# Financial Literacy and Pattern of Investment Behaviour of Rural Women: An Empirical Assessment

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# DECLARATION

I hereby affirm that the work presented in this thesis is exclusively my own andthere are no collaborators. It does not contain any work for which a degree/diploma hasbeen awarded by any other University/Institute.

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## CERTIFICATE

This is to certify that this thesis entitled **"Financial Literacy and Pattern of Investment Behaviour of Rural Women: An Empirical Assessment"** submitted by Navjot Kaur has been carried out under my supervision. The data reported in it are genuine. It represents her original work and the thesis is worthy of consideration for the award of **Masters of Philosophy from Lovely Professional University.**

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# ABSTRACT

Understanding of investment and saving behaviour has been considered most vital elements of economic growth. The present research work evaluates the influence of financial awareness on saving and investment behaviour of rural females. Investment pattern bridges the gap between finance suppliers and needs of the corporate world. Economic growth of any nation can be critically measured through capital accumulation and investment trends in financial markets. This study was performed on 335 women households of Jalandhar district, to evaluate the relationship under investigation. The relationship of financial literacy and saving & investment behaviour is evaluated in the context of five basic domains of financial behaviour, including demographic variables, financial control, financial planning, financial product selection and financial literacy. Results revealed that rural women are conscious about the availability of various investment avenues in the market, but their investment pattern is still followed by some factors like familiarity, safety and assured returns, etc. This study suggests policymakers to focus on financial awareness rather to focus only on financial literacy.



**Keywords:** Financial awareness, Financial literacy, Investment Pattern, Saving behaviour of rural women.

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## ABBREVIATIONS

| | |
|---|---|
| ANOVA | Analysis of Variance |
| MFIs | Micro Finance Institutions |
| NBFC | Non Banking Financial Corporations |
| NGO | Non Government Organizations |
| RBI | Reserve Bank of India |
| RRBs | Regional Rural Banks |
| SHGs | Self Help Groups |
| SPSS | Statistical Package for Social Sciences |
| Sig | Significance Level |
| Df | Degree of freedom |

# CHAPTER – 1
# INTRODUCTION

Women are matching ends with men at every path of life. Before independence women were extremely ignorant part of financial sector. But in the recent times financial education has been developing as a dominant aspect for empowering women particularly the rural women. Today women empowerment's becomes the almost precious issue for every nation of the world. Hence, the policies and programmes are initiated by government and non-government organisations. The idea of financial literacy specifically to rural women is measured on some basic dimensions like:

- Ability of decision making
- Self-confidence
- economic status
- Status in family
- Participation in society
- Status in society

India is a country where large part of population is engaged in farming. Before independence status of women was not extremely good. She was treated like a slave for her family and husband. Her life decisions were taken by head of her family. But constitution of India honour both men and women equal rights. Both men and women deserve right of general education. Various organisations launch countless programmes to uplift the literacy level of rural category. Today, in most of the family financial decisions are taken by women.

## 1.1 WOMEN EMPOWERMENT

After independence of India, political players and leaders of country demand equal social and political status of women. First half of 20$^{th}$ century evidenced weak position of women. At that time women were not respected by men society. But now the time has been changed. Women are matching ends with men at every path of life. They engaged well respectable place in all walks of life. But still women are not free from discrimination, harassment and inappropriateness in gender ratio. At every level of corporate world, performance of male is compared with female. Well, women empowerment is still an international issue of debate. Now ‘empowering women’ has become globalise motto. Many voluntary organisations are contributing to empower women at global level. Empowerment is access to knowledge and resources which could help a person to move in his/ her life.

More than half of Indian population is the part of rural society. After 90’s rural economy is also followed path of development. As per the provisions of Indian constitution, women can enjoy rights equal to men. But still they have to run long to achieve same position. In Indian society most of females are found dependent on man of family. But past decades have perceived an increase in participation of women in social activities. At the time of end in British rule, literacy rate of India was only 12%. But literacy rate counted by 2011 census report (74.04%) evidenced social, economic and political development of its residents. Data delivered by censes 2011 revealed that general literacy level in women (65.46%) is less than males (82.14%). Rural women are also found less literate than urban women. More than 50% of urban females are self-dependent. They have more access to resources. They are more active towards market and social activities. But for the management of finance they have to look for the help of financial expert. While on the other hand though the general literacy level in rural women is less than urban but they are self-efficient to manage their resources. Today women are designated as ‘home mangers’ not only as house wives. Government is also initiating to empower them. Different programmes are launched at different point of times for female education. ‘Saakshar Bharat Mission’ for Female Literacy, ‘SarvaSikshaAbhiyan’ and ‘Mid-Day Meal scheme’ were some initiatives taken by government to boost literacy level in country. Beside, several voluntary organisations like ‘Lions club’, ‘Rotary club’, ‘Pratham’ etc. are also contributing in the field.

Efforts of every nation of world for distribution of financial literacy are contributing at large for women empowerment. Financial education is playing an important role in the context of financial decisions. We can define the financial literacy as the awareness level of consumers and influencing decision making about available financial resources. This is the obvious fact that financial literacy adds value in financial knowledge that ultimately enhances the pattern of saving and investment of financier. Financial literacy programmes focus on key issues of target group. Literacy programmes support the beneficiaries to better manage their saving and uncertain life events like jobless; asset loss; death; retirement etc., but we can't assess the effect of financial education in a straight way. The outcome of financial literacy programmes can be determined through attitude of financier.

## 1.2 FINANCIAL EDUCATION

Financial education is a practice of constructing knowledge base in financial illiterate and makes them able to take sound financial decisions. It leads to long term behaviour change in potential savers and investors. Here they learn better management of earnings into spending and savings, borrowing and investing. Financial awareness enables savers to step for fulfilment of financial goals. It is the process of building saver understanding of financial principles and promotes behaviour that supports him for effective use of limited resources. Financial education is an effective tool for promoting financial literacy. It provide framework to guide actions and roles to play in market.

## 1.3 FINANCIAL LITERACY

Financial literacy is the ability of a layman to understand the nature of finance and earning potential of his savings. In true sense, financial literacy allows a person to take a rational financial decision in specific areas like property or real estate matters, tax planning, banking and insurance and capital markets etc. To achieve financial goals, basic knowledge about financial matters becomes the essential part of today's world; not only for the investors of stock market; but also for the persons having saving habits. It can be defined as the tricks used by finance player to manage their earnings in terms of savings, budgeting, investing and insuring etc. Definition of financial literacy also declares that financially knowledgeable people are well aware about money management concepts and know in which manner financial institutions work.

The people living in urban areas are having more opportunity to aware about the financial knowledge than the people living in rural areas. If the rural people have such financial knowledge, it will remove economic disparity of the country. A large number of literature reports that in India, financial literacy is not well developed particularly rural areas and they are still waiting for revolutionary push.

Generally urban investors took help of stock brokers or financial intermediaries as their financial consultants. While on the other hand, a rural saver is bound in the environment where he has to decide how he could manage his limited household income in education, day to day expenses, social responsibilities and future plans. Large parts of rural Indian households belong to middle income group. Rural savers understand the relation of portfolio management of their daily savings in day to day expenses. But they are not able to understand the practical game of budgeting, risk, return on investment etc. Therefore, financial literacy could help them to understand the relevance of budgeting. Rural people themselves are responsible for managing their earnings on a daily basis. A financier, who is not financially literate, will not be able to select a suitable investment pattern. This behaviour is strongly evident in the rural society of India. Financial literacy is important not only for rural or uneducated one but even an urban educated can get him into financial suffering if he is not aware about financial concepts. While we feel the troubles that many investors go through daily, the results highlights how important financial literacy is to make sound financial decisions. Literature evidenced that financial knowledge of rural is limited to banking, insurance and post office products. While on the other hand, the capital market is also providing a large chain of services differentiating levels of risk and returns. Financial control, financial planning, understanding of financial concepts and selection of financial product are basic concepts to measure financial concepts.

The result of general education of an investor can be measured in terms of portfolio diversification. Financial literacy is all about to gather basic financial knowledge, to analyse financial decisions, to communicate financial matters as it affects financial well-being of any individual. There are basic three dimensions of financial literacy: shortest one is knowledge of a saver about financial markets; its functioning, negotiation techniques etc. Informed savers who can understand the importance of available financial opportunities and able to differentiate various investment products is in position to increase financial well-being of his dependents.

In a developed country respective term has gained more devotion than a developing nation. It is nothing but skills and knowledge of a person to make sound financial decisions. It is ability of a saver to make rational investment decisions for current and future gains. A financial literate person can outline his limited income around routine activities, basic needs of life and retirement plans in a most profitable manner. It meant different for individuals. For a tax payer it might be related to knowledge about use of taxation loopholes and for an investor it might be related to information about available investment avenues. It is core life skill every saver needs to run his business in a proactive way. Financial literacy is important for sustainable growth of any nation.

