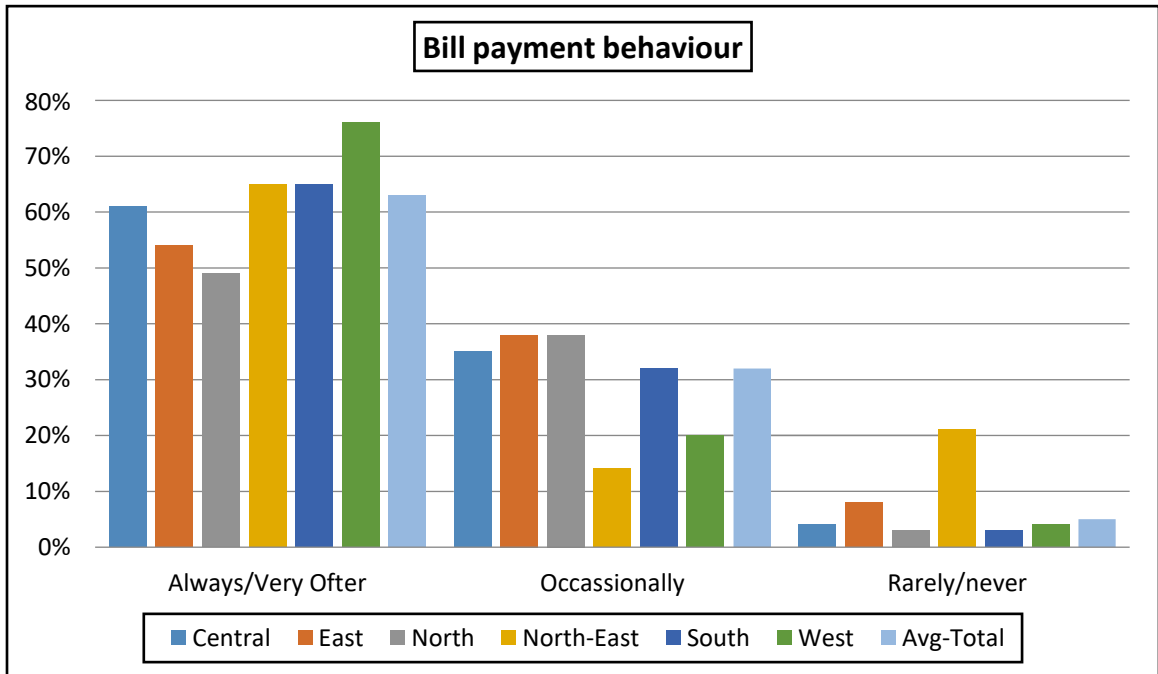


Chart 3.20 Source: Author

The bill payment behavior of respondents tends to lean more towards the positive side, with approximately 63% of respondents nationwide indicating that they are consistently or very frequently punctual in paying their bills. The highest prevalence of respondents who generally pay their bills on time is observed in the West Zone (76%), while the

lowest is in the East Zone (54%). A notable portion of respondents also indicated that they occasionally pay their bills on time, accounting for 32% nationally. However, in the Northeast Zone, a relatively higher proportion of respondents (21%) exhibit rarely or never paying bills on time, compared to the national average of 5% in this category.

In all age groups and across rural and urban areas, rarely/never paying bills on time is relatively low, ranging from 4% to 6%. The prevalence of respondents who occasionally pay bills on time ranges from 30% to 35% across all age groups, genders, and rural-urban locations. Urban respondents and those aged 18-29 exhibit the highest positive bill payment behavior prevalence (66%). On the other hand, the lowest prevalence (59%) of positive bill payment behavior is observed among female respondents.

Affordability trait

When respondents strongly agree or agree to a question about considering their affordability before purchasing, it signifies positive behavior. Conversely, when respondents strongly disagree or disagree, it suggests a negative behavior, indicating that they do not consider affordability when making purchases.

3.21 - Affordability trait

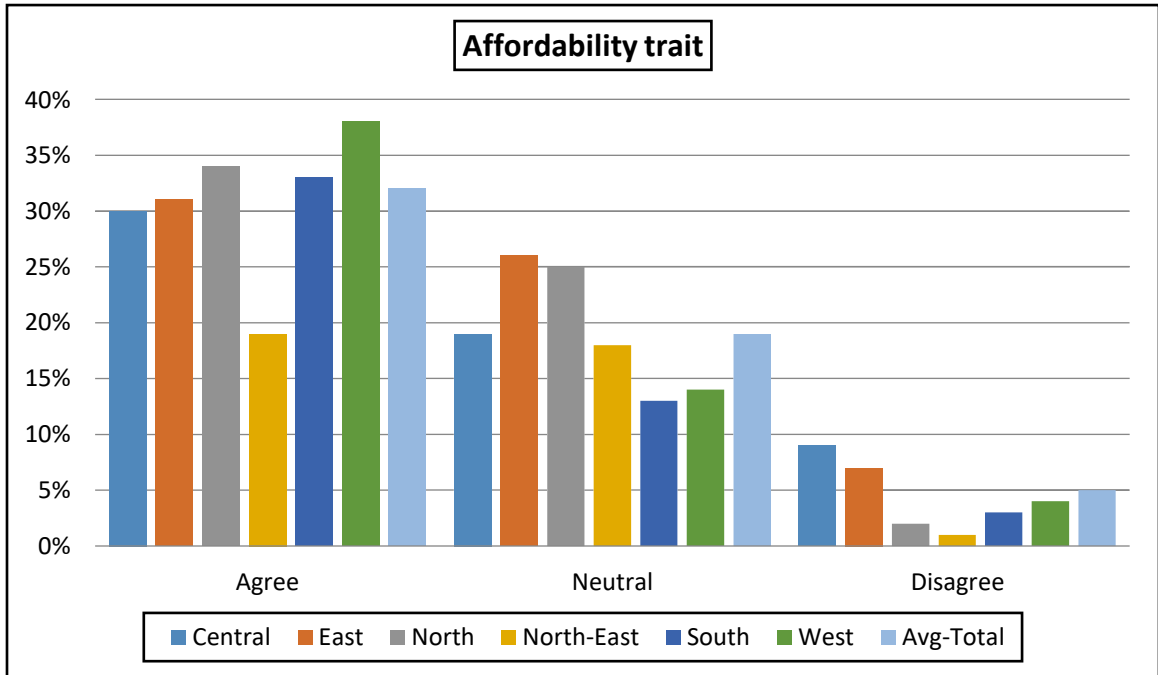


Chart 3.21 Source: Author

Respondents displayed a positive tendency (expressing strong agreement or agreement regarding affordability) in approximately 75% of cases nationwide. The prevalence of affirmative responses is the highest (84%) in the South Zone and the lowest (66%) in the East. A notable proportion of respondents showed a neutral stance towards the issue of affordability – accounting for 19% overall, with the highest occurrence in the East Zone (26%) followed by 25% in the North.

Throughout all age groups and rural-urban locations of respondents, affirmative behavior ranges from 71% to 79%, with the lowest being observed among female and elderly (70+ years) respondents and the highest among urban respondents.

Prevalence of Financial Knowledge

To assess the fundamental knowledge of the respondents, the questionnaire included inquiries about indicators in the following areas:

- Proficiency in Mathematical Division
- Comprehension of Time-Value of Money
- Basic Understanding of Simple/Compound Interest
- Comprehension of Interest Components on Loans
- Grasping the Relationship Between Risk and Return
- Understanding of Inflation
- Knowledge of Diversification

The prevalence of respondents' knowledge across India and its different zones, as derived from their responses to questions regarding the indicators mentioned earlier, is outlined below.

3.22 - Prevalence of Financial Knowledge

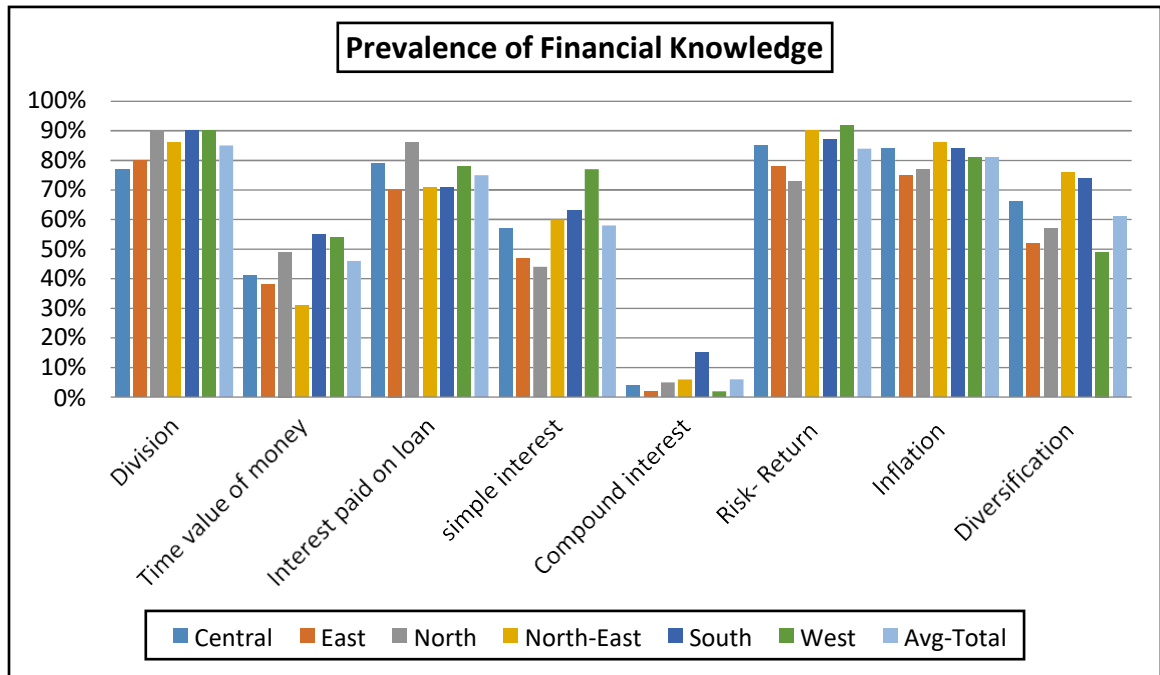


Chart 3.22 Source: Author

The contrast between rural and urban areas is noteworthy (with a margin of 10 percentage points) concerning the comprehension of the Time Value of Money and the computation of Simple Interest. Individuals between 18 and 29 exhibit a more advanced understanding of the indicators based on prevalence rates. Notably, this age group demonstrates the highest prevalence (11%) in comprehending compound interest, surpassing the national average of 6%.

Awareness, Holding and Operation of Modes of Savings/Deposits

Saving Bank A/C

Among all the banking options related to savings, the respondents most frequently utilize the Savings Bank (SB) account.

3.23 – Saving Bank A/C

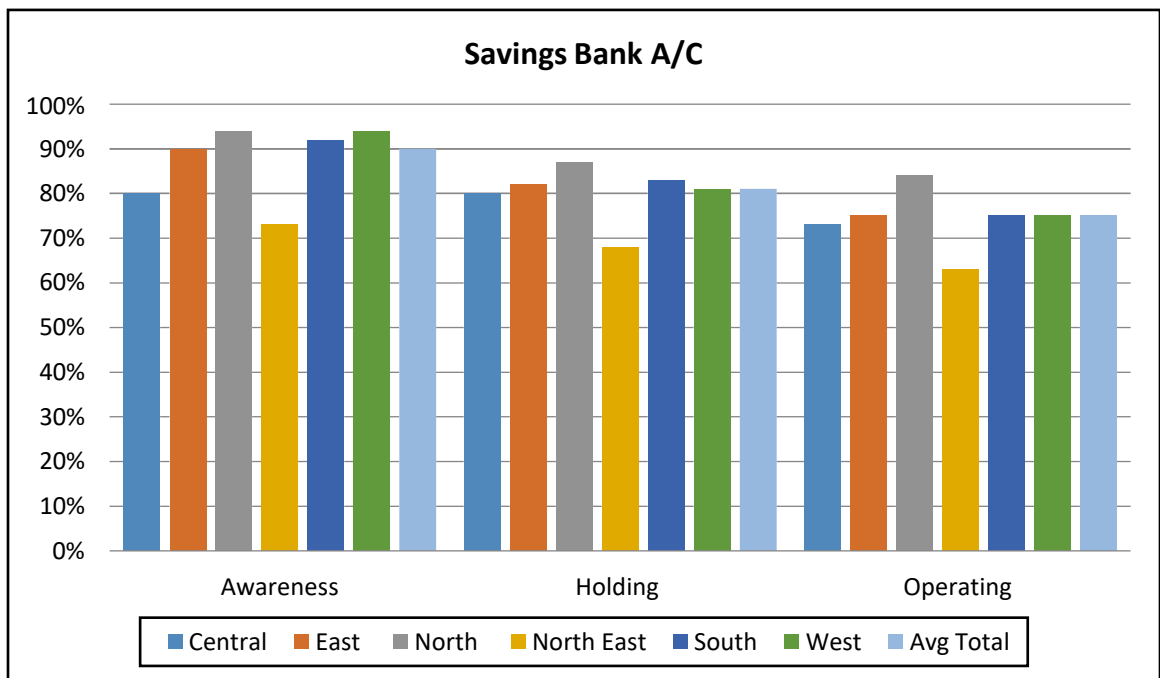


Chart 3.23 Source: Author

Throughout the country, 75% of the respondents engaged in transactions using their Savings Bank (SB) accounts within the last 24 months, while approximately 81% were identified as SB account holders. When examined regionally, the highest occurrence of SB account utilization was recorded in the North Zone (84%), followed by 75% in the

East, South, and West Zones. Regarding the ownership of SB accounts, prevalence ranged from 80% to 87% across these regions. However, in the northeast zone, the possession and utilization of SB accounts were slightly lower compared to other regions, at 68% for ownership and 63% for usage. Awareness levels regarding SB accounts are prevalent among approximately 90% of respondents across most categories, except for the Northeast Zone, where awareness is notably lower at 73%.

Recurring Deposit (RD) Account

Regarding Recurring Deposit (RD) accounts, the prevalence rate of respondents who reported using their RD accounts in the last 24 months stands at only 13% nationwide, while approximately 18% have maintained RD accounts. However, awareness levels about RD accounts are relatively higher, with an approximate prevalence of 37% nationwide. The West Zone exhibits the highest prevalence of holding and using RD accounts, with rates of 25% and 21%, respectively. In contrast, the North-East region has the lowest prevalence, with rates of 14% for holding and 8% for using RD accounts.

