

An Economic Study on Financial Literacy among Working Women in Madurai City

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Abstract

Financial literacy is a knowledge related to financial instrument. In India women are equally earnable like men as and they financially independent. Financial literacy is an ability to manage and invest money on financial sources. Low financial literacy may cause financial loss in individual's life which affect family as well. In this study financial literacy among working women has been analysed with the objective to find the financial literacy level among working women and to analyse the most preferred investment instrument. 45 samples were collected from working women over various field like textile industry, Information technology, fashion, teachers, professors and health industry based working women are taken as sample for the study. Data collected with the help of questionnaire, simple random sampling techniques is used for sampling. SPSS soft ware is used to analyse data.

Keywords: Financial literacy, Working women, Investment instrument, Educated women, Savings, Market rate

Introduction

Women plays an major role in countries economy, country like India women are equally earning comparing to men financial literacy is a knowledge related to investment whether it can be an long term investment or short term in nature, but still women are financially independent as they earns but depends on family decision as investment is considered, they have to get permission from their family members. On the other side women are very curious about future plan they save money and they invest knowing or knowingly. In this study an attempt has been made to analyse the level of financial literacy and the most preferred investment instrument or source. There are most popular investment avenues available in India like provident fund, life insurance, real estates, national saving certificate, gold and precious stones, equity, fixed deposit, mutual fund, and savings schemes in post office etc.,

Objectives

- To analyse the level of financial literacy among working women in Madurai city
- To know the most preferred investment instrument
- To compare the educational qualification of the respondent and the most preferred investment instrument.

Research Methodology

The study covers both primary and secondary data, primary data collected with the help of questionnaire, secondary data collected through websites, articles and published and unpublished journals and articles, and dissertation etc.,

Data collected on the basis of survey method, questionnaire has been used as a data collection tool, respondents are selected on random basis and will circulated questionnaire to check level of financial literacy. Sample size are 45.

Terms of Reference

- Employed women and professionals
- Region - Madurai city
- Collected with the age group of 30 to 45
- Focused only on employed women who are in accumulation stage.

Data Analysis

Education is second of important factor to analyse the level of literacy among working women. Educational qualification of the respondent definitely impacts on the knowledge related to financial instrument.

Table 1: Education Qualification

| Dimension | No. of Respondents | % |
|---------------|--------------------|-------|
| School level | 6 | 13.3 |
| Graduate | 10 | 22.2 |
| Post Graduate | 12 | 26.7 |
| Professional | 17 | 37.8 |
| Total | 45 | 100.0 |

From the table 1 observed that 37.8 percent of the respondent are professions in their qualification, 26.7 percent of the respondents are completed post graduate programme, 22.2 percent of the respondents completed graduation, and remaining 13.3 percent of the respondent completed school level education alone. Majority of the respondents are professionals.

Table 2: Occupation

| Dimension | No. of Respondents | % |
|----------------------------------|--------------------|------|
| Teaching / Banking / IT field | 10 | 22.2 |
| CA/ CMA / CS / Other Professions | 17 | 37.8 |

| | | |
|---|----|-------|
| Private employed (textile / tailoring / salaried) | 6 | 13.3 |
| Government Employee | 12 | 26.7 |
| Total | 45 | 100.0 |

From the above table 2 indicates that 37.8 of the respondents are CA/CMA/CS/Professions, 26.7 percent of the respondents are government employees, 22.2 percent of the respondents are in the field of teaching/banking/IT field, remaining 13.3 percent of the respondents are private employees working in textile/tailoring unit. Majority of the respondents are CA/CMA/CS and other professions.

Table 3: Individual / Family Income per Month

| Dimension | No. of Respondents | % |
|---------------|--------------------|-------|
| Below 30,000 | 14 | 31.1 |
| 30,001-40,000 | 15 | 33.3 |
| 40,001-50,000 | 8 | 17.8 |
| 50,001-60,000 | 6 | 13.3 |
| Above 60,000 | 2 | 4.4 |
| Total | 45 | 100.0 |

From the table 3 indicated that 33.3 percent of the respondent's income between 30,001 to 40,000, 31.1 percent of the respondent's income is below 30,000, 17.8 percent of the respondents belongs to the income group of 40,001 to 50,000 13.3 percent of the respondent's income between 50,001 to 60,000, remaining 4.4 percent of the respondent's income above 60,000. Majority of the respondent's income is between 30,001 to 40,000.

Table 4: Independents on Financial Decision

| Dimension | No. of Respondents | % |
|-----------|--------------------|------|
| Yes | 27 | 60.0 |
| No | 18 | 40.0 |
| Total | 45 | 100 |

From the table 4 it is observed that 60% of the women has given right to take financial decision independently, 40 percent of the respondents says that they are not allowed directly to take any financial decisions. Majority of the respondents has given an independent to take their financial decision.