Financial literacy has gained more importance in resent decade. Because financial markets are expanding their business according to the investment and saving needs of financiers. As per the census report 2011, 69% of Indian population lived in rural part. Corporate houses and home teamers of capital market daily introducing new products to visitors. But majority of rural population prefer to invest in banking, post-office and insurance avenues. That is why financial intermediaries are recognising importance of financial education. Literature of financial literacy evidenced that information gap between financial markets and a common saver is issue of discussion for the issuers of financial products. Financial literacy is based on four pillars:

- Financial inclusion
- Savings
- Understanding of financial affairs
- Investment needs

Financial inclusion is a process of providing basic banking facilities to the weaker community of economy at free of cost. It is a revolutionary push for poor savers to circulating their money into formal financial system of economy. It provides inclusive growth to economy of a country. It is not wrong to measure financial inclusion as an important mapping parameter for economic growth. Savings are excess of income over routine expenditure. Financial inclusion provide base to cultivate saving habits. Availability of excess money requires knowledge about financial matters. Basic motive of financial awareness program is to provide knowledge to potential investor about financial terms and basic financial matters. Theses awareness programs help investors to understand investment needs and current state of market. Government and non-government agencies are stepping to make investors financially literate.

## 1.4 INVESTMENT SCENARIO

In simple, the term Investment means pledge of funds at present, with the motive of maximum returns in the future. Maximum returns with minimum risk are the main motive of every investor. Savings are the basic step of every investor. Savings benefits both households as well as to entire nation. Because it provides base for investment and infrastructure development and contributes for the growth of economy. Changing trends in market and economy led to change in the financial habits of the savers. These trends induce a common man with saving schemes for the reference of his future. The revolution in banking sector took place around in $19^{th}$ century. At that time banking came out with a stock of investment and saving options for the investors. Besides banking; post office and insurance avenues work as injection for investors. Generally these investment avenues were considered as low risk investment avenues. At that time investment in land; livestock and jewellery were the most preferred investment avenues. Because investors of $19^{th}$ century believed that asset generation is the basic idea behind investment. The birth of capital market put fresh energy in savers. They become more conscious towards their investment and saving preferences; risk and return relationship and diversification in investment. Birth of capital market came up with new investment options, but still the risk of lack of financial literacy and lack of proper advice was also attached with them. It works as revolutionary push for potential savers. The basic motive of investment is capital appreciation. Investment forms a part of surplus money, which an investor gets after differentiating his total expense from his total income. Financier invests this surplus money in market with the motive to generate money at minimum possible risk and at high possible returns. Investment bridges gap between expectations of investors and finance needs of corporate world. Maximum earning is the basis of investment.

Four decades ago, the public wants are limited, therefore the financial institutions provided only limited service to the public i.e., accepting deposits from the public and lending money to the public. But, now-a-days the public wants are unlimited. They want maximum with minimum sacrifice of money. In order to cater their needs, a large number of financial institutions entered into the market and it promotes healthy competitions among the financial institutions. As a result, they provide various kinds of schemes / products to the public. While selecting the products offered by the financial institution, two important factors are to be considered by the public. The first factor is related to selection financial institution and the second factor is selection of financial products. Careless selection of financial institutions or financial products, ultimately leads to heavy loss for them. Therefore, a sound financial knowledge is required for the public while selecting the financial products offered by financial institutions. Financial knowledge is based upon how to take decision on financial aspects.

In the decade of 90's; after the introduction of reforms foreign investors grasped investment opportunities in Indian market. The Indian capital market was growing at that time. 21$^{st}$ century devotes a lot to investors. Now investors can freely choose two different bank products with two different interest rates. But they are quietly being served multiple financial products for saving and investment.

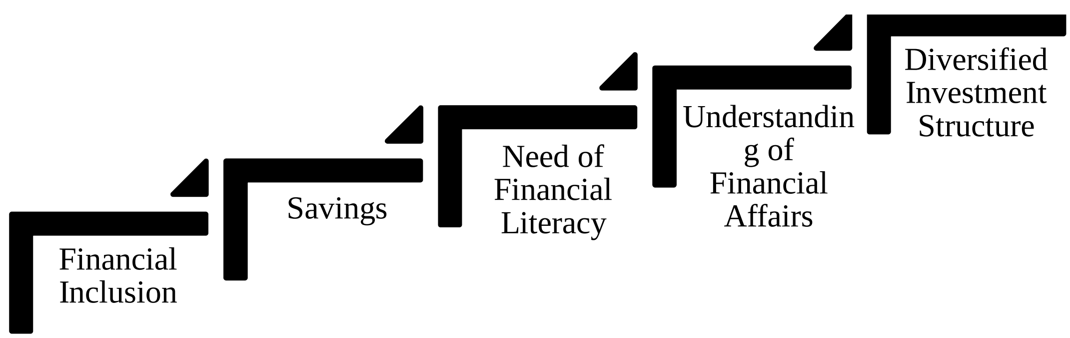
### 1.4.1 Gender disparities in relation to financial awareness

Most of the studies about financial literacy concluded that the behaviour of women is more conservative than men. The prospective implications of gender dissimilarities in context for financial awareness are far-reaching. Literature findings concluded that on average, women class is found less educate than men specifically in financial matters. Male society is dominating over female society in Indian scenario. Lower level of financial awareness among women; cause to lower level of confidence in their financial decision making process. Calculation skills of women in computing interest rate and rate of return are coming under their literacy level. Major financial decisions in family are taken by males. As per Indian culture; power of financial matters remains in the hands of males. But women are finding more success in household financial management. A survey conducted by Organization for Economic Cooperation and Development (OECD), on its member counties. It concluded that out of total 27 countries only 8 of them understood the need of financial literacy among women.

### 1.4.2 Steps in investment pattern

The steps involved in investment pattern through financial inclusion are shown in figure1.1

**Fig.1.1: Voyage from financial learning to investment pattern**




The term savings can be distinct an excess of income over household expenses. In other words it described as the money set aside for the purpose of meeting the future needs. Saving habits among the rural women are cultivated through financial inclusion. The very first step in the journey of investment is savings. The main objective of financial inclusion is to provide the banking services to all the sections of the community without any discrimination. It includes providing banking services to the weaker section of the community at low cost.

Financial literacy is an integral part of financial inclusion. The need for the financial education is to encourage financial awareness. Satisfactory level of financial literacy is the prerequisite of the decade. Many government and non-government organisations are moving towards the peak of financial education. Current phase of financial markets requires decent understanding of financial affairs. A large chunk of financial products are available in the market. An investor can take the benefit only if he is aware enough about matters of financial markets. Otherwise, it is pretty hard to understand financial requirements and to choose any financial product for investment. A proper selection of financial avenues in terms of rate of risk and returns are essential to manage their financial goals otherwise they burn their fingers.

## 1.5 LITERACY STATUS IN JALANDHAR DISTRICT

Literacy is an important factor to determine the economic development of the society. In India, the term literacy represents that any person by the age of seven and above able to write and read any languages. The main motive of these awareness programmes is to help rural population to capture untapped investment opportunities.

For a saver, the formulation of an ideal investment strategy is most important decision to finance his/her future plans. Two important components are to take into consideration before investment:

- How much is to invest?
- Where to invest?
- When to invest?

The decision of investor regarding allocation of resources and timing of investment depends upon his analytical skills. An urban saver is more conscious to catch knowledge about market games than a rural saver. Here financial literacy plays an important role to understand the relevance of household income and expenditure. Financial literacy is an important part of a person having saving and investment habits. If a person can easily identify the investment scheme matching with his investment objectives, and is able to take rational investment decision will be known as financially literate person. In today's investment arena when large number of investment options is available with different expected returns, it is challenging for an investor to take rationale investment decision. Even a bank is also offers different returns on a similar bank account at different points of time.

After independence, the 7th census has been done in 28 states during 2011. The literacy status in Jalandhar District of Punjab is shown in figure 2.

**Fig 1.2 General Literacy Level in Jalandhar**


*Source: Census Report 2011*

In Jalandhardistrict, the literacy rate is higher in urban area than rural area. In rural area, around half of the population is not educated. Generally the literacy level is not encouraging in rural areas. In rural areas, 59% of rural women are literate remaining 49% are illiterate. On the other hand, in urban areas, thewomen's literacy level is somewhat encouraging. Out of the total urban female population, around 88% urban women are literate. The same scenario is found in male category also.

According to the census 2011, around 86% of urban males and 76% of rural males are literate. Male population in rural areas is having low literacy level than in urban areas. But females are found less educated than males.

Financial literacy is an important tool to manage household income and convert it into savings. Then such savings are invested in the profitable investment in order to earn more profit. Hence the Indian government is stepping towards to encourage financial awareness throughout the country. Government of India has started many awareness campaigns to encourage rural and urban potential savers.

In India, most of the women are still home makers. Women can able to handle any tough situation due to the calmness of their mind. Therefore, they must impart some knowledge about basic financial affairs and availability of diversified financial products. As a result, the family financial affairs are resting upon their hands of women and they can effectively manage such crises than men. Towards the end, the overall development of the country could be achieved. Understanding this fact, in most of time, the government organizes financial awareness programmes in rural areas in order to encourage household incomes and potential savings.