3.24 – Recurring Deposit A/C

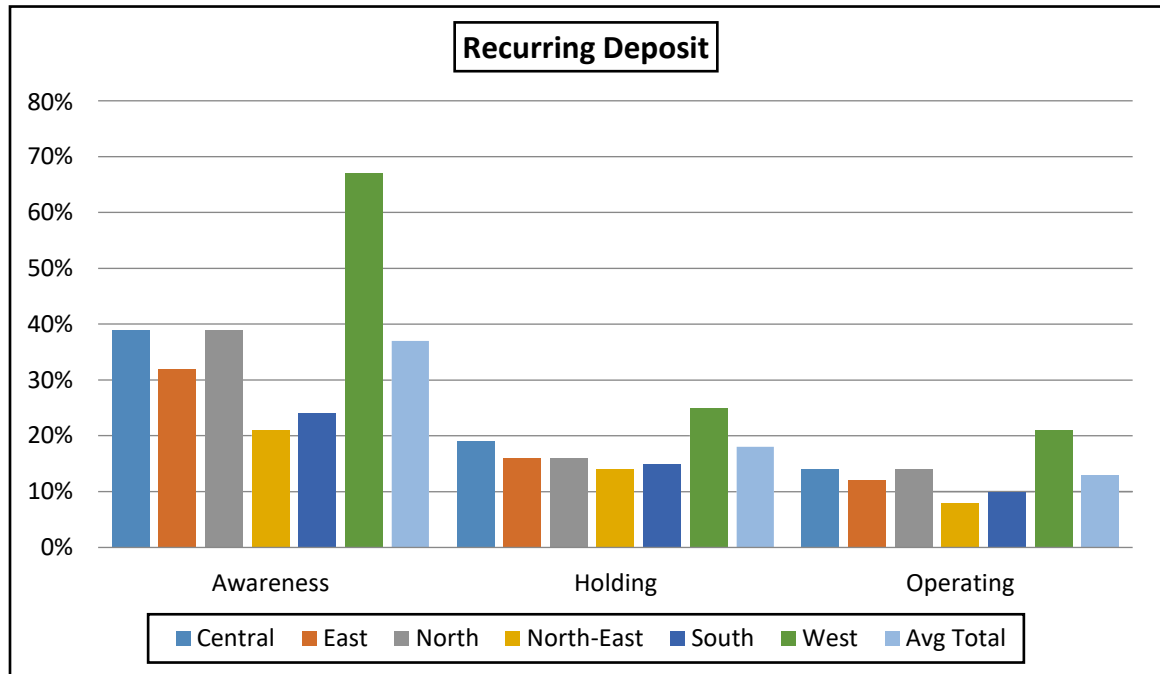


Chart 3.24 Source: Author

A 15-20 percentage point gap exists between the awareness and actual holding/operating rates of RD accounts across all respondent categories, encompassing age, gender, and location. The awareness level tends to be higher, from 28% to 46%. Urban areas exhibit the highest prevalence of awareness at 46%, surpassing rural prevalence by approximately 13 percentage points.

Current Account

The prevalence of current accounts is notably lower, with approximately 17% of respondents holding such accounts and 15% operating them nationwide. The West Zone

shows the highest prevalence for both owning and operating current accounts and awareness, while the North Zone exhibits the least prevalence in these categories.

3.25 – Current A/C

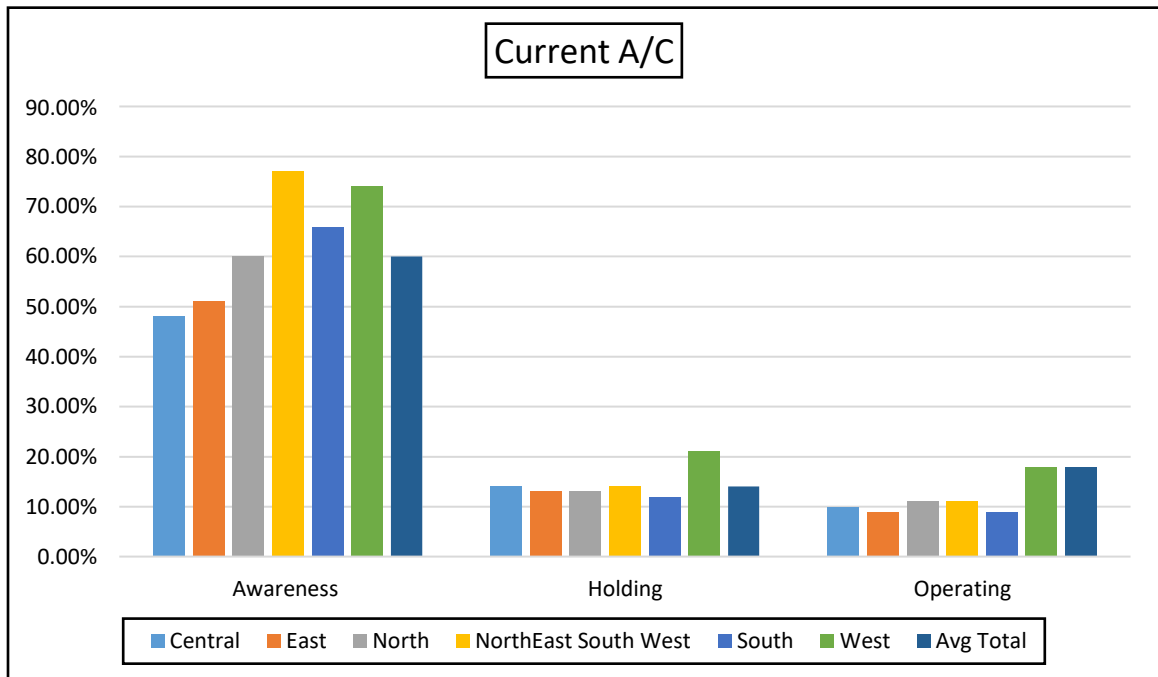


Chart 3.25 Source: Author

The elderly population aged 70 or older demonstrates the lowest prevalence of holding/operating a Current Account. Among urban respondents, 21% have a Current Account, and 17% operate one, with the highest awareness level about this account at 51%.

3.26 – Demographic breakup of Current A/C

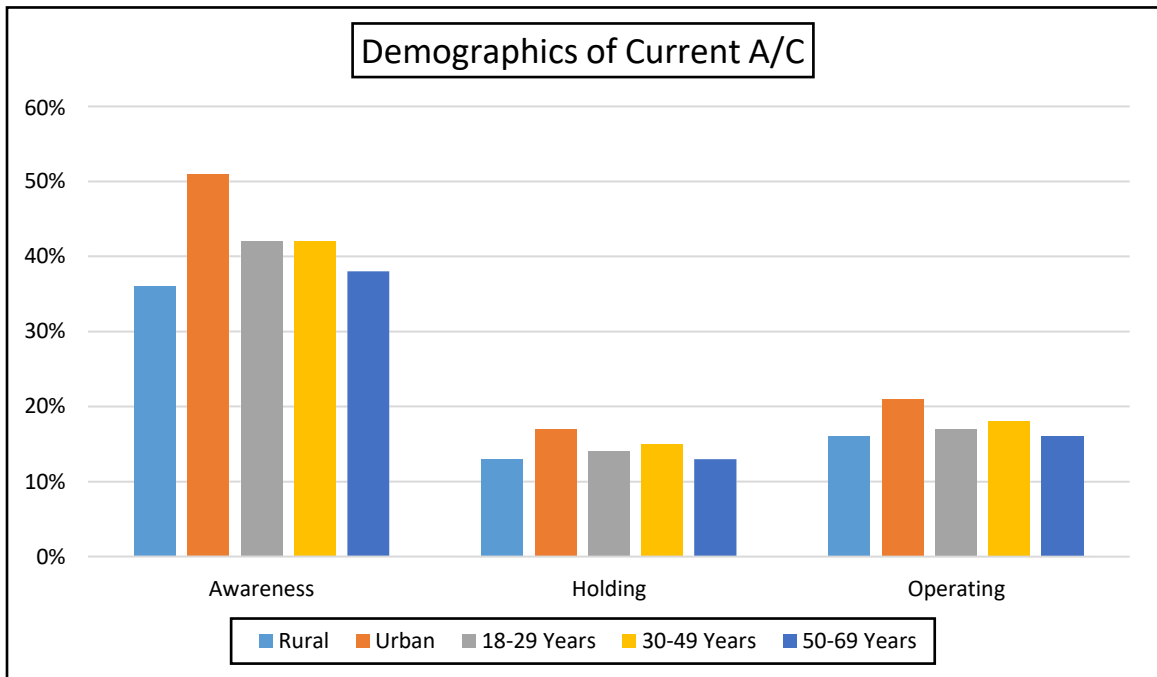


Chart 3.26 Source: Author

Term Deposit

3.27 – Term Deposit

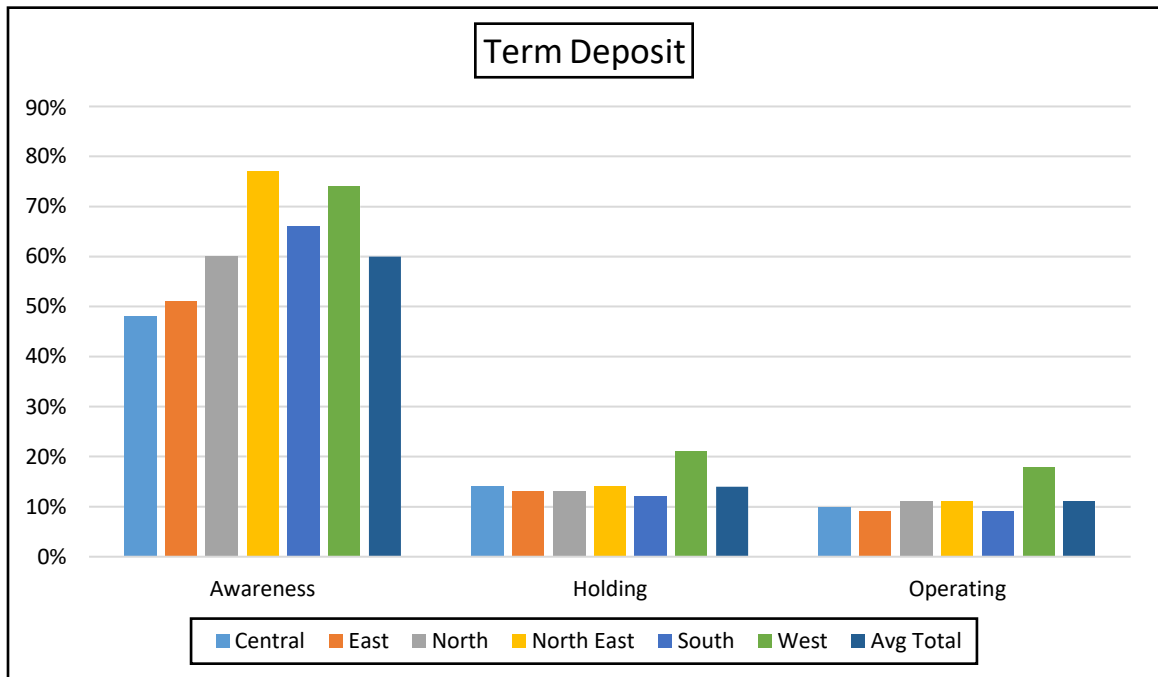


Chart 3.27 Source: Author

Regarding Term Deposit accounts, the prevalence rate of respondents who have operated their accounts within the last 24 months is only 11% nationwide, while approximately 14% have held such accounts. However, the awareness level regarding Term Deposit accounts is relatively high at around 60% across the country. The West Zone demonstrates the highest prevalence in holding and operating Term Deposit accounts, at 21% and 18%, respectively. At the same time, the East Zone has the lowest prevalence, with 13% holding and 9% operating such accounts.

3.28 – Demographic breakup of Term Deposits

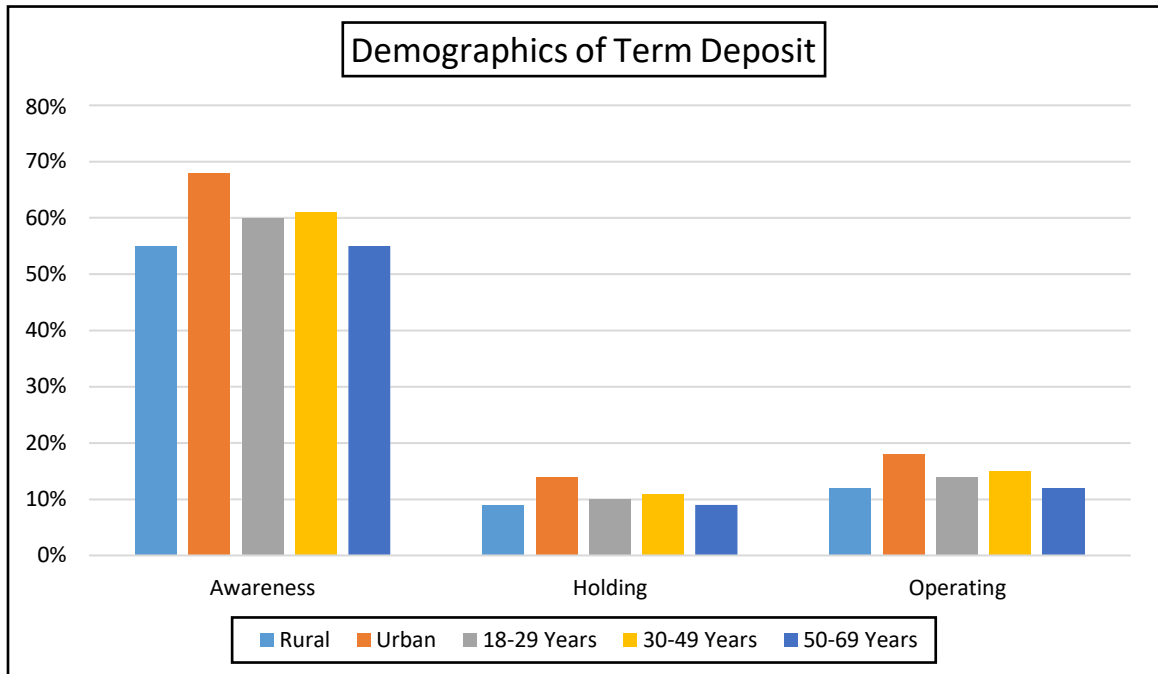


Chart 3.28 Source: Author

A significant gap of approximately 45-50 percentage points exists between the awareness of Term Deposit accounts and the actual holding/operating of these accounts among all categories of respondents, including different ages, genders, and locations. The awareness level is notably higher, ranging from 55% to 68%. Urban areas exhibit the highest prevalence of awareness at 68%, which is about 13 percentage points higher than the prevalence in rural areas.

Home Loan

The utilization of bank credit for Home/House building Loans is notably infrequent among the respondents. The prevalence of this practice is quite limited, with only 5% of respondents across the country indicating engagement in Home Loan transactions (operations) during the past 24 months. Moreover, around 6% have maintained Home Loan accounts (HL) with banks or financial institutions. Nonetheless, awareness about Home Loans is relatively higher, with a prevalence rate of approximately 42% across the country. Among the geographical zones, the South Zone displays the highest prevalence of holding and operating Home Loans, at 9% and 7%, respectively. On the other hand, the North and East zones show the lowest prevalence, with percentages of 3% and 2% respectively.