Table 5: Level of Financial Literacy

| Dimension | No. of Respondents | % |
|-----------|--------------------|------|
| Very High | 14. | 31.1 |
| High | 14 | 31.1 |
| Medium | 11 | 24.4 |
| Low | 4 | 8.9 |
| Very Low | 2 | 4.4 |
| Total | 45 | 100 |

From the above table 5 it is observed that financial literacy among working women is high, even they are less educated they are having the habit of savings and investment through heredity, maximum of the women following their parent's strategy of investment with out analysing merits and risks.

Table 6: Preferred Instrument of Investment

| Dimension | Highly preferable | Preferable | Neutral | Not Preferable | Not at all preferable | Total | Rank |
|----------------------------|-------------------|------------|------------|----------------|-----------------------|-------|------|
| Fixed Deposit | 17 (37.8%) | 12 (26.7%) | 10 (22.2%) | 2 (4.4%) | 4 (8.9%) | 171 | II |
| Gold and Precious Metals | 9 (20.0%) | 26 (57.8%) | 7 (15.6%) | 0 (0%) | 3 (6.7%) | 173 | I |
| Life Insurance | 5 (11.1%) | 16 (35.6%) | 17 (37.8%) | 5 (11.1%) | 2 (4.4%) | 152 | V |
| Post Office Savings Scheme | 11 (24.4%) | 19 (42.2%) | 11 (24.4%) | 4 (8.9%) | 0 (0%) | 172 | III |
| Real Estate | 6 (13.3%) | 17 (37.8%) | 18 (40.4%) | 2 (4.4%) | 2 (4.4%) | 158 | IV |
| Mutual fund | 12 (26.7%) | 12 (26.7%) | 6 (13.3%) | 11 (24.4%) | 4 (8.9%) | 152 | V |
| Total | | | | | | 978 | |

From the above table observed that majority of the working women preferred to invest on gold and precious metals because they believe that it is a good investment since the value of gold appreciating every day as well as it is easy to liquidate as and when they needed. Last rank scored by mutual fund since people are unaware of mutual fund benefits, since they think it has market risk and they had fear to invest.

Hypothesis

In order to test where there is any relationship between the Education Qualification and the most preferred instrument on investment, the One-way ANOVA test has been applied to the following hypothesis.

“There is no significant relationship between educational qualification and the most preferred instrument for investment among working women”.

Table 7: Educational Qualification and the Most Preferred Instrument on Investment (Result of One-way ANOVA Test)

| Dimension | F | Sig | Rank |
|--------------------------|-------|------|------|
| Fixed Deposit | 7.480 | .000 | S |
| Gold and Precious Metals | 4.057 | .012 | S |

| | | | |
|----------------------------|--------|------|---|
| Life Insurance | 5.998 | .002 | S |
| Post Office Savings Scheme | 61.199 | .000 | S |
| Real Estate | 7.910 | .000 | S |

From the above table it is inferred that educational qualification of the respondents has a significant relationship between most preferred instrument on investment. Hence the level of significance is less than 0.05 null hypothesis rejected at the level of 5%. It is concluded that educational qualification of the respondent has influence on most preferred instrument of investment. Highly educated respondent has unique portfolio when compared to less educated respondent.

Findings

- 37.8 percent of the respondent are professions in their qualification, 26.7 percent of the respondents are completed post graduate programme, 22.2 percent of the respondents completed graduation, and remaining 13.3 percent of the respondent completed school level education alone. Majority of the respondents are professionals.
- Majority of the respondents are CA/CMA/CS and other professions.

- Majority of the respondent's income is between 30,001 to 40,000.
- Majority of the respondents has given an independent to take their financial decision.
- Financial literacy among working women is high, even they are less educated they are having the habit of savings and investment through heredity, maximum of the women following their parent's strategy of investment without analysing merits and risks.
- Majority of the working women preferred to invest on gold and precious metals because they believe that it is a good investment since the value of gold appreciating every day as well as it is easy to liquidate as and when they needed. Last rank scored by mutual fund since people are unaware of mutual fund benefits, since they think it has market risk and they had fear to invest.
- The level of significance is less than 0.05 null hypothesis rejected at the level of 5%. It is concluded that educational qualification of the respondent has influence on most preferred instrument of investment. Highly educated respondent has unique portfolio when compared to less educated respondent.

Conclusion

In this study majority of the respondents are professional since they earn more, they are permitted to take decision of investment and they know other source of investment as well, but less educated women who are salaried or employed has restriction in taking financial decisions. Education plays a major role in preference on instrument on investment. In India gold is a major source of savings because of its appreciation of market rate and liquidated easily unlike real estate or insurance and any other savings scheme. They believe that other source of investment is not as safe as like gold and has risk as well. In Madurai cost of living is comparatively lesser so

every woman has a change to save and invest in any of the given source in their life time and it is conclude that women are allowed to take investment decision based on their educational qualification and the income contributed to their family.

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