# CHAPTER – 2

# LITERATURE SURVEY

The literature survey for the present research work is classified in parts viz., (i) Financial Literacy and (ii) Investment Pattern. They are as follows:

## 2.1 FINANCIAL LITERACY

An interview for the working women of Pune city was conducted by Vasagadekar (2014). She identified that wealth maximisation become an essential for present working women. Most of the educated women were lesser knowledge in financial literacy and its cause to less risk bearing capacity. She concluded in her study that the financially illiterate women were finding difficulty to manage portfolio rationally.

A study was conducted by Trivedi&Trivedi (2014) on 400 respondents of investment pattern in Lucknow. They concluded that a variety of investment and saving products are available in the financial market but people are still least aware. Many programs are conducted by government and non-government organisations to boost financial literacy level of a nation. They suggested highlighting the available financial products on radio and television programs in regional language would create awareness among the people. There is a need to encourage the rural population to adopt modern banking habits. Therefore, service providers of financial market must focus on financial awareness programs of their target group.

Subha&Priya (2014) elaborated the importance of financial literacy for the future of nation and its well-being through their research paper titled "The Emerging Role of Financial Literacy Financial Planning". They also stated that overall financial education is not encouraging. According to the opinion of founders' general literacy, income level, age, employment and place of work also affect financial literacy level. They also suggest government to take some sort of necessary measures to enhance financial attentiveness.

Level of financial literacy and determinants of financial awareness among the salaried class were studied by Bhushan (2013). They studied about the relationship of certain demographic variables on financial education. After analysing 516 respondents they concluded that the financial awareness is not encouraged in the salaried group also. Age of the individual and geographic location does not affect the awareness level. But other demographic factors like general education level, gender, income level, employment etc. affect financial literacy. The ratio of financial literacy is found differently in each respondent.

Fetched very surprising results, the researchers (Bhardwajet al., 2013) discovered that 80% of the respondents were awake about the industrial securities, but only 8% of them were investing in it because they considered it as an insecure avenue. After studying on this topic; they felt need of effective measures to change the pattern of investment specifically in support of industrial securities.

A study on mutual funds was undertaken by Goel (2013) over a period of six years; from 2006 to 2012. She suggested that Indian mutual fund industry need a revolutionary push. She felt that there is a need to educate investors about the benefits of mutual fund schemes through some kinds of awareness programmes. Most of the investors are familiar with banking; insurance; and even post office schemes. So, government and non-government organisations should focus on the awareness programmes. This will help them to educate and aware investors towards various avenues available in market.

Kumar &Mukhopadhyay (2013) conducted a study to analysis the behaviour of rural and urban investors in terms of education, health care services, financial activities and priorities. Two different groups with same income level are served with different financial product mixture. Investment units serve both groups according to their requirements. The main motive of investment groups is to satisfy the requirements of investors. Beside this, they felt that there is a need to empower poor women to make rational financial decision through financial literacy programmes.

Aggarwallaet al., (2013) informed that in working young group of urban area demographic factors like gender, income of family and financial awareness also laid effect on the decisions of investors. He also evidenced that general education level of a person does not always translate his education level into financial awareness. Because the Indian education system does not describe any input for financial literacy through the general education process. They also proposed to carry financial awareness programs as a whole rather than an individual.

Kumar &Anees (2013) discussed about the scenario of financial education in India. The market has been completely changed after the liberation reforms of 90s'. But still; the response of investors is not flowing in positive ways. Financial education and literacy level is the basic pillar of the financial system. In education institutes financial education should be necessary. To enrich the financial well-being of investors; government and non-government organisations should focus on young investors first.

An attempt was made by Thilakam (2012) to study about the financial literacy in rural parts of India. She made a comparison between the generations of five decades. In her survey, she studied about the saving and investment behaviour of two generations on the basis of their requirements and saving habits. Her study brought into light the difference between saver and investors. She also found that investors of the 21$^{st}$ century are able to differentiate the variety of available financial products.

Understood inflation, concept of return and compounding interest rate are the parameters to measure the financial literacy (Behrman et al., 2012). Financial literacy helps to take decision making especially for the less educated class of people. Financial literacy is also accompanied with extra retirement saving. On the other hand, a very fewer are closely related and understanding the market information. Beside this the policymakers should take necessary steps to shape the environment for the financiers.

The awareness level of investors in a metro city is found to be higher than the investors in rural area (Brahmabhattet al., 2012). The reason was metro investors are more concerned with financial gateways; news channels and finance or market related programs. Indian population were more worried about returns on investment. Some changes in investment pattern and literacy level of investors will yield a better result.

An attempt was made by Jappelli&Padula (2011) to study awareness on finance. The study stated that large proportion of adult population are little awareness about investment but still some of individuals are not familiar with the basic concepts even though risk diversification. This study concluded that financial literacy will help investors to motivate in investment.

Kudva (2011) suggested few steps to breed financial literacy level. Further he suggested carrying some sort of audio visual programmes in regional language through internet; social media and mobile. He concluded that to raise financial literacy in rural areas television advertisements should talk about only on investing, not about saving. He suggested, in rural areas audio visual advertisements in regional languages will work influencing. As the youth spend most of their time on social networking sites so to encourage them internet could be used as first class media.

The investors make investment decisions on the basis of risk and return relation keeping in mind retirement plans also (Gallery et al., 2011). Because in this condition they found more risk and return conscious. Moreover most of the people invest for their future. So if they are well aware about basic concepts of finance and investment world. They would be able to identify best investment opportunities. So they concluded that financial literacy play vital role in the life of every investor.

Less amount of knowledge on financial literacy makes people to cultivate a habit of lower saving habit especially at the time of retirement. It also leads to some sort of financial complexities in terms of non-achievement their financial goals. Financial literacy is important for resource planning (Bhattacharya, 2011).

Hasting & Mitchell (2010) informed the importance of financial literacy. In tough economic situations, it will help the people able to compete in a better way. After global financial crisis, policymakers express infinite concern for financial literacy. He conducted his study in the United States and found that most of the people are not aware about financial matters and they are having very less financial knowledge. Furthermore he stated that, less financial knowledge can adversely affect financial and economic decisions of the depositor.

Most of the household respondents are not familiar with the basic concepts of stock market and economics like inflation or interest rates etc. (Lusardi et al., 2007). Illiterate aspects prevent household respondents to invest in the financial market. They considered the understanding of economic concepts and nature of finance are the most vital points on the basis of behaviour of investor.

### 2.1.1 Concluding remarks

In the framework of ’financial inclusion’, the concept of “financial literacy”occupied an important position. Financial literacy is one of very important parameters for the economic development of a nation. But in overall status, the financial literacy is not at desired level. From the above literatures, it is evidenced that financial literacy helps an investor especially for less literacy class people to take rational decisions on financial aspects.

In India, the literacy level of urban class people is superior tothe rural class peoplebecause of the general education level, awareness towards financial matters or employment status etc. Even though, still the financial education is not developed at our desired level. The Indian potential savers need a revolutionary push. Most of the studied concluded that to raise financial literacy level, the government and non-government organisations should organise awareness programs in regional languages.

## 2.2 INVESTMENT PATTERN

Sharma &Pandey (2014) described that investment avenues are available in large chunk for investors like corporate bonds; post-office schemes; debentures; and bank deposits etc., She also found that financial advisor plays vital role in the management of investment pattern. In addition to this, SEBI reduces the cost of mutual funds to make it understandable; organisations can take step to provide investment education because lacking of awareness is the major reason of confusion.

Thulasipriya (2014) illuminated that after independence, Indian population was more attentive for investment in physical assets than financial assets. But interval of time succeeded to shift preference of public from physical assets to financial assets. She also established positive correlation in equity market between level of income and level of investment.

Virani (2014) analysed that standard of living, saving habits and earning potential are increasing with the passage of time and education level. Awareness about the various investment avenues brings positive change in the lifestyle and investment pattern of people. After analysing habits and investment pattern of 100 school teachers, she evidenced that most of the people save money for the accomplishment of their life goals. She suggested identification of market condition and situation of a particular industry where an investor wants to invest his/ her savings. Furthermore, she stated that to gain more; financer should diversify their portfolio.

After studied, the saving pattern and investment preferences of Indian households came out with a few suggestions (Bairagi & Rastogi, 2013) to improve investment pattern among small scale households. In their research they specifically focus on women categories because number of working women increases and with the enhancement of income level the investment habits are also growing. Hence, before investing into market women should evaluate various avenues of investment.

Palanivelu&Chandrakumar (2013) discovered the investment choice of salaried group. They concluded that the Indian population is medium aware about various investment choice, but not conscious about investment in stock market products. Furthermore, they discovered that lower level income group prefers bank products for investment habits. The awareness level of salaried class is found more in insurance; bank deposits and post office schemes.