3.29 – Home Loan

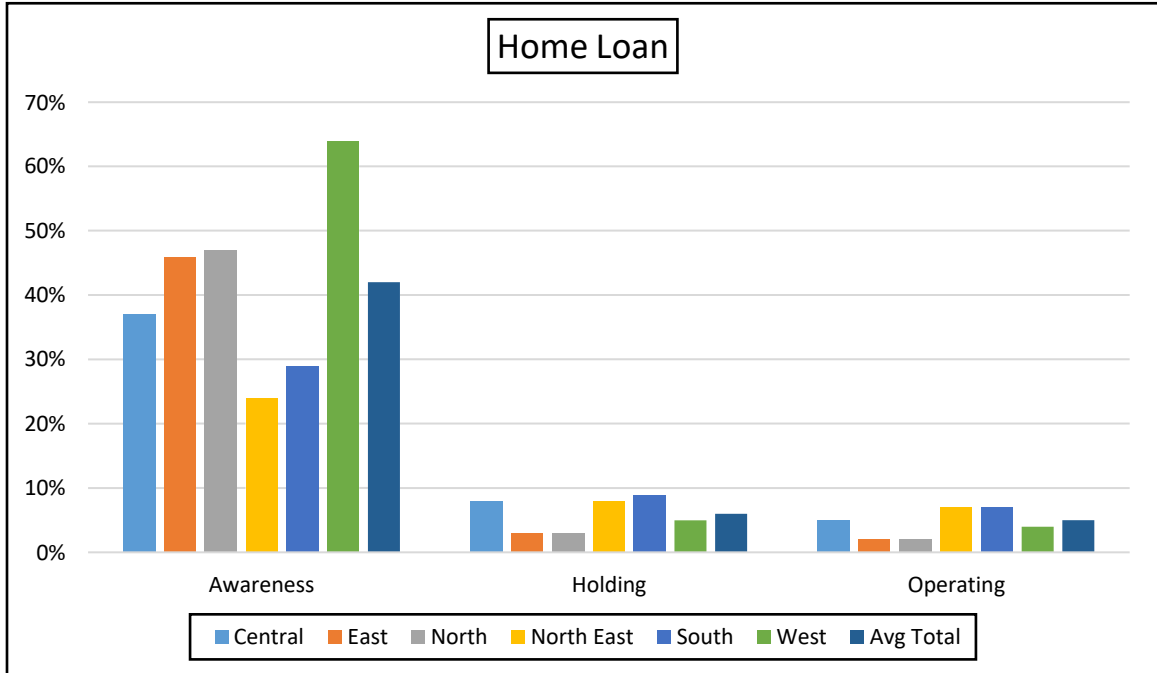


Chart 3.29 Source: Author

3.30 – Demographic break up of Home Loan

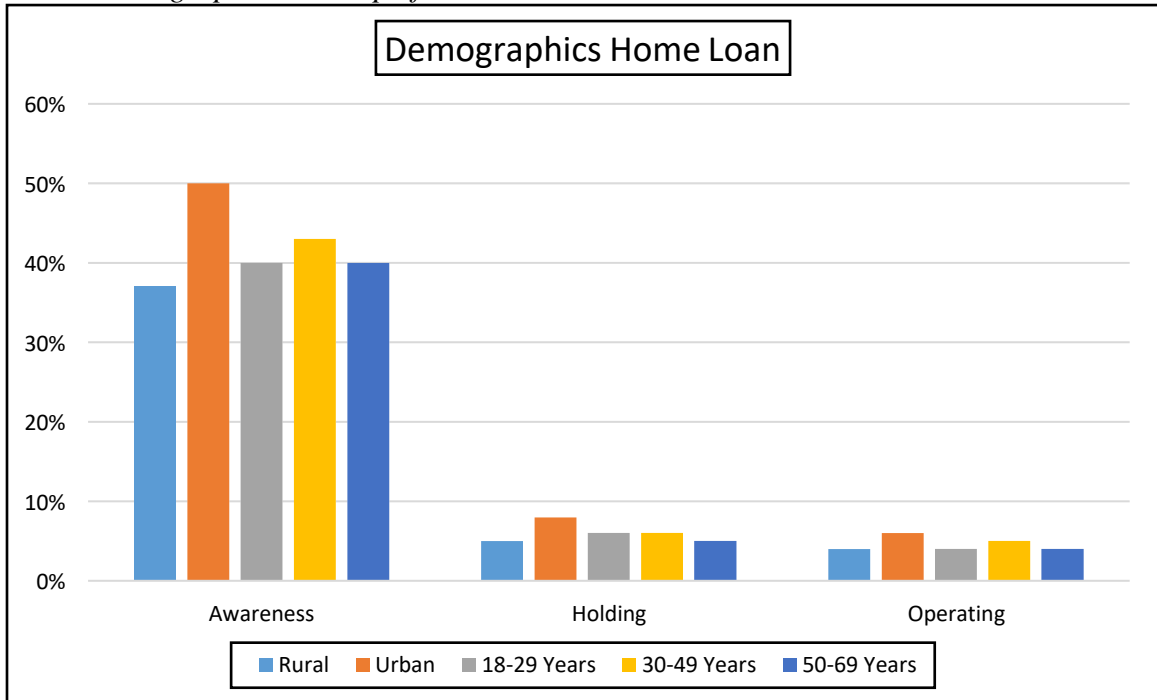


Chart 3.30 Source: Author

There is a considerable difference of around 32-43 percentage points between the level of awareness regarding Home Loan (HL) accounts and the actual prevalence of holding/operating such accounts across various categories of respondents, including different age groups, genders, and locations. The awareness level tends to be higher, fluctuating within the range of 36% to 50%. Urban areas exhibit the highest prevalence, reaching 50%, notably more excellent by about 13 percentage points compared to rural areas.

Education Loan

3.31 – Education Loan

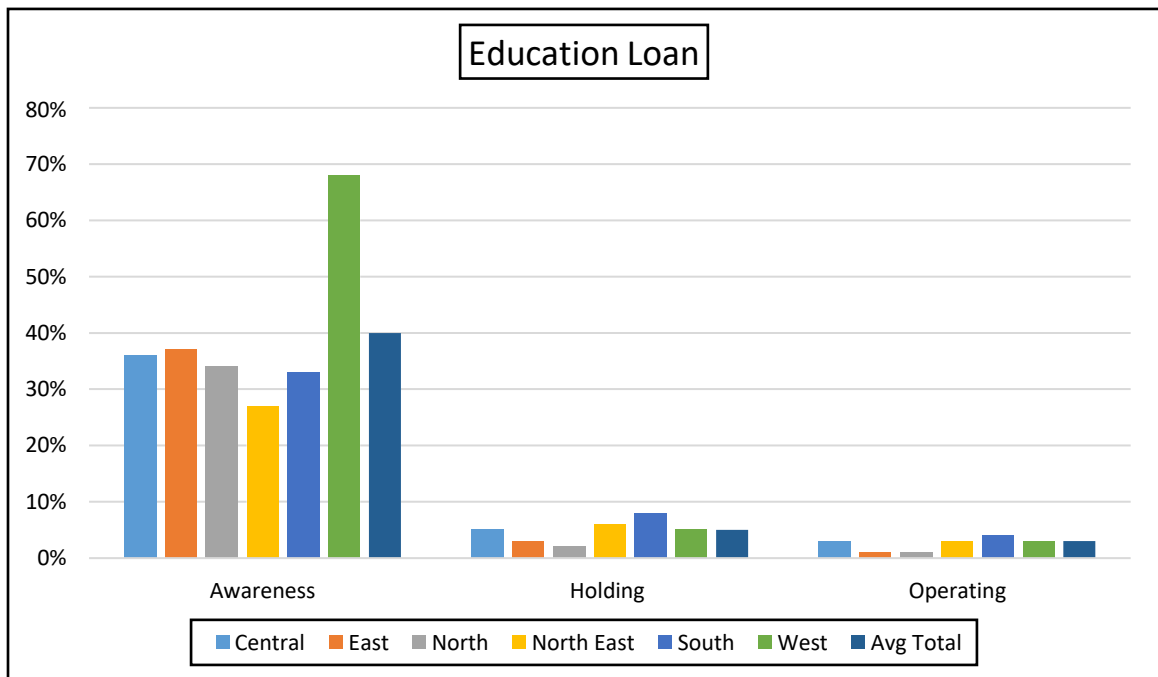


Chart 3.31 Source: Author

Utilizing the bank's credit facility for Education Loans (EL) is also characterized by a meager prevalence rate among the surveyed respondents. The prevalence rate is only 3% of respondents nationwide who reported engaging in transactions (operating) their EL accounts during the last 24 months, while around 5% indicated holding EL accounts with banks or financial institutions. However, awareness prevalence concerning EL is higher, with a national order of 40%. Regarding holding and operating EL accounts, the South Zone demonstrates the highest prevalence, at 8% and 4%, respectively. In contrast, the North Zone exhibits the lowest prevalence, with 2% for holding and 1% for operating.

3.32 – Demographic break up of Home Loan

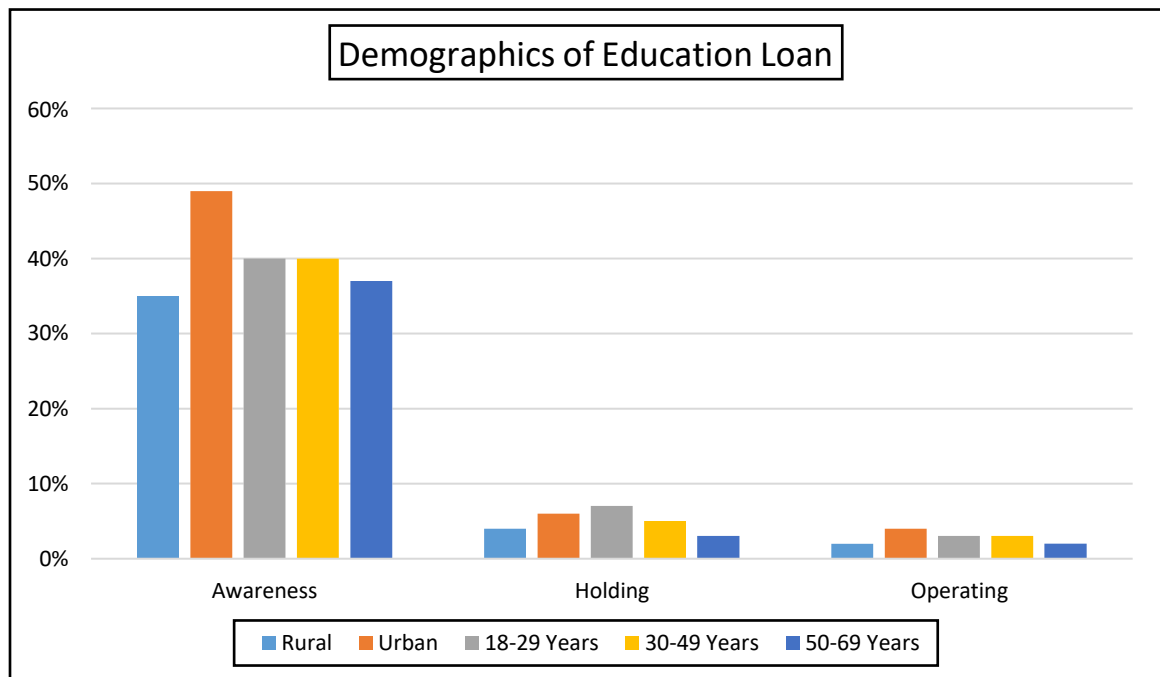


Chart 3.32 Source: Author

A disparity of approximately 32-38 percentage points exists between the awareness of and the holding/operating EL accounts across all categories of respondents, encompassing various age groups, genders, and geographic locations. The level of awareness tends to be higher, varying within the range of 34% to 48%. Notably, urban areas exhibit the highest prevalence, reaching 49%, surpassing rural prevalence by approximately 14 percentage.

Microfinance Loan

The utilization of Microfinance Loans (MFL) shows a relatively higher prevalence rate among the respondents. Approximately 6% of respondents nationwide indicated involvement in MFL transactions (operations) during the past 24 months, while about 7.5% reported holding MFL accounts with banks or financial institutions. The level of awareness regarding MFL prevalence is approximately 38% nationwide. The North-East Zone exhibits the highest prevalence of holding and operating MFL, with 11.5% and 10.5%, respectively. In contrast, the Central zone has the lowest prevalence, with 6% holding and 4% operating prevalence.

A discrepancy of about 24-36 percentage points exists between the awareness of and prevalence of holding/operating MFL accounts across various categories of respondents, including age, gender, and geographical location. The awareness levels are higher,

ranging from 29% to 44%. Remarkably, urban areas show the highest prevalence of 44%, approximately ten percentage points higher than rural areas.