Umamaheswari& Kumar (2013) found the effect of socio economic variables on investment pattern of salaried and business class people. Through their study they tried to help their target group to finalise their portfolio. By using, their results the target group became able to better understand concept of portfolio management and better to meet their investment requirements. Beside socio economic variables they also identify the influence of some demographic factors like age; gender; income education and occupation on the attitude and pattern of investors.

Bhat (2013) carried out a study on the sensitivity of investors in terms of safety and reliability. Through his study he established a fact that most of the investors affected highly by safety conditions than current trend. He also validates the popularity of equity market among investors because of high returns. But, due to lack of knowledge the investors do not go for equity market. Although investors are still able to taste risk involved in various investment avenues.

A survey was conducted among 100 individuals to assess the behaviour of respondents for a period of one month. The investigator (Karthikeyan, 2013) of this study authorized that at the time of investment most of the investors give importance to safety feature and they appraise performance of their investment avenues periodically to perceive their behaviour.

Obamuyi (2013) identified the importance of dividend policy based on past performance and expected returns on investment decisions of investors. Further he studied the influence of certain socioeconomic factors on decision of investors. The most influencing factors are performance charts of the company, dividend pay-out policies, expected future earnings, market status of the corporation etc.;hence, the policy makers of companies should consider all these factors to make the investment climate friendly and competitive. Effecting implementation of policy laws, transparent work policies, resolution of frauds can inspire financier for further investment.

The behaviour of Indian households from different angles has been evaluated by Altaf (2013). The factors considered by him as mapping parameters were income level of the saver, work status, gender and level of education. He found assured returns and less risk as dominating factors for an investor to take an investment decision. He evidenced that banking products are most preferred avenues for Indian household sector. But transparency in the equity market role, institution of reforms, protective regulations of capital market and technological development enable investors to shift their habits from banking products.

Patel & Patel (2012) criticized the criteria of safety for the choice of Investment Avenue in their study. They evidenced that young investors do not hesitant while parking their savings into risky ventures. Saving tax is the main aspect they looked before investing. He also found less appeal towards bank and post office products among youngsters.

Diversification provides a wide range of opportunities to investors (Kaur & Vohra, 2012). The investment decision of an investor is always influenced by the benefits of a diversified portfolio. Investment behaviour reflects in the investment strategies made by investment units, since investor behaviour is varied in nature. So investment units issue is related to different investment schemes with different rewards. Through this approach they identify the requirements of investors in terms of reliability, sensitivity, benefits, expectations, priorities, etc.

The objective of the investment is to maximise the return with minimum possible risk. To achieve this objective, Indian investors diversify their savings. Besides demographic factors' other factors like liquidity, profit, capital appreciation, dividend policy of the company and safety level of investment scheme also shake the decision of investors (Shaik et al., 2012).

Achar (2012) confined the mapping parameters which influence trading and investment behaviour of financiers on the basis of certain parameters including age, gender, marital status, lifestyle and number of dependents in the family. Besides these factors, he also proved that high propensity leads to consume and a low propensity to save and ultimately results into low investment. Demographic factors are considered as the most important factors which could affect investors' choice and portfolio.

Varadharajan&Vikkraman (2011) brought into light the factors which influence the decision making of venture capitalist in the equity market. They concluded that experience of investor has nothing to do with perception of profit but the opinion of others could lead into a loss. The self-monitoring aspect is enlightened by them; to get different profits on diversified portfolio. They also suggested that investors should update their decision according to the dynamics of the market.

Small chunk of people are aware about the avenues of investment specifically in stock market because they gave more importance to invest in insurance schemes; saving certificates; provident funds and bank deposits (Geetha& Ramesh, 2011). People prefer these investments avenues according to their awareness and their income level. Public invested in the above stated schemes just because they consider bank deposits; insurance schemes; saving certificates etc., were safer than any other avenue. Moreover, these schemes are more popular from the times of dependence; when capital market was not widespread.

A survey was carried out from 160 investors and identified that significance of social factors and their impact on investment habits of people (Bennet, 2011). The researcher stated that social factors can influence the decision of investors in two ways: invest or not to invest. Also, the researcher found that the beliefs of investors are always attached with their social factors.

Investors of 21$^{st}$ century behave rationally. Every investor chooses investment according to his risk tolerance level because; risk varies according to the nature of investment scheme. Most of the investors use some sort of reference group for taking investment decisions (Kabra et al., 2010). Life insurance, post office, bank products, fixed deposits and other government based saving schemes are considered as most preferable products than risk avert investors.

Elan (2010) studied the implications of behavioural finance theory and highlights the role of social factors, mental aptitude and emotional factors in the investment process. He tried to give solutions to two parties; one the investors stop them committing any mistake in the investment decisions and second the investment professionals understand the behavioural aspect of individuality and to design best suitable products accordingly. This approach could encourage the participation of investors in capital markets. Because the practical implication of behavioural finance theory could help both players of the market to serve themselves accordingly.

Croson&Gneezy (2009) made an attempt to describe difference in investment preference between men and women are based on three factors: risk level; social preferences and reaction to competition. Further he concluded that the women are indeed more risk adverse than men because of their social preferences. Hence, these kinds of preference habits add more value in gender differences in financial habits. He concluded that gender differences form a part of differences in investment choices.

Mallick (2009) described the pattern of private investment for the period of 1968-2006. His study evidenced that after introducing economic reforms growth has been noticed in the investment of the private sector. The industrial sector has placed at the top rank in terms of capital formation. Economic reforms are vital for the investment industry. He concluded that economic reforms lead to growth in capital formation. Moreover the positive effect of economic reforms has been noticed in by him.

Odean&Barber (2001) in his research described about the behavioural aspect of males and females on investment decision. Further he stated that men are having over confidence than women. This will give negative impact. When men were more optimistic than women; they will trade more, but get less returns. This is the main reason that men investors generally face heavy losses than women. Due to over confidence they invest weighty amount in market and at the time of even systematic risk they sometimes loose full amount of investment.

James et al., (2000) evidenced through his work that large times investment choices are affected by cost factor as one of the most important aspect while selecting portfolio. In initial stages of the emergence of mutual funds cost was the most important factor in portfolio selection, but with the development of secondary market most of the companies started providing portfolio services at very nominal cost in order to attract more financiers.

Bajtelsmit (1997) conducted a study entitled “Why Do Women Invest Differently than Men” informed that popular beliefs about gender differences and their investment behaviour. He motivated policy makers of mutual fund industry to make such kinds of policies which must improve economic outcome of women. Women behave differently than men, because of presence of large number of internal as well as internal factors. He also observed the outcome of investment behaviour. He paved a way to policy makers to understand the causes of overtrading and gender differences behaviour in trading.

### 2.2.1 Concluding remarks

On hand, the fast growing capital marketsrequire large amounts of money for its operation on the other hand the investors' need different types of investment products for investing their money. 60 years of independence brought an ample change in the market behaviour and lifestyle of investors. The requirements of investors vary according to their income level, number of dependents in the family and risk tolerance level. From the literature survey, it is observed that the income of the family is found most dominating factor. Most of the studies concluded that investors are risk averse. Hence,in most of the times they preferbanking, insurance and post office schemes. Because they assume that these three as well secure avenues of investment.  Due to changes in economic climate condition, the perception of investors has also changed. But the literature did not evidence the impact of change in economic climate on investment behaviour of the financier.

# CHAPTER – 3

# SCOPE OF THE STUDY

On this earth, women have played a major role than others.  Due to their selfless contribution, the earth becomes more beautiful living place for all. Generally urban women had more opportunities and advantages than the women in rural places. Hence, the Indian government has taken various measures to improve the life of rural women. A number of charitable and Non-Government Organization have also played a vital role in improving their status of rural women. The Indian government has launched a programme on financial literacy.

Financial literacy is an energetic universal concern. Availability of large number of financial resources, different financial schemes and low level of financial awareness gives a birth to financial literacy. Awareness level for financial matters differs according to literacy and perception level of people. In financial matters concern, the urban women are having more opportunity and they are more independent than rural women. Therefore urban women are well versed in financial decision making than rural women. The financial decisions of rural women are depending upon their family and their household income. Family, emotion and society are playing a vital role in their financial decision making. Lower level of awareness of financial products leads to lower confidence in financial decision making.

In 1990's the industrial reforms reduce the role of Government in the corporate sector and the beliefs of investors remained in private hands. To gain healthy and safe environment for an investment pattern, individuals are bound to take rational decisions. They have to construct their portfolio in such a way that would be supportive for their prerequisites in the times of crisis also. Job security, numbers of dependents, family affairs, family income level and future financial requirements have influenced the rural women in financial decision making.

In India a little amount of research work has been carried out on financial literacy, awareness level of people in financial literacy and its impact. The sexual and regional disparities still exist in India. To tackle this problem, the policy makers, political parties and federal have introduced different kinds of financial literacy to rural community from time to time. The concept of the programme is management of financial affairs. Through this programme the rural women able to understand the financial risk and investment opportunity for their savings. This programme also helps them to take better financial decision in their life.

There is a need to assess the status of rural women in financial decision making in terms of their routine activities as well as for future goal i.e. security in life. Keeping this issue in view the present study has been undertaken.

# CHAPTER – 4
# OBECTIVES AND
# RESEARCH METHODOLOGY

## 4.1 OBJECTIVES

The objectives of the present study are as follows:

1. To investigate the factors, induce the rural women to select a financial institution while selecting avenues of investment

2. To identify the awareness of rural women towards various investment avenues

3. To measure the relationship of financial awareness and saving behaviour among rural women

## 4.2 RESEARCH METHODOLOGY

The present research work has been accomplished on two stages. Former stage of study is explanatory in nature and forms desk research. At this stage, available literatures concerned to the financial literacy and investment pattern were collected. This exploratory part of research forms basis for preparing questionnaire and research questions for the next stage.

A series of descriptive work was accomplished at second stage of research. Presence of healthy population of rural women households in Jalandhar district has driven tool for the researcher to select it as study area.

### 4.2.1 Sample district

Jalandhar district of has been selected as a sample district for this study to accomplish the above objectives. The district has an area of 2,632 square kilometres ($km^2$) in total Punjab. The average literacy rate of Jalandhar is 82.4%. Out of 640 districts of India, Jalandhar is ranked in 209$^{th}$ place in terms of total population. According to the census report 2011, the total rural female population of Jalandhar is 5, 03, 629.

### 4.2.2 Sample village

The Jalandhar district is further divided into five tehsils. For the convenience of data collection, sample has been selected on the basis of division of tehsils. There are five tehsils in Jalandhar district such as:

- Jalandhar 1
- Jalandhar 2
- Nakodar
- Phillaur
- Shahkot

These five tehsils cover nine hundred twenty villages of Jalandhar district.

### 4.2.3 Sample size

The next stage of research methodology is to select the sample size of the proposed research work.

The present study attempts to evaluate the awareness and satisfaction of rural women towards various investment avenues and also their investment behaviour. For the purpose, 2.5% of the potential rural women savers have been selected from each tehsil of Jalandhar district randomly. The random village contains highest number of women population in each tehsil. Through this way five villages were selected from each tehsil for data collection purpose. Therefore the total sample size is 335 women respondents. 335 respondents, who engaged in financial literacy programmes has been selected from each block for this study.

### 4.2.4 Collection of data

The data has been collected from both primary as well as secondary sources. Primary data collected from respective respondents. For collection of primary data, a structured questionnaire has been prepared for collection of primary data from the target respondents in order to analyse the rural woman’s awareness level in investment avenues and their pattern of investment behaviour. Data on financial literacy programmes held in rural areas has been collected from the 'Panchyat members' of villages.

### 4.2.5 Used statistical tools

As per the nature of questionnaire and requirements of research objectives, appropriate statistical methods have been used. The following major tools have been applied for the accomplishment of research objectives:

- Anova test
- Multiple regression test

Table 4.1 represents the list of statistical tools applied in this study.

**Table 4.1: list of statistical tools**

| Sl. No. | Hypothesis | Tools applied |
|---|---|---|
| 1. | Demographic profile of respondents and familiarity with financial institutions are not significantly associated with each other. | Anova Test |
| 2. | Saving behaviour is not significantly associated with financial control of rural women. | Multiple Regression Test |

## 4.3 PILOT STUDY

Pilot survey was carried out within the sample size. In the pilot study thirty five questionnaires were used to obtain information about awareness level of rural women, their pattern of investment behaviour and to study factors which influence investment decisions of rural women. The questionnaire was further divided into five parts including demographic information, financial control, financial planning, selection of financial products and financial literacy. These dimensions were used in pilot survey in order to acquire insights of financial behaviour of rural women.

- Target respondent were selected by convenience method to avoid the complications arising from the non-availability of respondents.
- The survey selected people specifically living in rural part of Jalandhar district.

## 4.4 RELIABILITY TEST

Table 4.2 depicts reliability test of the study.Reliability is a measurement which produces reliable results over time. Prior to the starting of research work, a pilot study was done accompanied on $1/10^{th}$ part of total sample size. The value shown by cronbach's alpha in case of saving behaviour component's was 0.716, which supports the vision that data gathered by questionnaire is 71% reliable.

On the other hand, the value shown by cronbach's alpha in case of familiarity with financial institution's components was 0.706, which supports the vision that data gathered by questionnaire is 70% reliable.

**Table 4.2: Cronbach alpha of Reliability**

| Particular | Cronbach alpha | No. of items |
|---|---|---|
| Saving behaviour | 0.716 | 7 |
| Familiarity with financial institution | 0.706 | 7 |

*Source: SPSS output*

## 4.5 SELECTION OF VARIABLES

### a. Independent variable

- Occupation
- Age

- Education
- Marital Status
- Number of Dependents
- Monthly Income
- Family Type

**b. Dependent variables**

- Familiarity with financial institutions
- Saving behaviour of respondents

## 4.6 HYPOTHESIS

[1] $H_0$: Occupation of the respondents and familiarity with the financial institutions are not significantly associated.

$H_1$: Occupation of the respondents and familiarity with the financial institutions aresignificantly associated.

[2] $H_0$: Age of the respondents and familiarity with the financial institutions are not significantly associated.

$H_1$: Age of the respondents and familiarity with the financial institutions are significantly associated.

[3] $H_0$: Educational status of the respondents and familiarity with the financial institutions are not significantly associated.

$H_1$: Educational status of the respondents and familiarity with the financial institutions are significantly associated.

[4] $H_0$: Marital Status of the respondents and familiarity with the financial institutions are not significantly associated.

$H_1$: Marital Status of the respondents and familiarity with the financial institutions are significantly associated.

[5] $H_0$: Number of members in the family and familiarity with the financial institutions are not significantly associated.

$H_1$: Number of members in the family and familiarity with the financial institutions are significantly associated.

[6] $H_0$: Monthly income of the family and familiarity with the financial institutions are not significantly associated.

$H_1$: Monthly income of the family and familiarity with the financial institutions are significantly associated.

[7] $H_0$: Family type of the respondents and familiarity with the financial institutions are not significantly associated.

$H_1$: Family type of the respondents and familiarity with the financial institutions are significantly associated.

[8] $H_0$: Consumption behaviour is not significantly associated with saving behaviour of rural women.

$H_1$: Consumption behaviour is significantly associated with saving behaviour of rural women.

[9] $H_0$: Debt payments are not significantly associated with saving behaviour of rural women.

$H_1$: Debt payments are significantly associated with saving behaviour of rural women.

[10] $H_0$: Personal finance consciousness is not significantly associated with saving behaviour of rural women.

$H_1$: Personal finance consciousness is significantly associated with saving behaviour of rural women.

[11] $H_0$: Long term financial goalsare not significantly associated with saving behaviour of rural women.

$H_1$: Long term financial goalsare significantly associated with saving behaviour of rural women.

[12] $H_0$: Cash retain behaviour is not significantly associated with saving behaviour of rural women.

$H_1$: Cash retain behaviour is significantly associated with saving behaviour of rural women.

[13] $H_0$: Deposit habitis not significantly associated with saving behaviour of rural women.

$H_1$: Deposit habit is significantly associated with saving behaviour of rural women.

[14]$H_0$: Full utilisation of cashis not significantly associated with saving behaviour of rural women.

$H_1$: Full utilisation of cash is significantly associated with saving behaviour of rural women.

# CHAPTER - 5

# ANALYSIS AND INTERPRETATION

## 5.1 INTRODUCTION

Individuals and investors provide capital in the market to create liquidity and a dynamic business environment. Thus, consumption, saving and investment behaviour are pillars to analyse the economy of any country. These vital pillars determine the rate of economic and trade growth rate. Research in respective field becomes vital in order to capture the savings, investment pattern and capital formation in the economy. The below observations are formed from the responses of rural females as majority of financial literacy programmes organised in rural areas.

Even in the 21st century, Indian households still neither use modern investment and saving options nor actively dedicated to the formal financial system. Modern financial schemes include forex market, mutual funds, government investment opportunities, real estate investments, antiques, private funds, precious metals and art pieces, etc. of these, the futures market and commodity market are some risky avenues. More educated, high income profile and venture investors prefer these avenues. So it is very important to understand the relationship of demographic variables and patterns of investment.

Effective financial literacy helps investors for effective management of their earnings, savings and the pattern of investment in more productive manner. With a logical understanding of these issues, this study focuses to analyse level of financial awareness and its influence on saving and investment pattern of rural females. For the simplification of analysis part, this chapter is classified into various segments.