3.33 –Micro-Finance

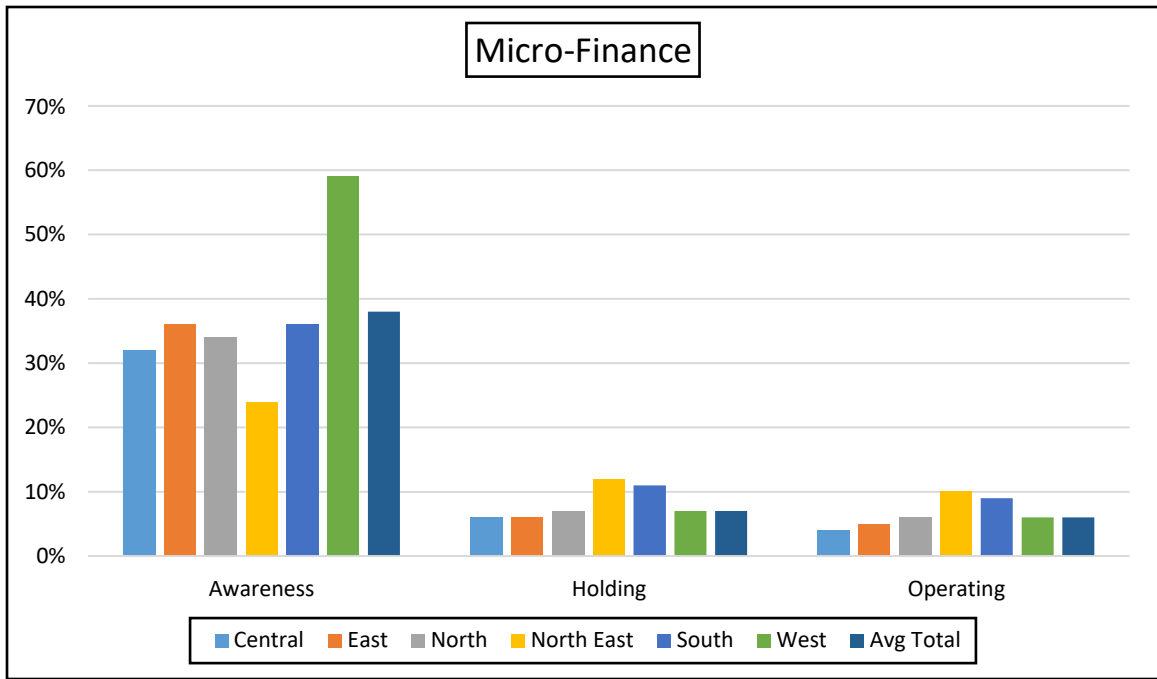


Chart 3.33 Source: Author

3.34 – Demographic break up of Micro-Finance

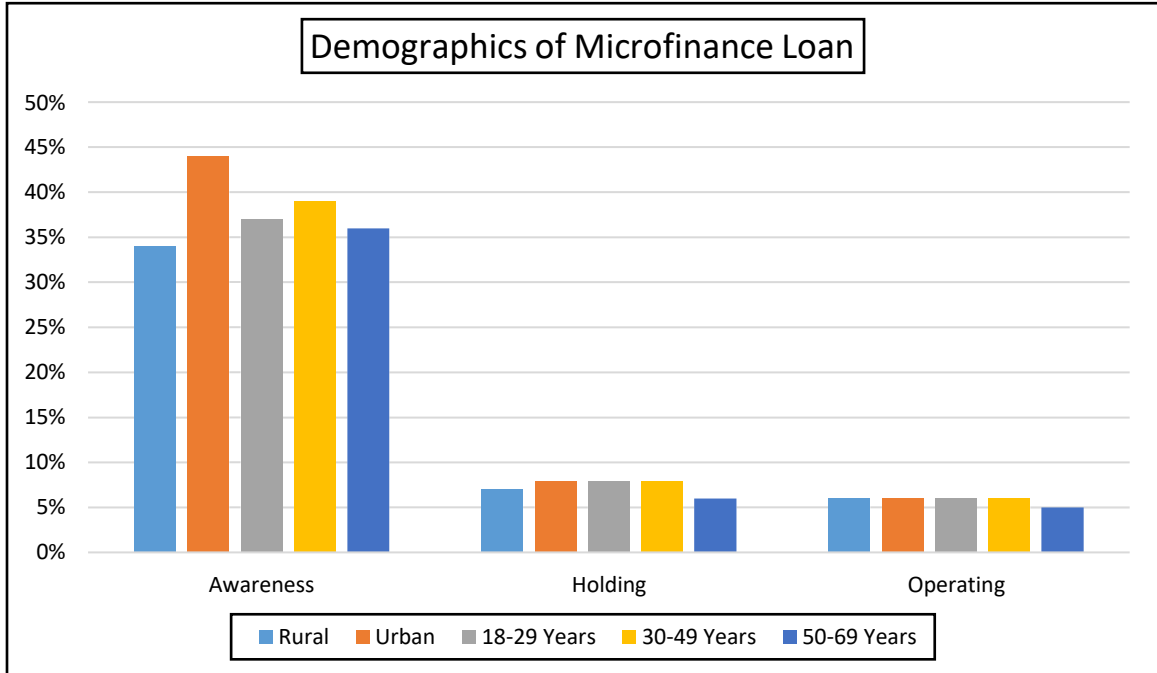


Chart 3.34 Source: Author

Life-Insurance

3.35 – Life-Insurance

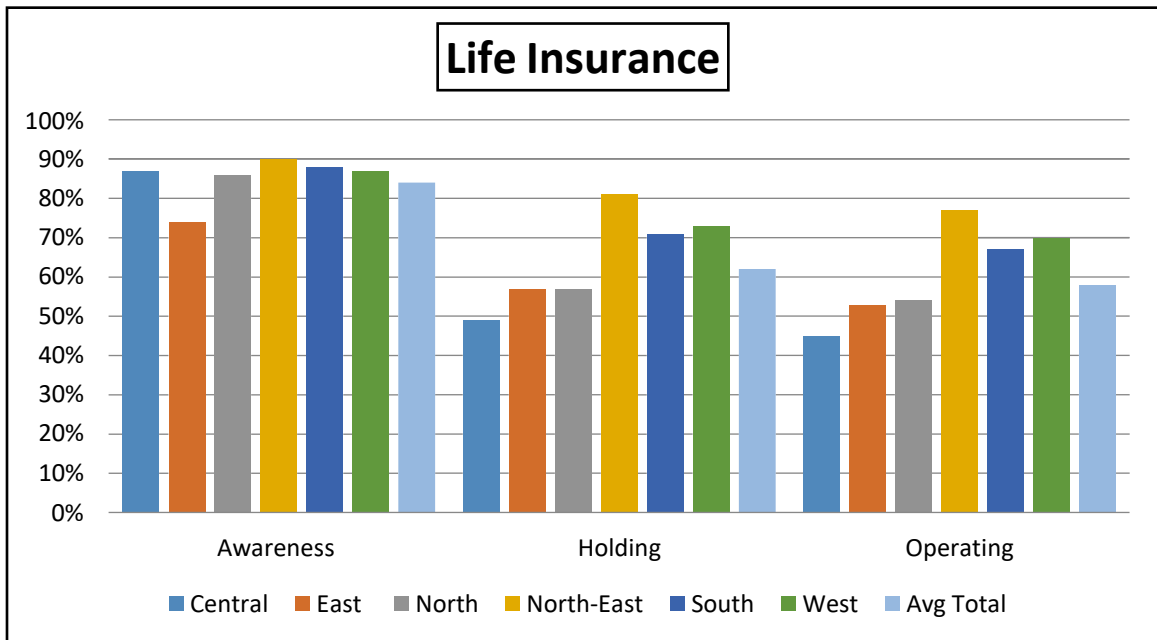


Chart 3.35 Source: Author

At the national level, Life Insurance Plans are held by approximately 62% of respondents, with around 58% of respondents having engaged in transactions related to these plans in the past 24 months. The North-East Zone boasts the highest prevalence of ownership (81%) and usage (77%) of Life Insurance, while the Central Zone exhibits the lowest prevalence for both ownership (about 49%) and usage (around 45%) of these plans.

3.36 – Demographic break-up of Life-Insurance

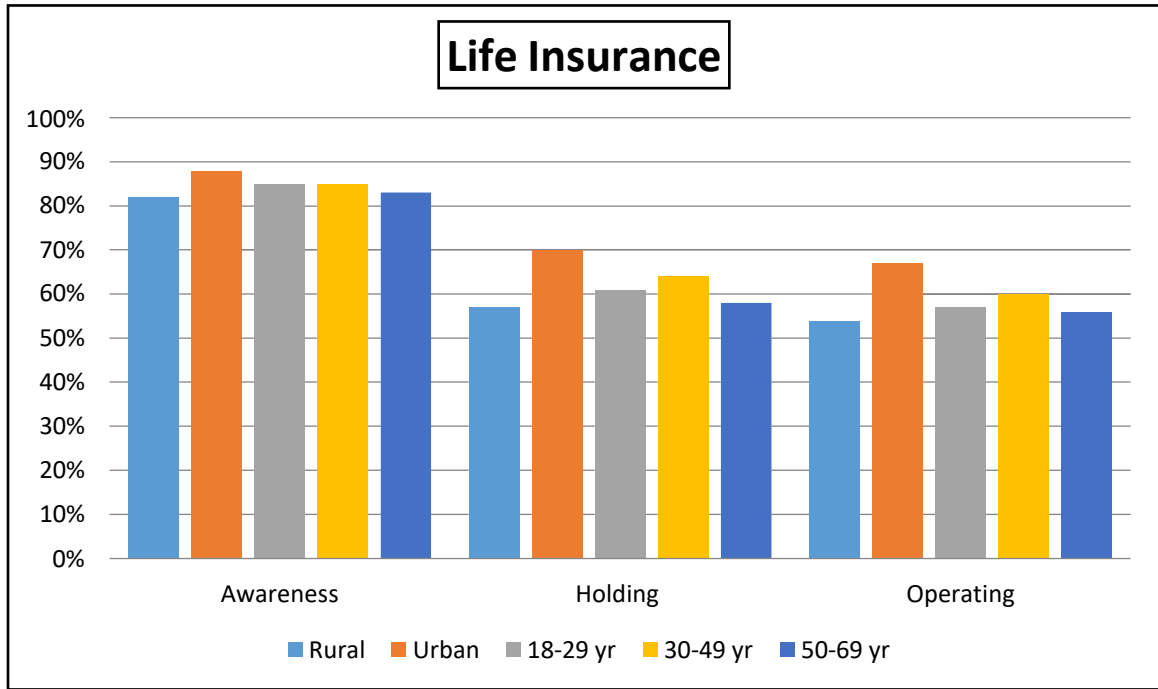


Chart 3.36 Source: Author

The awareness regarding Life Insurance is higher when compared to the actual ownership or usage of the plans, with awareness levels ranging from 81% to 88% across different age groups, genders, and locations. The difference between awareness prevalence and ownership/usage prevalence falls within the range of 18 to 27 percentage points. Among various regions, urban areas have the highest awareness prevalence at 88%, surpassing rural areas by six percentage points. Regarding age groups, the highest prevalence of ownership (64%) and usage (60%) of Life Insurance Plans is observed among respondents aged 30-49.

Motor Insurance

3.37 – Motor Insurance

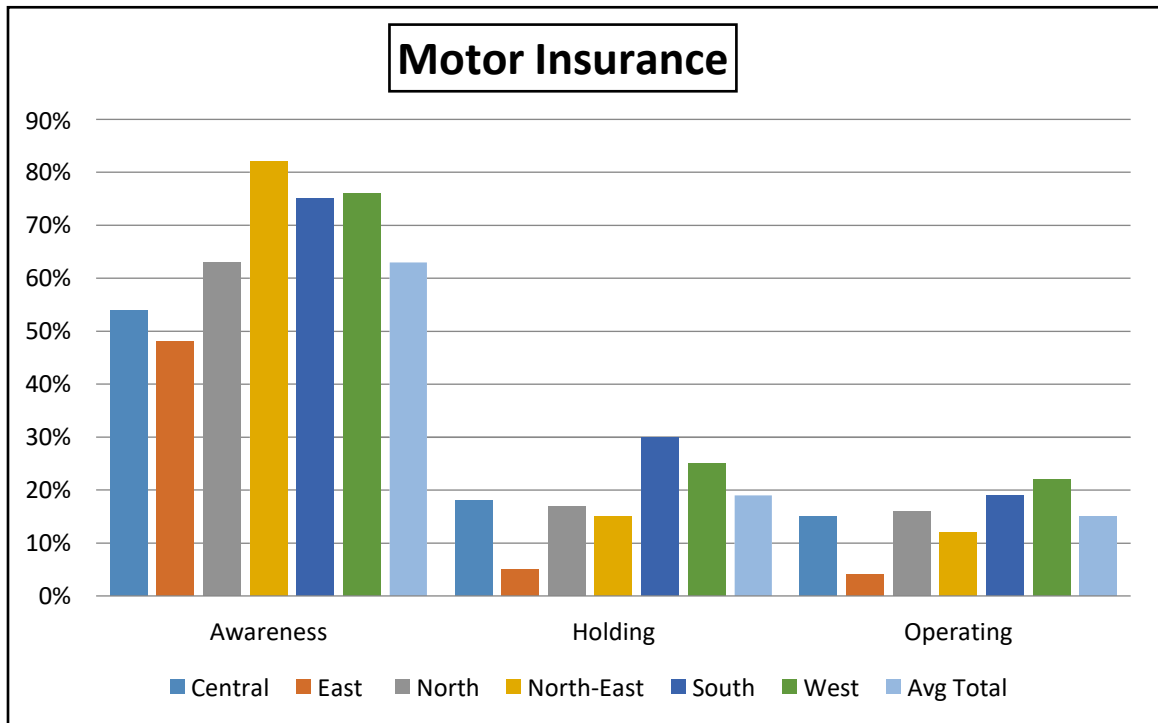


Chart 3.37 Source: Author

Nationally, Motor Vehicle Insurance Plans are held by approximately 19% of respondents, and about 15% of respondents have engaged in transactions related to these plans within the last 24 months. The South Zone has the highest prevalence of ownership (30%) of Motor Vehicle Insurance, while the West Zone leads in usage (22%). In contrast, the East Zone has the lowest prevalence for ownership (around 5%) and usage (about 4%) of Motor Vehicle Insurance Plans.

3.38 – Demographic Break-up of Motor Insurance

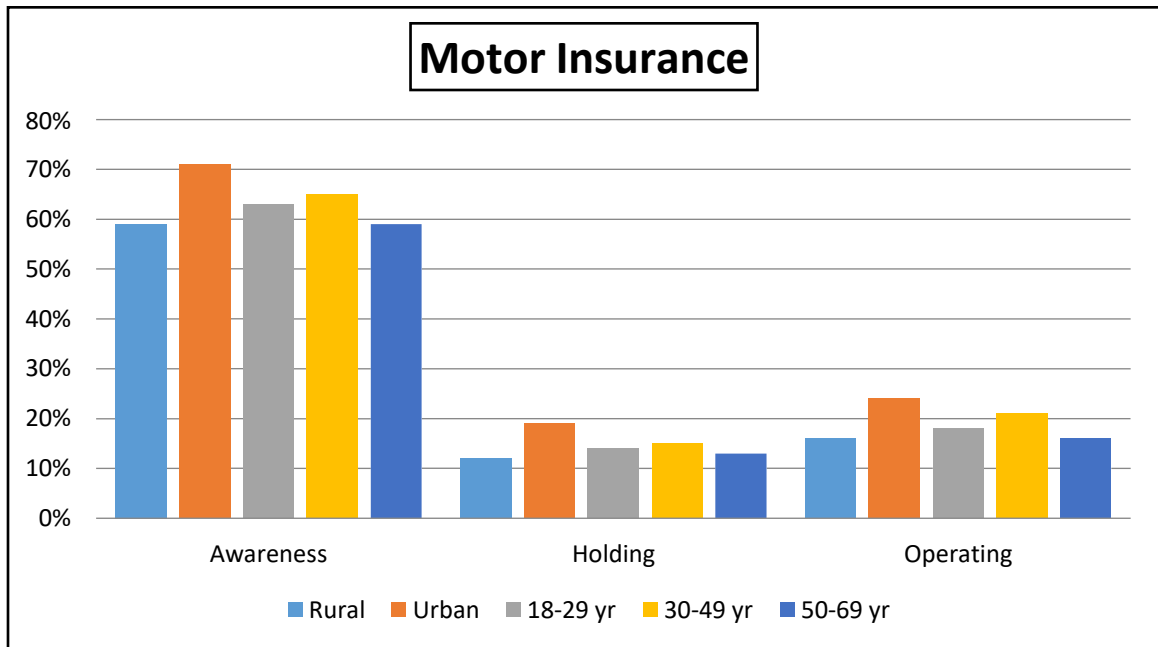


Chart 3.38 Source: Author

The level of awareness regarding Motor Vehicle Insurance is considerably higher when compared to the actual ownership or usage of the plans, with awareness levels ranging from 56% to 71% across different age groups, genders, and locations. The difference between awareness and ownership/usage prevalence falls within 42 to 52 percentage points. Urban areas exhibit the highest awareness prevalence at 71%, exceeding rural areas by approximately 12 percentage points. Regarding age groups, the highest

prevalence of ownership (21%) and usage (15%) of Motor Vehicle Insurance Plans is observed among respondents aged 30-49.

Mutual Funds

3.39 – Mutual Funds

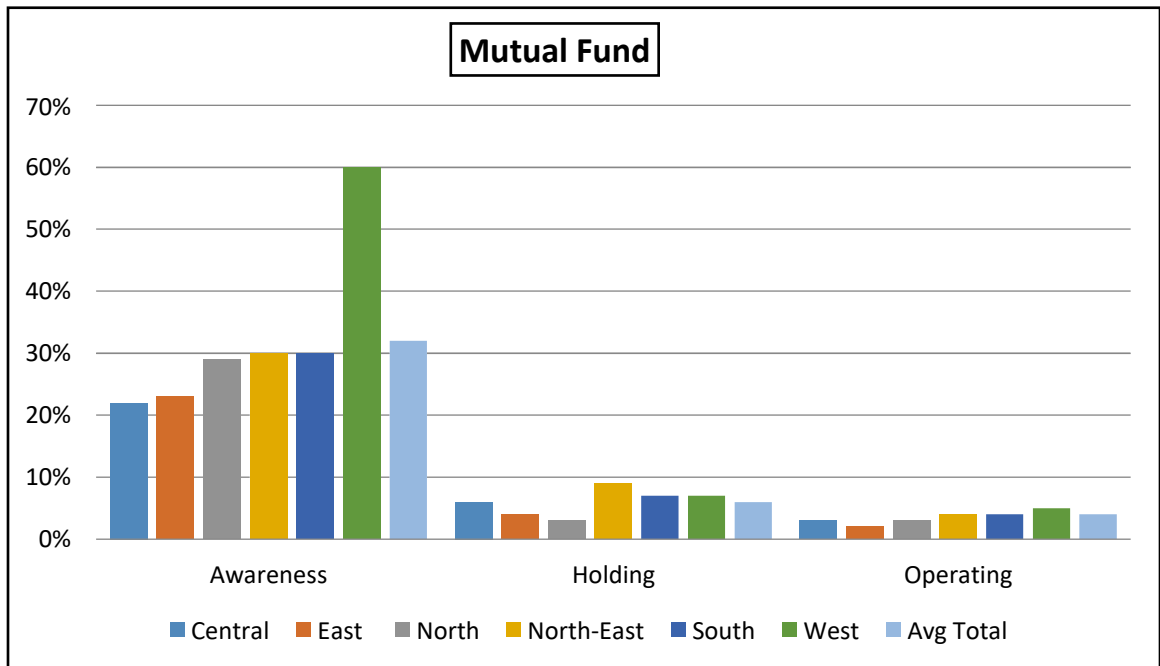


Chart 3.39 Source: Author

At the national level, the prevalence of holding Mutual Fund products among respondents is approximately 6%. In comparison, about 4% of respondents have engaged in transactions related to these products within the last 24 months. The North-East Zone has

the highest prevalence of ownership (9%) of Mutual Funds, while the West Zone leads in usage (5%). On the other hand, the North Zone has the lowest prevalence for ownership (about 3%) of Mutual Funds, and the East Zone exhibits the lowest usage prevalence (about 2%) of these products.

3.40 – Demographic break-up of Mutual Funds

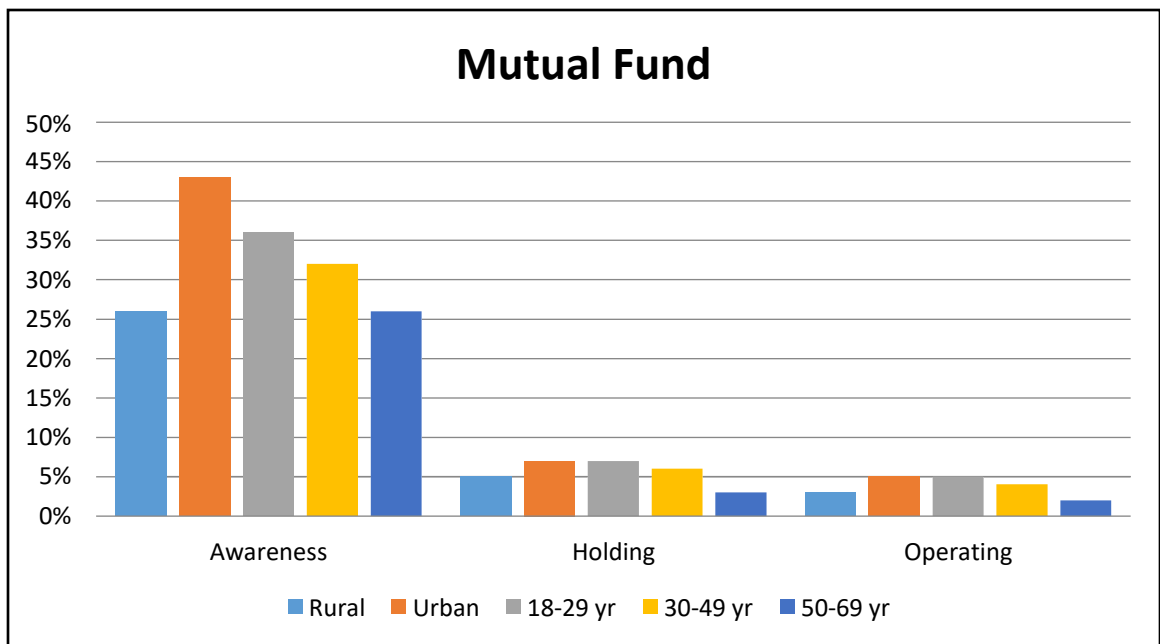


Chart 3.40 Source: Author

The level of awareness regarding Mutual Funds is significantly higher when compared to the actual ownership or usage of the plans, with awareness levels ranging from 19% to

43% across different age groups, genders, and locations. The difference between awareness prevalence and ownership/usage prevalence falls within the range of 16 to 38 percentage points. Urban areas exhibit an awareness prevalence of 43%, surpassing rural areas by about 17 percentage points. Regarding age groups, the highest prevalence of ownership (7%) and usage (5%) of Mutual Fund products is observed among respondents aged 18-29.

3.9 Conclusion

Reasons for not holding/operating various banking products and services.