## 5.2 SOCIO-ECONOMIC FACTORS

In respect of a wide diversity in socio- economic factors, the sample was drawn out of five major villages across Jalandhar district. Data was collected by using questionnaire technique. Age, occupation, education level, number of dependents, monthly income of family and the type of family were demographic traits on which data was collected. In addition to demographic attributes, the target group was required for response on questions related to financial control, financial behaviour, financial planning and financial literacy. Level of financial literacy was measured using a combination of ten questions to capture the basic understanding of rural women about calculation of compound and simple interest rates, taxation system, the relation between risk and return, the importance of diversification and decision making. The approach attempted to unravel the saving and investment behaviour of rural women of Jalandhar district.

Details about the demographic variables of the respondents are shown in Table 5.1.

**Table 5.1: Details of demographic variable**

| Variable | Detail | Frequency | Percentage |
|---|---|---|---|
| **Age (in years)** | 20 and less | 0 | 0 |
| | 21-23 | 43 | 12.8 |
| | 31-41 | 126 | 37.6 |
| | 41 and over | 166 | 49.6 |
| **Education level** | No formal education | 43 | 12.8 |
| | Primary school | 109 | 32.5 |
| | Matriculation | 78 | 23.3 |
| | Diploma | 52 | 15.5 |
| | Graduate/ Post- graduate | 53 | 15.8 |
| **Marital status** | Unmarried | 28 | 8.4 |
| | Married | 230 | 68.7 |
| | Widowed | 77 | 23 |
| **No. of** | Two | 3 | 0.9 |

| | | | |
|---|---|---|---|
| **dependents** | Three | 17 | 5.1 |
| | Four | 49 | 14.6 |
| | Four and more | 266 | 79.4 |
| **Monthly income** | 1001- 3000 | 28 | 8.4 |
| | 3001- 5000 | 56 | 16.7 |
| | 5001- 10000 | 232 | 69.3 |
| | More than 10000 | 19 | 5.7 |
| **Family type** | Nuclear family | 188 | 56.1 |
| | Joint family | 147 | 43.9 |

*Source: Primary data*

As per the data displayed in table 5.1, out of total 335 female respondents, with the majority being 166 (49%) women fall in this age group. The highest level of education that respondents have obtained was primary school, which represents the majority of the sample. Of the 335 females, only 28 were unmarried and 230 were married hence only 230 were well represented in survey frame. Monthly income revealed that 232 (69.3%) respondents were well represented in income category. A typical attribute of Indian culture is that the families of two brothers lived under the same roof even after marriage and that is what known as joint family. Since, family size could have a great influence on saving and investment behaviour of a person. Here, data revealed that most of the respondent families were nuclear (56.1), followed by (43.9%) joint families.

Data collected from 335 respondents is described to correlate saving and investment behaviour of respondents. The satisfaction level of investors and preference towards various investment avenues is dependent on the socio-economic status of individuals.

## 5.3 FINANCIAL CONTROLS

Financial control is an important building block of financial literacy. Household budget and eye on financial transactions are key measure to determine the financial control of households. The budget for the household and classification of household budgets are presented in table 5.2 and 5.3.

**Table 5.2: Household budget**

| Budget | Frequency | Percentage |
|---|---|---|
| Yes | 151 | 45.1% |
| No | 184 | 54.9% |

*Source: Primary data*

Money management is a very important part of financial behaviour. Data collected from female respondents revealed that the majority of households lakh any type of budgeting and financial planning.  While around 45% people plan their financial behaviour in advance.

**Table 5.3: Classification of household budget on the basis of household income**

| Monthly income (in Rs.) | | Does your household have a budget? | | Total |
|---|---|---|---|---|
| | | Yes | No | |
| 1. | 1,001- 3,000 | 13 | 15 | 28 |
| 2. | 3,001- 5,000 | 21 | 35 | 56 |
| 3. | 5,001- 10,000 | 115 | 117 | 232 |
| 4. | more than 10,000 | 2 | 17 | 19 |
| | **Total** | **151** | **184** | **335** |

*Source: Primary data*

From the data of table 5.3, it has been inferred that the majority of middle income households maintain a budget. 115 of total respondents from the monthly income category of Rs.5, 001- Rs.10, 000 plan their household funding. Household finance is planned by very few respondents, having income more than Rs.10, 000. While only 13 households with monthly income of 1,001 – 3,000 prepare household budget. Followed by 21 households, fall in the second category of income.

Data collected in relation to the personal money management and record keeping is described in table 5.4

**Table 5.4: Monitoring expenses**

| Recording activities | Frequency | Percentage |
|---|---|---|
| No, I don't keep records of everything, but I know in general how much money is received & spent during a month | 126 | 37.6% |
| No, I don't keep records & I don't have even a vague idea of how much money is received & spent during a month | 14 | 4.2% |
| Yes, I keep records of everything, but not all things are entered | 114 | 34% |
| Yes, I keep records of everything, entering all transactions | 81 | 24.2% |

*Source: Primary data*

The research investigates the extent, which describe the monitoring nature of respondents on household regular expenses. The study revealed that out of the total 335 respondents, around 37.6% people don't keep monthly or otherwise records of their daily transactions. But in general, they are aware about all transactions done by other family members. Followed by 34% household, they tend to monitor all the expenses and revenues, but written records are not maintained by them. There is 24% of the respondent having full written records of monthly income and expenditure. Interesting to note that, around 4% of respondents don't have even a vague idea about financial transactions.

## 5.4 AWARENESS OF INVESTMENT AVENUES

The largest numbers of investment avenues are available in financial markets to serve the desires of investors. Thousands of investment schemes are available in the market. The art of rational investment decision is maximum returns with minimum of risk. Investment pattern differs from one another in terms of invested amount, risk bearing capacity and expected returns. In recent times, awareness about financial products, in finance has become an issue of discussion in financial markets. Past studies revealed that people prefer to invest in tradition and safe investment avenues. Bank, insurance and post office investment schemes are found most preferred investment avenues. There is an information gap between financial markets and a financier, results that a majority of investor does not use modern investment products. Data collected under this section confirms that there is imbalance in- between traditional and modern investment avenues. As we can figure out easily that awareness level of respondents in banking avenues, post office schemes, insurance schemes and other traditional avenues like gold/ silver and real estate opportunities. While on the other hand, table 4.5, evidenced lack of awareness in chit fund schemes, bonds, debentures, Public provident fund, National savings certificate, Government securities, Commodity market and Commodity market.

**Table 5.5: Awareness about investment products**

| **Financial product** | **Familiar** | | **Non- familiar** | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| **I. SAFE INVESTMENT AVENUES** | | | | |
| Savings account | 334 | 99.7% | 1 | 0.3% |
| Bank fixed deposit | 333 | 99.4% | 2 | 0.6% |
| Public provident fund | 212 | 63.3% | 123 | 36.7% |
| National savings certificate | 210 | 62.7% | 125 | 37.3% |
| Kisanvikaspatra | 259 | 77.3% | 76 | 22.7% |
| Post office savings | 330 | 98.5% | 5 | 1.5% |
| Government securities | 206 | 61.5% | 129 | 38.5% |
| **II. MODERATE RISK INVESTMENT AVENUES** | | | | |
| Mutual funds | 260 | 77.6% | 75 | 22.4% |
| Life insurance | 329 | 98.2% | 6 | 1.8% |
| Debentures | 195 | 58.2% | 140 | 41.8% |

| | | | | |
|---|---|---|---|---|
| Bonds | 194 | 57.9% | 141 | 42.1% |
| **III. HIGH RISK INVESTMENT AVENUES** | | | | |
| Equity share market | 248 | 74% | 87 | 26% |
| Commodity market | 96 | 28.7% | 239 | 71.3% |
| Forex market | 135 | 40.3% | 200 | 59.7% |
| **IV. TRADITIONAL INVESTMENT AVENUES** | | | | |
| Real estate | 315 | 94% | 20 | 6% |
| Gold/ silver | 308 | 91.9% | 27 | 8.1% |
| Chit fund | 208 | 62.1% | 127 | 37.9% |

*Source: Primary data*

In terms of familiarity with financial products, data collected from the respondents revealed that rural female are most familiar with savings account (99.7%), followed by fixed deposit (99.4%), post office schemes (98.5%), life insurance (98.2%), real estate (94%) and gold/ silver (91.9%) trading options. Furthermore, it is reported that rural females is most familiar with bank, post office, insurance and other traditional avenues of investment. Although, data does no reveal slightly high familiarity of rural females with debentures (58.2%), bonds (57.9%), forex market (40.3%) and commodity market (28.7%) in moderate risk avenues. But marginal divergence is found among respondents about few investment avenues like Mutual funds (77.6%), Equity share market (74%), Public provident fund (63.3%), National savings certificate (62.7%), Chit fund (62.1%) and Government securities (61.5%).

## 5.5 SAVING BEHAVIOUR OF RURAL WOMEN

Individuals are self in charge of their retirement security. The people have to decide not only about level of savings but also about the rational allocation of resources. But the recent developments in financial markets came out with a complex structure of investment opportunities. Everyone engages himself/ herself in money making activities. People keep a portion of earnings to meet future uncertainties. This saved a portion of income is termed as savings. Savings are possible by reducing unwanted expenditure.