3.41 – Reasons for not holding bank A/C

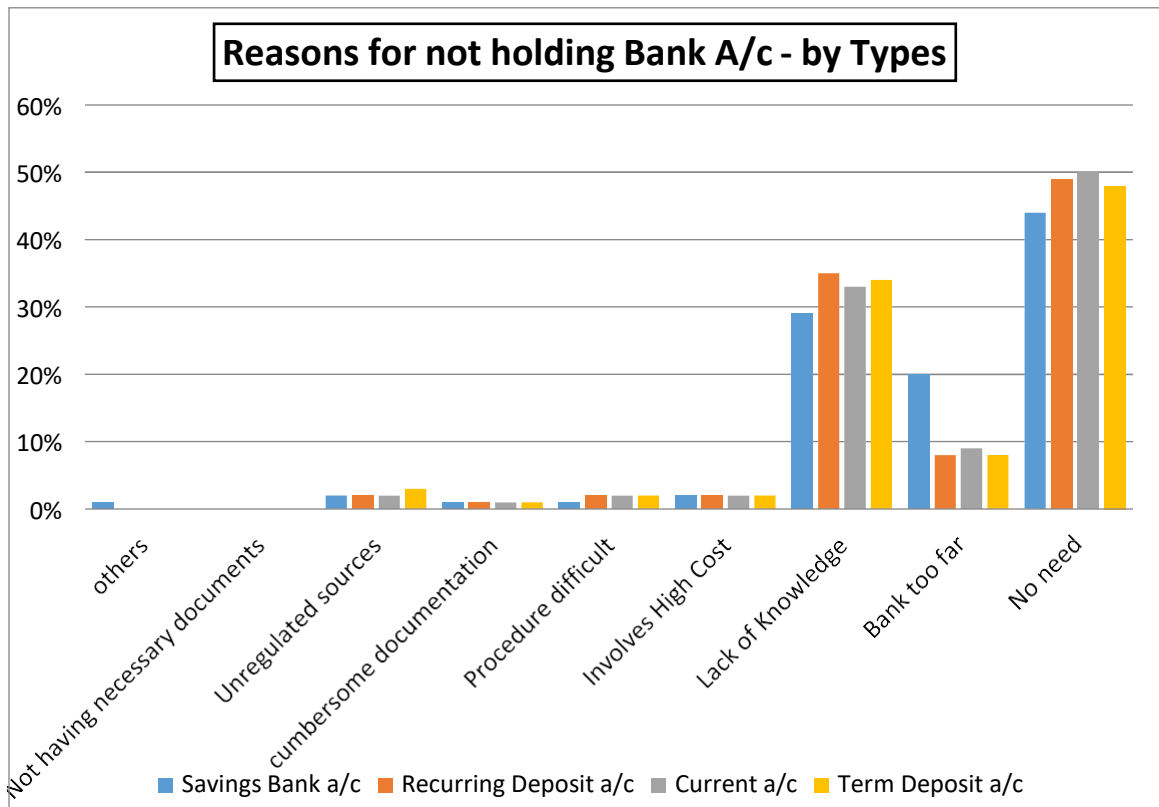


Chart 3.41 Source: Author

3.42 – Reasons for not holding Insurance

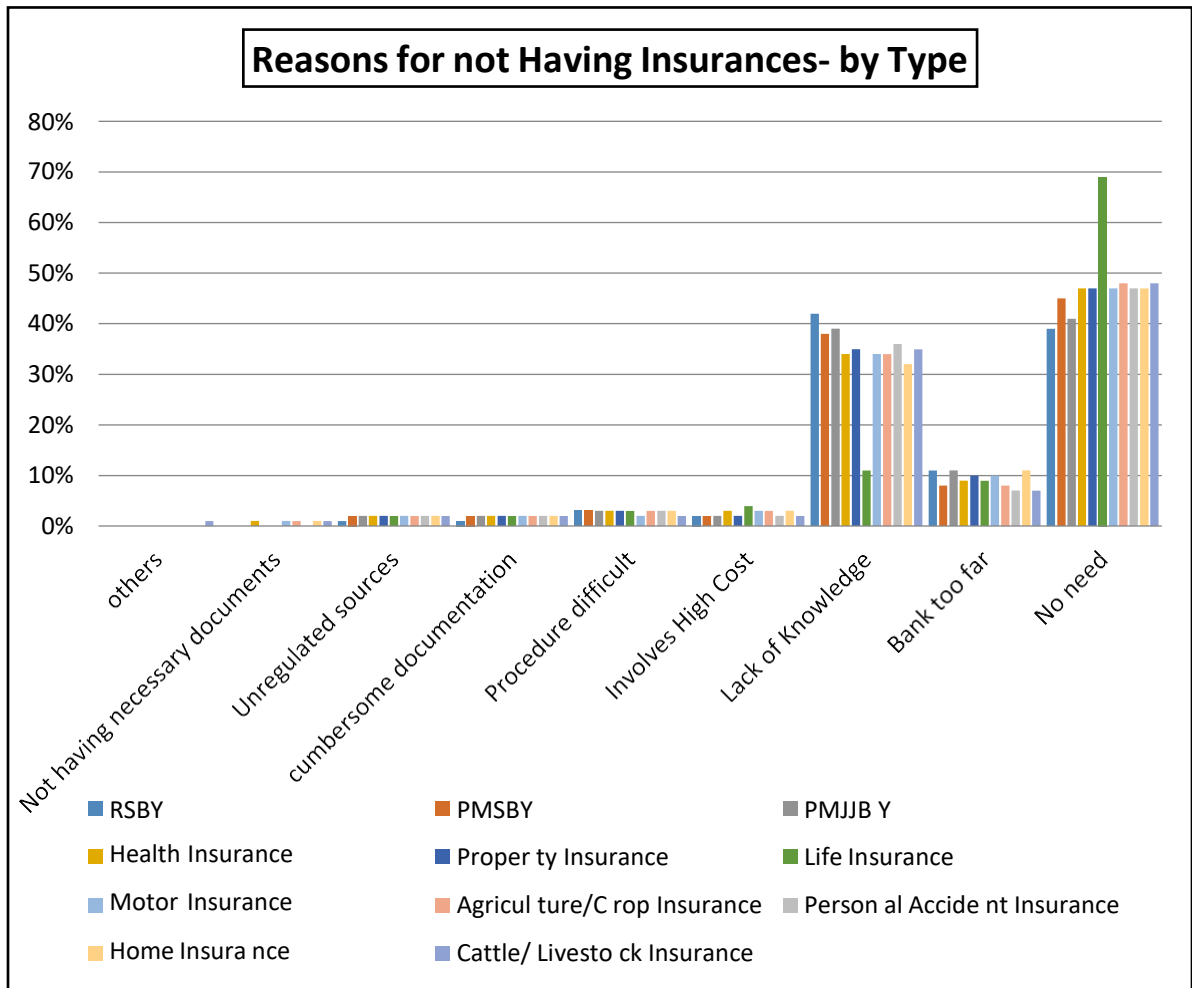


Chart 3.42 Source: Author

3.43 – Reasons for not holding Mutual Funds

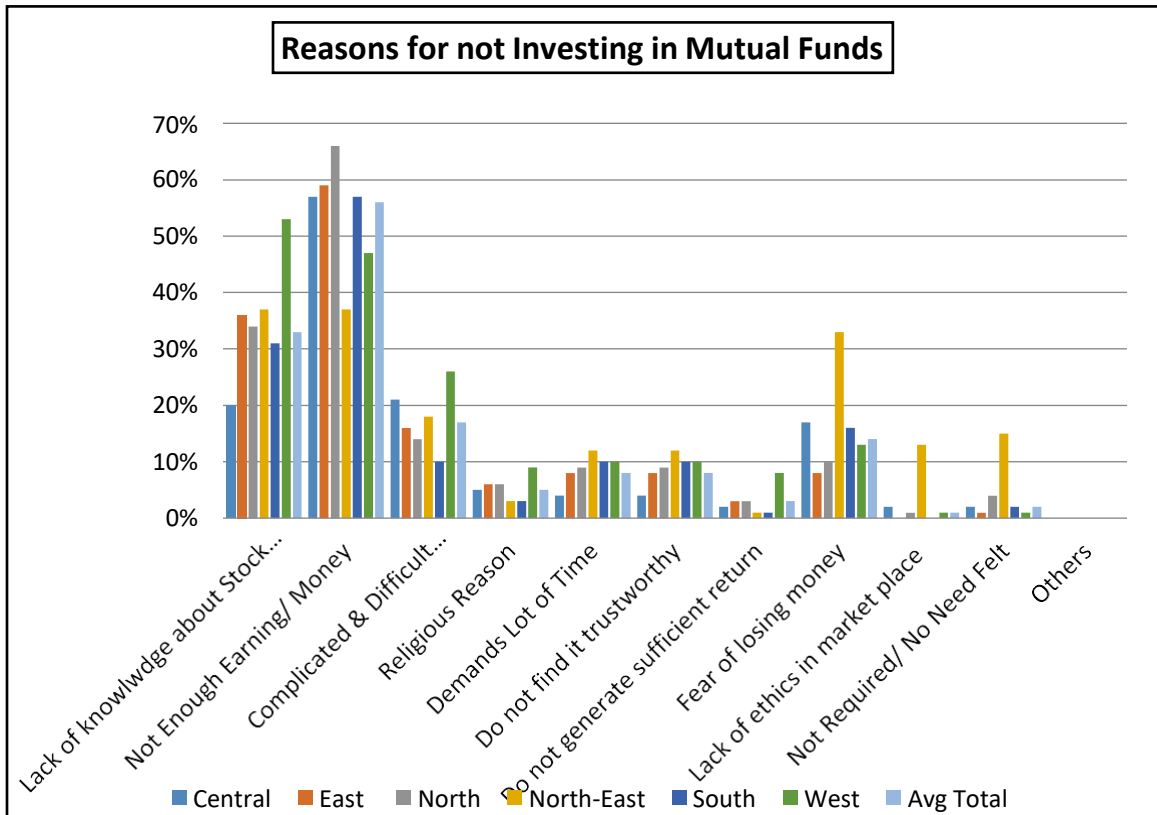


Chart 3.43 Source: Author

3.44 – Reasons for not holding Pension A/C

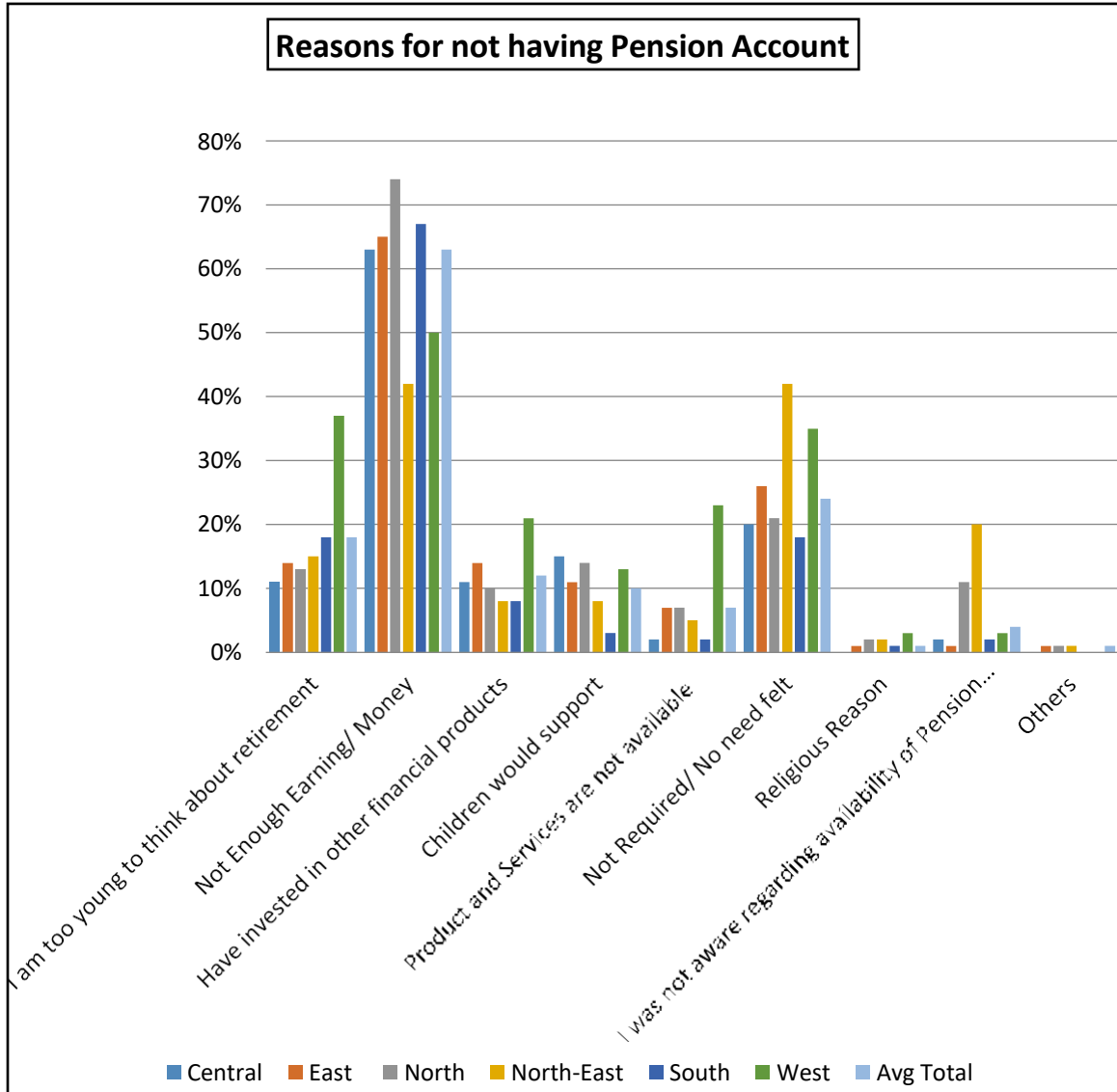


Chart 3.44 Source: Author

CHAPTER IV: RESULTS & DISCUSSION

4.1 Research Question One

What is the level of financial literacy among women involved in SHGs in rural India?

Here, we have considered Financial Literacy, which will have three components below.

- Financial Attitude
- Financial Behaviour
- Financial Knowledge

Below is the analysis for the overall score of Zone Wise. (Screenshot of Questionary attached) Total Score for Financial Attitude is derived by adding the scores for each of the three and then dividing by 3. E.g., The respondent selecting options 3, 4, and 5 would get a Total Score: $(3+4+5)/3=4$.

The score for Qualifying as Literate by ‘Financial Attitude’ is an aggregate score ≥ 3 out of 5

4.1 – Calculation for Financial Literacy Score:

Question Statement	Scoring Norm	Score	
		Minimum	Maximum
I tend to live for today and let tomorrow take care of itself.	Score would be as follows: 1-Strongly agree, 2-Agree, 3- Neutral, 4-Disagree, 5-Strongly disagree	1	5
I find it more satisfying to spend money, than to save it for the long term.	Score would be as follows: 1-Strongly agree, 2-Agree, 3- Neutral, 4-Disagree, 5-Strongly disagree	1	5
Money is there to be spent	Score would be as follows: 1-Strongly agree, 2-Agree, 3- Neutral, 4-Disagree, 5-Strongly disagree	1	5

Scaled Responses on 5-Point Likert Scale

Financial Behaviour – Indicators & Measures

The score on behavior is calculated after merging information from the behavior-related questions' results. Since the questions in the behavior segment contain multiple question types (such as Yes/No, Scaled Response on 5 Point Likert Scale, and Multiple Choice Questions), scoring for individual questions is question-specific. The table below provides question-specific behavior segment scoring (Screenshot attached).

The score for Qualifying as Literate by 'Financial Behavior' is an aggregate score ≥ 6 out of 9

4.2 – Financial Inclusion

Question Statement	Scoring Norm	Score	
		Minimum	Maximum
Does your Household have a Budget?	positive response only to be counted with 4.3, not to be scored separately	-	-
Do you make day to day decisions about your own money?	positive response only to be counted with 4.3, not to be scored separately	-	-
Who is responsible for Financial & Money Management in your household?	Score = 1 if code = 1 or 2 for 4.3 with code=1 for 4.1 & 4.2, Score=0 if all other codes Maximum Score = 1	0	1
In the past 12 months have you been personally saving money in one of the following ways whether or not you still have money? 1) Saving cash at home or wallet 2) Savings Account 3) FDs 4) RDs 5) Giving money to family to save in their account 6) Saving in other form of account 7) Buying bonds or time deposits 8) Investing in stocks and shares 9) Saving or investing in other way other than pension (Livestock, Gold, Property)	Score= 0 if none of the saving/investing method used; Score = 1 if at least one of the saving/investing methods used Maximum Score = 1	0	1
If you personally faced a major expense today equivalent to your own monthly income would you be able to pay without borrowing the money or family or friend to help?	Yes – 1 All other – 0 Maximum Score = 1	0	1
Would you set long term financial goals and strive to achieve them? Please rate the responses on the scale of 1-5.	Score would be as follows: Score=1 if response is 5-Strongly Agree /4-Agree,; Score=0 if response is 3-Neutral/2-Disagree/1-Strongly disagree, Maximum Score = 1	0	1
Would you keep a close personal watch on your financial affairs?	Score would be as follows: Score=1 if response is 5-Strongly agree /4-Agree,; Score=0 if response is 3-Neutral/2-Disagree/1-Strongly disagree, Maximum Score = 1	0	1
Do you pay your bills on time?	Score = 1 if response code =1 or 2 or 3 Score = 0 for other cases Maximum Score = 1	0	1
Before you buy, would you carefully consider whether you can afford it?	Score would be as follows: Score=1 if response is 5-Strongly agree / 4-Agree,; Score=0 if response is 3-Neutral/2-Disagree/1-Strongly disagree, Maximum Score = 1	0	1
Which of the following statements best describes how you made your most recent choice?	Score to be assigned as follows: Score =1 if response code is 1/4; Score=0 otherwise Maximum Score = 1	0	1
Which of these sources of information do you feel most influenced your decision {about which one to take out}? <ul style="list-style-type: none"> • Specialist product comparisons or best-buy guidance (such as specialist magazine, or a price comparison website) • A recommendation from an independent financial advisor • Information from an advert or <brochure> about this specific product • A recommendation from friends, family or acquaintances • Information provided by bank staff (in person, online or over the phone) • Some other type of information 	Score=1 if response code is 1 for 4.13.1/4.13.2/4.13.3/4.13.4/4.13.5; Score=0 otherwise Maximum Score = 1	0	1

Table 4.2 Source: Author

Financial Knowledge – Indicators & Measures

The score on financial knowledge is computed by simply calculating the correct answer.

The table below provides question-specific scoring in the knowledge segment.

(Screenshot attached)

The score for Qualifying as Literate by ‘Financial Knowledge’ is an aggregate score \geq 6 out of 8

4.3 - Score for Qualifying by Financial Knowledge

Question Statement	Scoring Norm	Score	
		Minimum	Maximum
An investment with a high return is likely to be high risk	1 for positive/correct response and 0 otherwise	0	1
High inflation means that the cost of living is increasing rapidly	1 for positive/correct response and 0 otherwise	0	1
It is usually possible to reduce the risk of investment in the stock market by buying wide range of stocks and shares	1 for positive/correct response and 0 otherwise	0	1
Imagine a father leaves behind INR 100,000 for his 2 children. If these 2 children have to share the money equally how much does each child get	1 for correct response and 0 otherwise	0	1
Now imagine that these children have to wait for one year to get their share of the INR 50,000 and inflation stays at 5 percent. In one year's time will they be able to buy fewer things than they can do it today.	1 for positive /correctresponse	0	1
You lend INR 25,000 to your friend one evening and he gives you INR 25,000/- back the next day. Did he pay any interest on this loan?	1 for correct response and 0 otherwise	0	1
Suppose you put INR 1000 into a deposit account with a guaranteed simple interest rate of 10% per year. You don't make any further payments into this account and you don't withdraw any money. How much would there be in the account at the end of the first year, including interest?	1 for correct response and 0 otherwise	0	1
Suppose you put INR 1000 into a deposit account with a guaranteed compound interest rate of 10% per year. You don't make any further payments into this account and you don't withdraw any money. How much would there be in the account at the end of the fifth year, including interest?	1 for correct response and 0 otherwise	0	1
For Qualifying as Literate by ‘Financial Knowledge’ is aggregate score \geq 6 out of 8	Total Score: Financial Knowledge	0	8

4.4 – Respondents Score for Financial Literacy:

DISTRIBUTION OF RESPONDENTS QUALIFYING BY SCORES FOR COMPONENTS OF FINANCIAL LITERACY	% of Responses Qualifying for			
	Financial Attitude	Financial Behaviour	Financial Knowledge	Financial Literacy
	>= 3 Score	>= 6 Score	>= 6 Score	>= 15 Score
	5 Score	9 Score	8 Score	22 Score
Central	88%	51%	41%	21%
East	92%	52%	31%	20%
North	91%	53%	56%	32%
North-east	84%	47%	56%	33%
South	88%	52%	64%	30%
West	85%	61%	52%	37%
Avg Total	89%	53%	49%	27%

Table 4.4 Source: Author

4.2 Research Question Two

How does financial literacy affect microfinance services, including credit, savings, and insurance?

Measuring Individual Components of Financial Inclusion based on:

A. Banking products and services

- a. Savings-related banking products
- b. Credits-related banking products

- c. Banking-related services

B. Non-Banking products and services

- a. Other savings-related products
- b. Insurance products and services
- c. Capital Market products and services
- d. Commodity Futures Market products and services
- e. Pension-related products and service

Banking Products

4.5 – Banking Products:

CATEGORY	FINANCIAL PRODUCTS/SERVICES	QUESTIONNAIRE ITEMS INVOLVED	SCORING NORM	MIN SCORE	MAX SCORE
Savings related banking Products/services	Savings Bank Account/ Current Account/Term Deposit Account/ Recurring Deposit Account/ SSY	2.1.1, 2.1.2, 2.1.3, 2.1.8,	Not holding = 0; Holding but not operating = 2; Holding and operating = 3	0	3
Banking related services	Digital / Net banking/ Using ATM-Debit card for Remittances/BC services	2.1.6, 7.1, 7.3, 7.5	Not holding a Debit-ATM Card or using any other cashless transaction facility = 0; Holding and operating a Debit-ATM card = 2; Using any one or more of digital/net-banking services = 1	0	2
Credit related Banking Products	Credit Card facility/ Loans for various purposes	2.1.7, 2.1.11, 2.1.12, 2.1.13, 2.1.14	Not holding a Credit Card or a Loan of any kind = 0; Holding but not Operating a Credit Card/a loan facility= 2; Using/ Operating at least one type of Credit cards/Loan facility= 3	0	3
BANKING SEGMENT SUB-TOTAL				0	8

Table 4.5 Source: Author

Non - Banking Products

4.6 – Non-Banking Products:

CATEGORY	FINANCIAL PRODUCTS/SERVICES	QUESTIONNAIRE ITEMS INVOLVED	SCORING NORM	MIN SCORE	MAX SCORE
Other Savings related products/ services	SSY/PPF/ NSC/ KVP/	2.1.4, 2.1.5, 2.1.9,2.1.10	Not holding = 0; Holding but not operating = 1; Holding and operating = 2	0	2
Capital Market Investment products and services	MF/ Stocks & Shares/ Bonds/ Debentures	2.3, 2.4, 2.7, 7.7	Not holding any type of product= 0; Holding at least one type of product but not operating = 2; Holding and operating at least one type of product= 3	0	3
Commodity futures market	Commodity futures/Stock futures and options	2.5, 2.6	Not holding any type of product= 0; Holding at least one type of product but not operating = 2; Holding and operating at least one type of product= 3	0	3
Insurance products/services	RSBY/PMJAY/PMSBY/ Health Insurance/ Property Insurance/ Life Insurance/ Motor Insurance/ Crop Insurance/ Personal Accident Insurance/ Home Insurance/ Livestock Insurance/ others	2.8, 2.9, 2.10, 2.11, 2.12, 2.13, 2.14, 2.15, 2.16, 2.17, 2.18, 2.19	Not holding any type of product = 0; Holding at least one type of product but not operating = 2; Holding and operating at least one type of product= 3	0	3
Pension related products	APY/ NPS/ Others (EPF,family pension)	2.20, 2.21, 2.22, 7.9	Not holding any type of product = 0; Holding at least one type of product but not operating= 2; Holding and operating at least one type of product= 3	0	3
NON-BANKING SEGMENT SUB-TOTAL				0	14
Total				0	22

FOR OVERALL FINANCIAL INCLUSION: INCLUDED IF AGGREGATE SCORE ≥ 8 OUT OF 22 WITH SCORE ≥ 2 OUT OF 3 IN SAVINGS RELATED BANKING PRODUCTS AND SCORE ≥ 6 OUT OF 14 IN NON-BANKING PRODUCTS AND SERVICES

Table 4.6 Source: Author

To categorize respondents as financially included or excluded, the following criteria should be fulfilled: – Minimum Score of 8 out of 22, AND – Minimum Score of 2 out of 3, i.e., Respondent should currently hold at least one savings-related banking product such as – Saving Bank Account OR – Recurring Deposit OR – Fixed Deposit AND – Minimum Score of 6 from non-banking products & Services (i.e., 6 Out of 14) such as o Other Savings related Products (PPF, Post Office Savings Scheme, NSC / KVP) o

Insurance Products o Capital Market Products o Pension related Products o Commodity
Futures Products.

4.7 - Respondents Score for Financial Literacy Inclusion:

DISTRIBUTION OF RESPONDENTS QUALIFYING BY SCORES FOR COMPONENTS OF FINANCIAL INCLUSION	% of Responses Qualifying for		
	Savings in Banking	Non-Banking Products & Services	Financially Included
	>= 2 Score	>= 6 Score	>= 8 Score
	3 Score	14 Score	22 Score
Central	87%	17%	16%
East	87%	11%	10%
North	92%	14%	14%
North-east	78%	21%	20%
South	88%	18%	17%
West	86%	18%	18%
Avg Total	87%	16%	15%

Table 4.7 Source: Author

4.3 Research Questions Three & Four

How do demographic characteristics, such as education, income, and social capital, impact financial literacy and the use of microfinance services among SHG women

- Impact by Social Categories
- Impact by Personal Income
- Impact by Occupation
- Impact of Age
- Impact by Education Level
- Impact of Location

4.1 - Impact by Social Categories

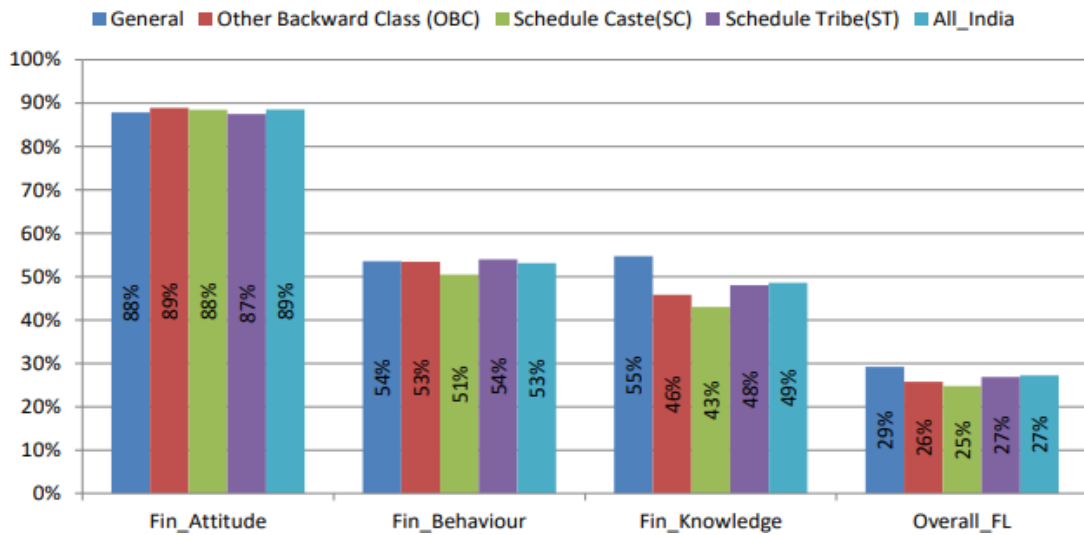


Chart 4.1 Source: Author

4.2 - Impact by Personal Income

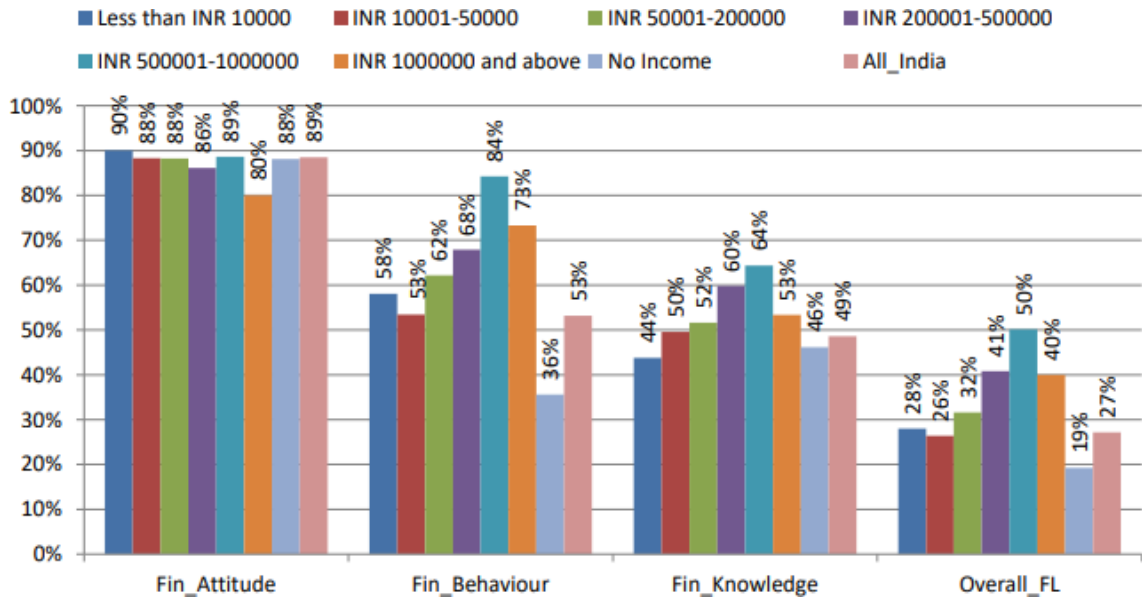


Chart 4.2 Source: Author

4.3 - Impact by Occupation

Chart 4.1 Source: Author

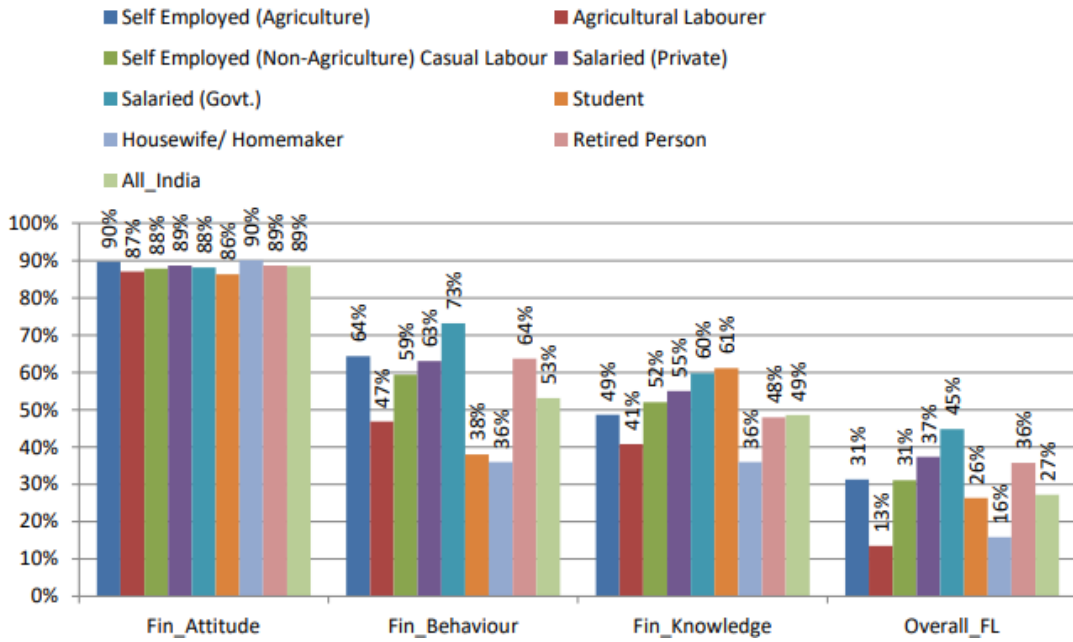


Chart 4.3 Source: Author

4.4 - Impact of Age

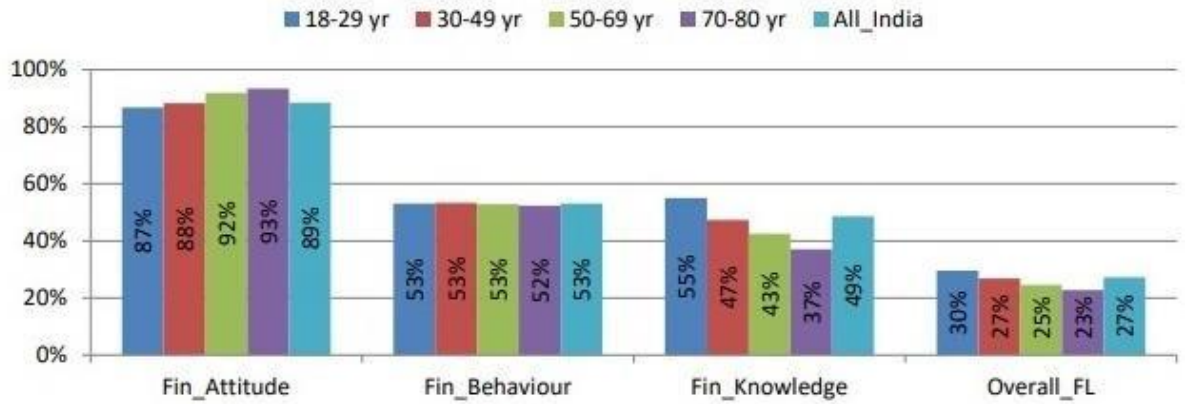


Chart 4.4 Source: Author

4.5 - Impact by Education Level

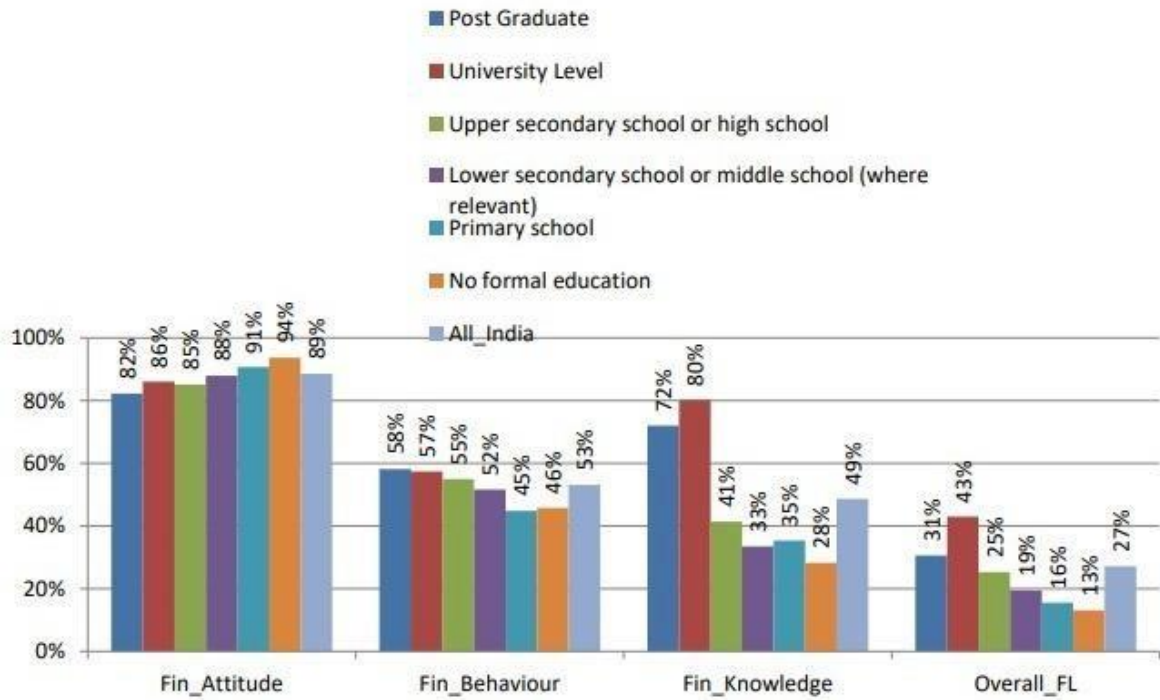


Chart 4.5 Source: Author

4.6 - Impact of Location

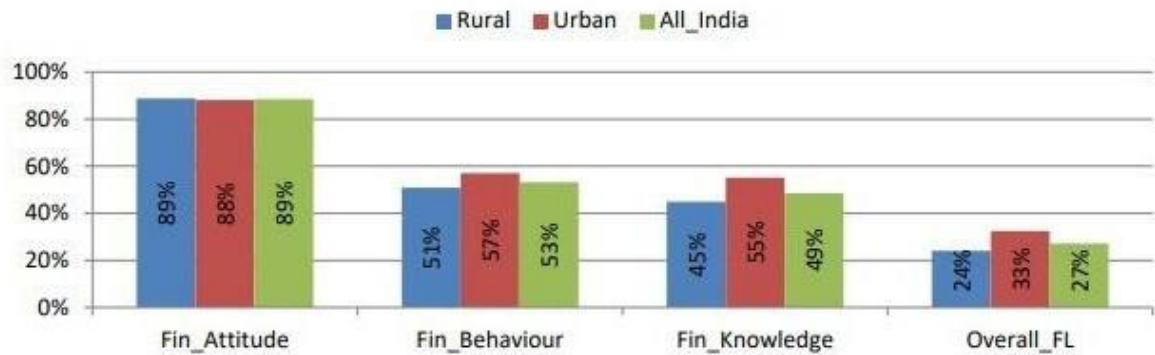


Chart 4.6 Source: Author

4.5 Summary of Findings

The above survey has the below-mentioned findings on Financial Literacy.

1. 24% Rural and 33% urban respondents are found Financially Literate
2. The 18-29 year old respondents are the most financially literate in the age category
3. The higher the education level and income, the higher the prevalence of financial literacy among the respondents
4. In the occupation category, Government employees have the highest prevalence of financial literacy.

The above survey has the below-mentioned findings on Financial Inclusion.

1. Urban respondents are more financially included than rural respondents
2. Young respondents aged 18-29 years are more included than the older respondents
3. Respondents of the General category are found ahead of other social categories in financial inclusion
4. Higher education higher is financial inclusion
5. Government employees are more financially included than respondents of other occupation
6. The higher the income, the higher the financial inclusion

4.6 Conclusion

This research has helped us bifurcate the data into Locations, Age, Occupation, Income, etc., and analyze what parameters a Woman chooses the financial Product and Literacy in vocabulary with the same.