Savings are prior to the investment decision. Investment refers to sacrifice of today's expenditure for the safety of the future. Aim of the investor is to generate extra financial benefits for the safety of tomorrow. The various avenues of investment include bank avenues, post- office schemes, insurance benefits, government issues, real estate, mutual funds, commodity market products etc.

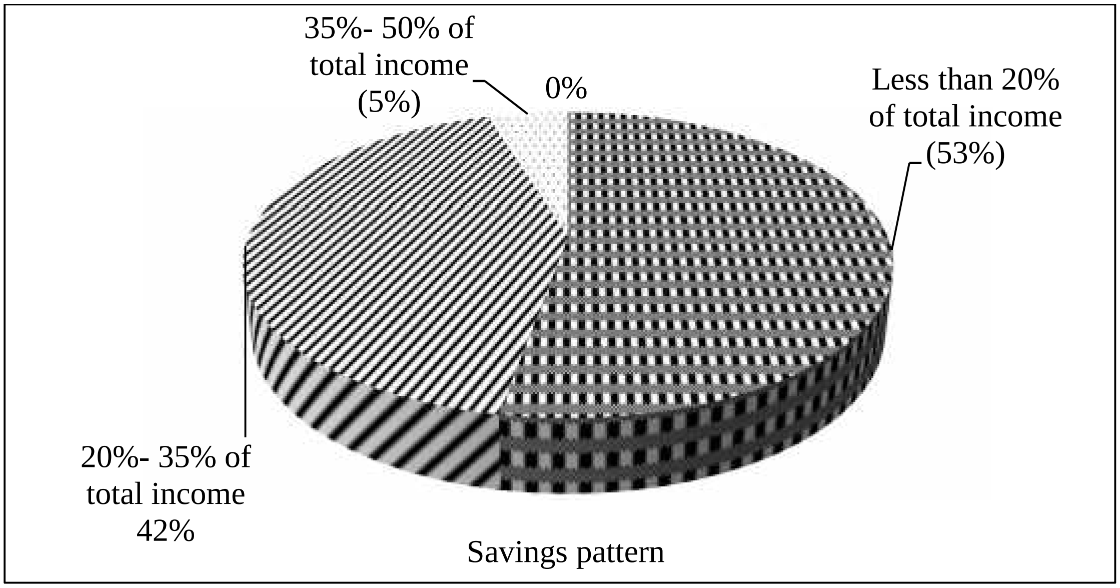
### 5.5.1. Pattern of savings

The percentage of the total savings from monthly household income plays an influential role in determining patterns and the quantum of investable income. It was considered an important part of study to know about total savings and saving behaviour of households'. Data on total savings from the monthly household income of the respondents is presented in table 5.6 and figure 5.1.

**Table 5.6: Frequency of responses in context to savings pattern**

| Percentage of total monthly savings | Frequency of responses |
|---|---|
| Less than 20% | 177 |
| Between 20- 35% | 142 |
| More than 35% | 16 |

**Figure 5.1: Percentage to total savings**



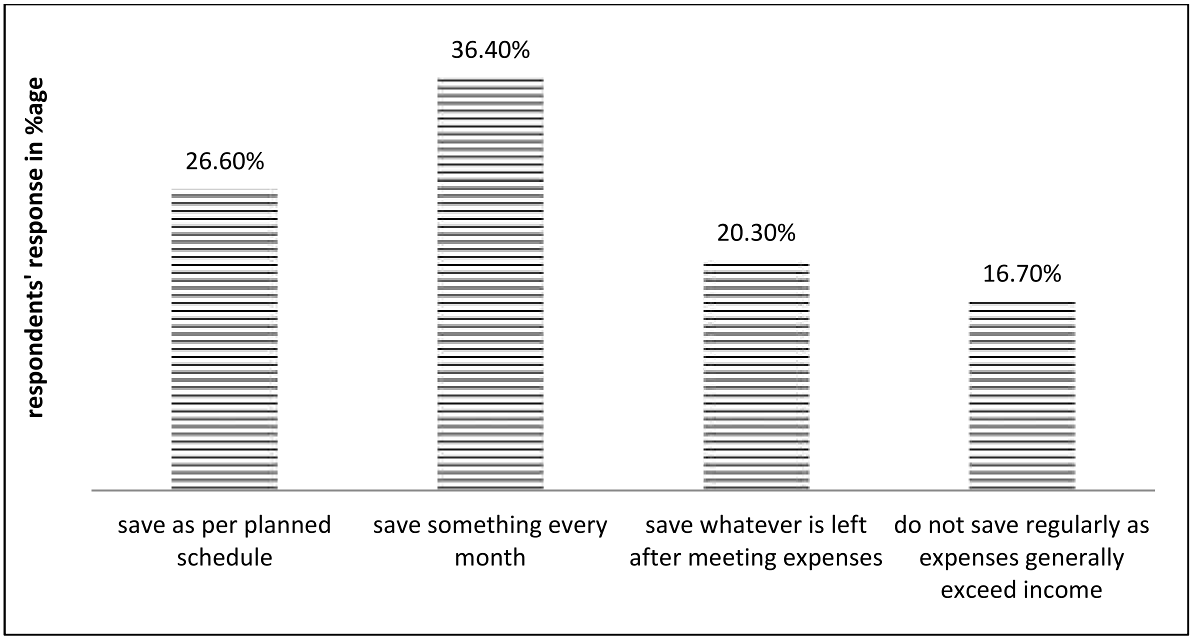

*Source: Primary data*

Figure 5.1 indicates that only 5% females are saving more than 35% of their total monthly income. The reports revealed that no one saves over 50% of her total income. The results may be biased toward the first category of total savings. In the study of female saving behaviour, we found that the majority of respondents (53%) are saving less than 20% of their total household income. 42% of females are saving between 20%- 35% of their total household income. The implications of above presented findings are that because of living costs, most of the respondents tend to save less than 20% of their total savings.

### 5.5.2 Saving behaviour of rural women

The portion of monthly income saved plays a prominent role to lead the saving behaviour of households. It was considered as a vital aspect to study the investment pattern of rural women. Saving behaviour of rural women is segregated in figure 5.2

**Figure 5.2: Saving behaviour of rural women**




*Source: Primary data*

Overall, the second category is most important part of behaviour revealed by respondents. Around 36% of the respondents tend to save something out of their total household income. 26.6% respondents planned their level of household expenses and they save as per the planned schedule. While, 20.3% respondents reported that the living cost is high and they give priority to their necessary living expenditures. Around 16% respondents never save regularly because; their living cost is generally higher than their household income.

## 5.6 INVESTMENT PATTERN

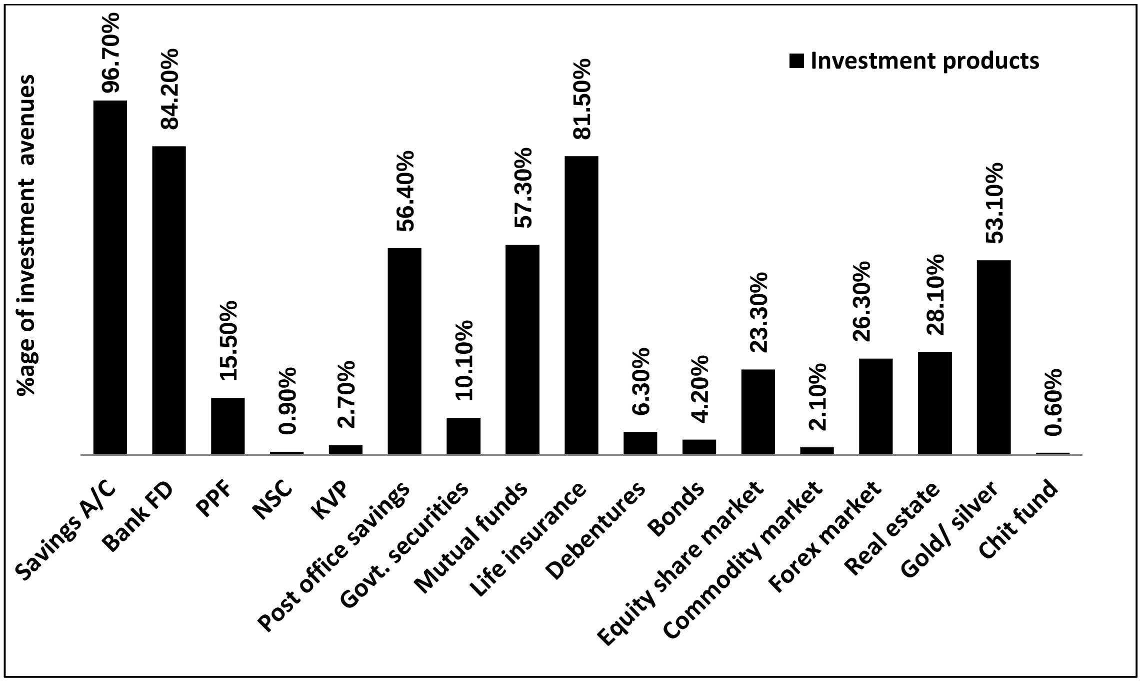
Investment pattern refers to the outline of savings into various financial products with the objective of risk diversification or high expected profits. The very first step for voyage of investment is savings. Investor can take the benefit of large chunk of financial products only if, he/ she is aware about the relevance of portfolio or diversified pattern of savings. The current investment pattern of rural women is represented in table 5.7 and figure 5.3.