CHAPTER V: SUMMARY, IMPLICATIONS, AND RECOMMENDATIONS

5.1 Summary

A financier who lacks financial literacy won't be able to choose an appropriate investment strategy. In India's rural community, this behavior is pronounced. Financial literacy is crucial for everyone, not only those living in rural areas or having less education. The findings demonstrate how necessary financial literacy is for making wise financial decisions. Basic principles to gauge financial awareness include financial control, financial planning, understanding of financial concepts, and product selection. The study reveals a relationship between financial literacy and the investment behavior of the rural female. Through the financial literacy program conducted as part of the study, most respondents (62%) acquired more knowledge of economic concepts such as taxation, financial security, calculation of interest rates, etc. Financial literacy is crucial in predicting household financial attitudes in emerging countries. Indeed, there are wide disparities in financial literacy among Indian mixed households. These inequalities can be dissolved with equitable access to financial inclusion and literacy programs; women SHGs can serve the same purpose. SHGs work as platforms that promote solidarity among women, bringing them together on issues of health, nutrition, gender parity, and gender justice. SHGs have significantly contributed to developing entrepreneurship aptitudes among rural women by enhancing their skills and giving them a chance to engage in various entrepreneurial activities. Self-help groups are exceedingly relevant today because their provision of micro-loans helps overcome regional imbalances and information asymmetries, thus offering a level playing field regarding access to

resources for women. The multi-faceted IFMR study conducted by the Ministry of Rural Development evaluated the impact that SHGs have had on livelihoods in households whose women are part of it. The study found that women aided by SHGs were 10% more likely to save and invest regularly, resulting in economic empowerment while working towards a better future for the next generation.

There is a lot of focus on financial inclusion through bank account opening. An open bank account is not the guarantor of financial inclusion. The government must lay extra emphasis on financial education. The clarity about using investment vehicles like mutual funds, the stock market, and ULIPs can bridge the urban/rural divide through wealth creation, channel savings in the right direction, etc. It becomes even more critical due to the growing disparity between have and have not. Reserve Bank of India data shows that Indians have parked almost 50% of their savings in bank deposits, while less than 5% of assets have entered market-linked investment avenues such as mutual funds. This situation is changing, too, but in the absence of severe efforts from the government side and with the current NPA position in the banking sector, it seems that the government is waiting for another giant fiasco. It is high time that the government takes a holistic view of the financial services sector in the light of financial inclusion and financial literacy to redefine its priorities. To facilitate the purpose of financial inclusion, mutual funds have an urgent need to broaden their base. At the global level, mutual funds account for 62% of the GDP, but in India, it is only 12%. The SEBI must develop a new geographical expansion policy and guidelines for semi-urban and rural India. This industry has to look beyond T30 and B30 to fulfill the national financial

inclusion agenda.

Demographic factors such as age, education, income, and location can affect financial literacy levels. Here are some general observations on the relationship between demographic factors and financial literacy:

Age: Older individuals tend to have Lower levels of financial literacy due to less exposure to Financial Products and Services.

Education: Education is a strong predictor of financial literacy, as individuals with higher levels of education are more likely to have access to financial information and resources.

Income: Higher-income individuals tend to have higher levels of financial literacy as they have more resources to invest in financial education and tools.

Location: Financial literacy levels can vary by geographic region, with urban areas often having higher financial literacy rates than rural areas.

It is important to note that financial literacy levels can be improved through education and access to resources, regardless of demographic factors.

5.2 Implications

To make mainstream finance more accessible to rural women and bridge the gap between rural women in India and the lack of information about these devices.

Study on the impact of financial literacy programs for Self Help Groups (SHGs) have shown the following findings:

1. **Increased Savings:** Financial literacy programs have led to an increase in the amount of money saved by SHG members. They are more likely to understand the importance of saving and can allocate some of their income towards savings.
2. **Improved Credit Management:** SHG members participating in financial literacy programs are better equipped to manage credit, including understanding interest rates and loan repayment terms. This has reduced the incidence of over-indebtedness and default among SHG members.
3. **Improved Financial Planning:** Financial literacy programs have equipped SHG members with the knowledge and skills to plan for the future and make informed investment decisions. This includes understanding the benefits of insurance, planning for retirement, and other long-term financial goals.
4. **Increased Income:** Improved financial literacy among SHG members has led to increased income generation through better business management and improved access to credit.

5. Improved Empowerment: Financial literacy programs have increased confidence and empowerment among SHG members. They are better equipped to make informed financial decisions and are more likely to participate in financial and economic activities.

The participation of women-led Self Help Groups (SHGs) in the finance sector in India has been increasing in recent years, although there is still room for improvement.

5.3 Recommendations for Future Research

A post study of impact after conducting a series of Financial Awareness Sessions should be conducted to know the outcomes of trainings imparted and handholding given.

5.4 Conclusion

Some of the key findings from these surveys include:

1. **Low levels of financial literacy:** Many SHG women need more financial knowledge and skills, and they often need help managing their finances and making informed financial decisions.

2. **Limited access to financial services:** Despite the growth of the microfinance sector in India, many SHG women still face significant barriers to accessing financial services, such as a lack of access to banks, limited financial literacy, and limited understanding of the various financial products available.

3. **Improved economic empowerment:** Participation in SHGs and access to credit and financial services can help to increase the financial literacy of SHG women and improve

their economic empowerment. Studies have found that financial literacy training and education can significantly improve the financial knowledge and skills of SHG women, leading to improved financial behavior and greater economic empowerment.

4. Positive impact on well-being: Improved financial literacy and access to financial services can positively impact the well-being of SHG women, leading to improved income and reduced poverty.

Overall, the surveys and findings highlight the importance of financial literacy for SHG women in India, and they underscore the need for continued efforts to improve their financial literacy and access to financial services.

We believe information is a fundamental right. Every citizen must know their entitlements. This lack of awareness can be solved through efficient collaboration among various enterprises. There needs to be a simple platform that provides easy, accurate, and reliable information about the financial devices, the eligibility criteria, and the application process. Thus, financial literacy & awareness are essential to develop a financially inclusive society.

We propose a solution covering the ecosystem of financial literacy & inclusion through critical stakeholders, which can benefit the end consumers.

The specific interventions proposed for the proposed solution are as follows:

Spreading financial literacy to rural women through training sessions

Periodic training sessions will contain helpful information enabling financial inclusion on grassroots levels. On a one-topic-per-month basis, the project would go on for 4-5 months and cover 4-5 topics. Each batch will undertake one topic for each month.

Two learning groups or batches per block will be formed of SHG women interested in training in related financial products and intending to start their entrepreneurship journey or who may need some skills to enhance their career in associated sectors.

Probable List of topics that would cover some of the significant aspects of financial literacy, these would include:

- Introduction to Securities Markets
- KYC Procedure (Opening of Trading & Demat Account) How to buy & sell shares in stock exchanges.
- Introduction to Mutual Fund Investing Investor Grievance Redressal Mechanism
- Introduction to REITs
- Introduction to Invit's

Promoting women's entrepreneurship through creating Financial Planning Advisors

Every social enterprise aims to bring about change, but it's equally vital to consider how that change is accomplished. Our model seeks to keep this inclusion rate warranted and for an extended period. This model would, therefore, create a cycle that would go on to work on its own after the initial effort of some time. A key highlight of this proposed solution is as follows:

Two to three women from each block will be identified to provide training on the NISM VA module to become financial planning advisors.

Candidates with successful NISM VA (12- 15 days training Program) and registered ARN will be provided handholding support by a recognized and big Mutual Fund Distributor for one year.

These NISM VA financial planners will work with individuals undergoing training and help them initiate by opening their DEMAT and starting a SIP. Thus enabling us to bring them into the mainstream financial ecosystem.

These registered financial planning advisors can sell related financial products upon full training/program completion.

Financial literacy workshops can significantly enhance the financial understanding and capabilities within Self-Help Groups (SHGs) in India. Here's a structured approach to conducting these workshops:

Assessing Needs and Tailoring Content:

1. **Assessment:** Understand the current financial knowledge level within SHGs. Conduct surveys or interviews to identify specific areas where members lack understanding or need improvement.
2. **Tailoring Content:** Based on the assessment, design workshop content focusing on fundamental financial concepts. Cover topics like budgeting, saving, investment options, debt management, and understanding financial products.

Engaging Workshop Structure:

1. **Interactive Sessions:** Incorporate interactive elements such as group discussions, case studies, and activities. Practical exercises help in better comprehension and retention.
2. **Local Context:** Relate financial concepts to the local context, using examples and case studies relevant to their daily lives. This makes the information more relatable and actionable.

Expert Involvement:

1. **Resource Persons:** Invite financial experts or professionals to conduct these workshops. They can offer specialized insights and clarity on complex financial matters.
2. **Trained Facilitators:** Train local facilitators within SHGs to continue these workshops independently. Building internal expertise ensures sustainability.

Follow-Up and Support:

1. **Materials and Resources:** Provide handouts, manuals, or digital resources summarizing key points and offering further reading material.
2. **Ongoing Support:** Offer post-workshop support through follow-up sessions, Q&A forums, or online resources. Encourage continuous learning and provide a platform for queries.

Monitoring and Evaluation:

1. **Feedback Mechanism:** Collect feedback after workshops to understand effectiveness and areas needing improvement.
2. **Assessment of Impact:** Evaluate the impact of workshops by monitoring changes in financial behaviors and knowledge levels among SHG members over time.

Collaboration and Partnerships:

1. **Partnerships:** Collaborate with local financial institutions, NGOs, or government agencies to enhance workshop effectiveness. They can provide resources, expertise, or even funding.
2. **Community Involvement:** Involve the community in organizing and participating in workshops. Community support fosters a culture of learning and sharing knowledge.

Long-Term Sustainability:

1. **Capacity Building:** Focus on building a sustainable framework for continuous learning within SHGs. Empower members to become trainers or mentors for future workshops.
2. **Incorporate Technology:** Utilize digital platforms or mobile applications for ongoing education and engagement. This helps reach a wider audience and makes learning more accessible.

By implementing these strategies, financial literacy workshops can effectively empower SHG members with the necessary knowledge and skills to make informed financial decisions, ultimately leading to improved financial well-being.

Benefits to SHGs

Impact, which can bring out positive changes in the SHG ecosystem, has been envisioned through the proposed interventions. Since the participants for the training programs shall belong to SHGs and they play a significant role in empowering women by allowing them to collaborate for gaining Essential financial knowledge, skills, and relevant tools to enhance the circumference of finances. It has made financial assistance available to those who are impoverished or have low incomes.

Benefits to the financial ecosystem

Applying this concept in group development would be more beneficial, and strangely, the outcome is generally highly favorable. Since SHGs are seen as a potent vehicle for promoting micro-credit and micro-finance, particularly for women, they are primarily acknowledged as a development approach in India for reducing poverty.

Benefits to corporates / Organizations involved

We believe that it should help all the participating enablers / financial institutions to work on more customized yet more straightforward and valuable products and, at the same time, get access to a vast potential network of rural women entrepreneurs' ecosystems. Access to the SHG network to create a financial inclusion impact is undoubtedly a win-win outcome for all.

APPENDIX A - SURVEY COVER LETTER

Date: _____

To,

Sub: Requesting support to offer financial inclusion workshop for SHG Women.

Respected Ma'am,

This is about our discussion about offering a financial inclusion program to the 2000 SHGs associated with you in the region of _____

Regarding our previous association with SHG, our response to the sessions was excellent. Highly skilled financial trainers conduct these workshops and are offered to people from

varied income groups. The workshop aims to create awareness of financial stability and security through long-term financial planning and bring people into the mainstream economy.

We aim to effectively impact around 17,500 rural women and equip them with financial literacy and knowledge via 500 Financial Awareness sessions and data collection.

To make mainstream finance more accessible to rural women and bridge the gap between rural women in India and the lack of information about these devices.

We seek your support in organizing these programs for the women associated with your CMRCs through their respective SHGs. We will need the participation of around 30 to 35 women in each session.

We look forward to this collaboration and will happily answer any queries.

Regards

Shruti Gupte

APPENDIX B - SAMPLE INFORMED CONSENT

To

SHRUTI GUPTA

Mumbai.

Sub: Requirement of Financial Awareness Sessions for the members FPO in Sindhudurg district

Respected Ma'am,

This is with reference to our requirement of offering financial inclusion program to around 2000 SHGs/FPOs associated with us in the region of Sindhudurg. We are very happy to share that the previous sessions which your organization conducted had a good response. In similar lines, we require around 400-500 Financial Awareness Sessions to be conducted for our SHGs/FPOs.

We would like to collaborate with you for organizing such sessions and empowering our SHG women with knowledge and making them plan their financials well.

We seek your support in organizing these programs for the women associated with our FPO through their respective SHGs.

Regards

KOKAN SAMAGRA PRAGATI AGRICULTURE
PRODUCER COMPANY LIMITED



KOKAN SAMAGRA PRAGATI AGRICULTURE PRODUCER COMPANY LIMITED



Community Managed Resource Center - Sangmesnwar

लोकसंचलित साधन केंद्र संगमेश्वर

सार्वजनिक विश्वस्त संस्था नोंदणी क्र. - महाराष्ट्र / F४७६४ / रत्नागिरी



राजेंद्र स्टोअर्सच्या मागे, बाजारपेठ संगमेश्वर, मु. पो. ता. संगमेश्वर, जि. रत्नागिरी, फोन नं. (०२३५४) २७२१३५

जावक क्र. CMRC | sangameshwar | 2023-24 |

दिनांक :

11 May 2023

To

The Head,
RSPN Associates,
Mumbai

Sub: Requirement of Financial Awareness Sessions for the SHG Women of Ratnagiri, Sindhudurg and Kolhapur

Respected Ma'am,

This is with reference to our requirement of offering financial inclusion program to around 2000 SHGs associated with us in the region of Ratnagiri, Sindhudurg and Kolhapur. We are very happy to share that the previous sessions which your organization conducted had a good response. In similar lines, we require around 400-500 Financial Awareness Sessions to be conducted for our SHGs.

We would like to collaborate with you for organizing such sessions and empowering our SHG women with knowledge and making them plan their financials well.

We seek your support in organizing these programs for the women associated with our CMRCs through their respective SHGs.

Regards

लोकसंचलित साधन केंद्र संगमेश्वर

APPENDIX C - INTERVIEW GUIDE

We had appointed state wise trainers who would conduct these Literacy sessions and post sessions would collect the data from the questionnaire prepared.

Data collection was facilitated using google forms. Following the data cleaning process and verification, data from different locations were consolidated state-by-state where the combined data was structured into a database format.

The task of overseeing data quality throughout the collection process was entrusted to the Trainers. In particular, less experienced trainers encountered challenges in the initial stages, necessitating close monitoring for quality enhancements. Appropriate measures, including trainer replacement, were considered if persistent issues arose. Thereafter we carried out meticulous ongoing data scrutiny at the field level to rectify errors in data captured.

When conducting a substantial survey using personal interviews, such as the present study, there is an inherent risk of encountering various non-sampling errors and biases. Unlike sampling errors, which arise from collecting data about a small subset (sample) of a more extensive set (population) to conclude the entire set, non-sampling errors aren't due to investigator errors. They often emerge inadvertently due to local belief systems, respondent attitudes toward surveys and specific topics, and other factors influencing survey instruments and methods. In this survey, efforts were made to mitigate data limitations stemming from non-sampling factors, addressing concerns such as:

- Significant non-response rates
- Invalid or inaccurate data entries
- Inconsistent responses between questions
- Influences from other household members on responses
- Misinterpretation of questions or answers
- Errors during data entry into devices
- Effective management of investigator workload and more.

As a result, the outcomes and insights of this survey are based on a substantially robust data collection and processing approach."

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APPENDIX A: QUESTIONNAIRE

The Questionnaire was circulated in Google Form mode

Link for which is as below

<https://forms.gle/VRFmVQw4aPf5cs9w6>

Names of participants is not collected and nor email IDs.