**Table 5.7: Current portfolio of rural women**

| Financial product | Current investment | | Non- current investment | |
|---|---|---|---|---|
| | **Frequency** | **Percentage** | **Frequency** | **Percentage** |
| I. Safe investment avenues | | | | |
| Savings account | 324 | 96.7% | 11 | 3.3% |
| Bank fixed deposit | 282 | 84.2% | 53 | 15.8% |
| Public provident fund | 52 | 15.5% | 283 | 84.5% |
| National savings certificate | 3 | 0.9% | 332 | 91.1% |
| Kisan vikas patra | 9 | 2.7% | 326 | 97.3% |
| Post office savings | 189 | 56.4% | 146 | 43.6% |
| Government securities | 34 | 10.1% | 301 | 89.9% |
| II. Moderate risk investment avenues | | | | |
| Mutual funds | 192 | 57.3% | 143 | 42.7% |
| Life insurance | 273 | 81.5% | 62 | 18.5% |
| Debentures | 21 | 6.3% | 314 | 93.7% |
| Bonds | 14 | 4.2% | 321 | 95.8% |
| III. High risk investment avenues | | | | |
| Equity share market | 78 | 23.3% | 257 | 76.7% |
| Commodity market | 7 | 2.1% | 247 | 73.7% |
| Forex market | 88 | 26.3% | 247 | 73.7% |
| IV. Traditional investment avenues | | | | |
| Real estate | 94 | 28.1% | 241 | 71.9% |
| Gold/ silver | 178 | 53.1% | 157 | 46.9% |
| Chit fund | 2 | 0.6% | 333 | 99.4% |

*Source: Primary data*

**Figure 5.3: Attitude of rural women towards various avenues**



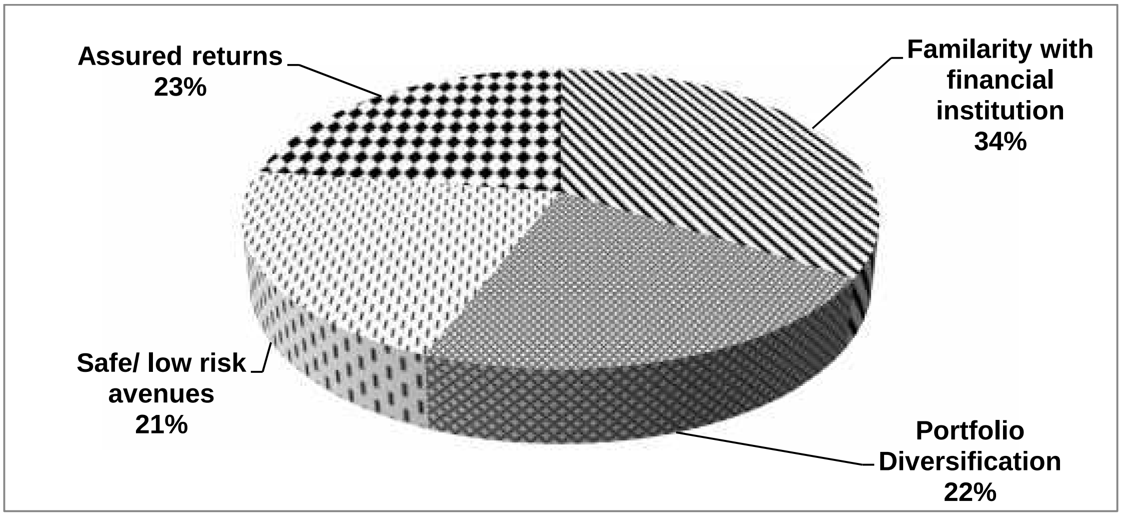

*Source: Primary data*

From figure 5.3, it is revealed that most of the female respondents are investing in a savings account (96.7%), followed by bank fixed deposit (84.2%) and life insurance (81.5%). These three are found most prominent investment avenues in pattern of rural females. While, post office savings (56.4%), mutual funds (57.3%) and gold/ silver (53.1%) are found less popular in the investment pattern of rural females. On the other hand, KisanVikaspatra (2.7%), Government securities (10.1%), debentures (6.3%), bonds (4.2%), commodity market (2.1%), National saving certificates (0.9%), chit fund (0.6%) are preferred by very few persons to diversify their portfolio.

## 5.7 COMPONENTS OF FINANCIAL ATTITUDE

The reason for selection of the financial instrument by the rural woemn is presented in figure 5.4

**Figure 5.4: Reason behind financial selection**



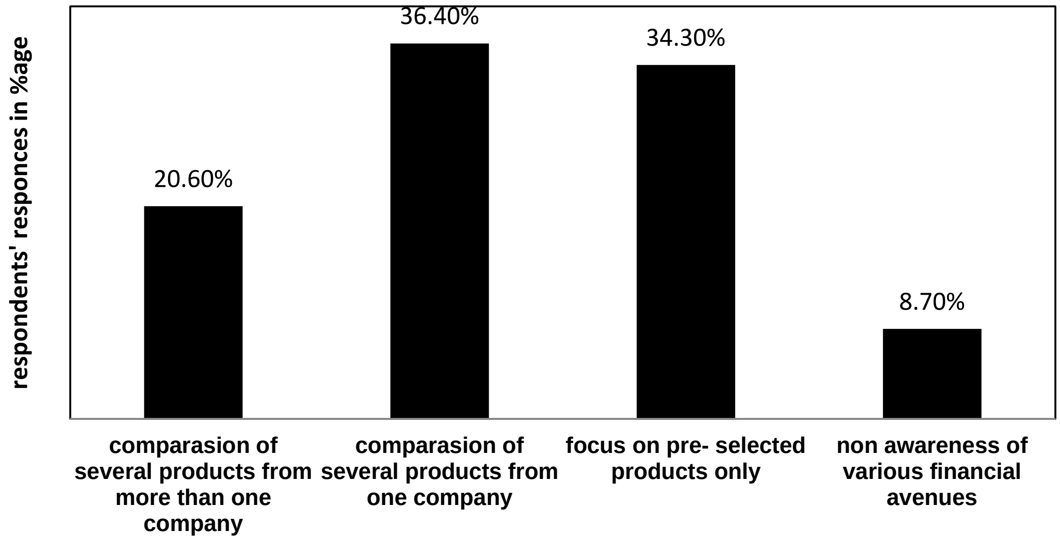

*Source: Primary data*

From figure 5.4, it can be concluded that familiarity with any financial institution influence most of the times investment decisions of investors. 34% of total females select a financial institution because of familiarity, followed by the reason of assuring returns. 23% of respondents select only those financial products which assure return on their investment quantum. 22% respondents prefer to select a number of financial products. Here, portfolio diversification is the main aim of investment. Interestingly, safe and low risk factors have the lowest preferred reason for financial selection. Only 21% people are investing in safe and low risk investment avenues.

## 5.8 STATEMENTS DESCRIBE THE FINANCIAL SELECTION OF RURAL FEMALES

Financial and investment behaviour of a person is a vital component in a given financial environment. Investment pattern is affected by the awareness about the financial markets and the ability to make rational decisions. Hence, the variable behaviour prior to the selection of investment policy was investigated for this research. Data related to behaviour and rationality prior to financial selection is presented in figure 5.5.

**Figure 5.5: Behaviour of rural women in context to product choice**




*Source: Primary data*

From figure 5.5, it is indicated that the behaviour wise allocation of responses. Among 335 households' surveyed 36.40% of respondents compare different financial or investment policies from one company only. It is clear that most of the respondents trust on the investment policies of only one company where an investor wants to invest. Followed by 34.30% of responses belongs to those households who never compare different investment policies of one or more companies. They prefer to invest in pre-selected avenues. Consequently, 20.60% households compare various products from more than one company and 8.70% of sample population are found not aware about the availability of different financial avenues in the market.

## 5.9 FINANCIAL LITERACY AMONG RURAL WOMEN

The familiarity with financial institutions by the rural women is presented in table 5.8.

**Table 5.8 Familiarity with financial institution**

| **Name of institution** | **Very much** | **Average** | **Little** | **Don't know** |
|---|---|---|---|---|
| Commercial banks | 43.9% | 45.7% | 10.4% | NIL |
| Insurance companies | 29.9% | 43.6% | 26.6% | NIL |
| Regional rural banks | 13.1% | 48.1% | 37.9% | 0.9% |
| Unorganised money lenders | 8.4% | 49.3% | 34.6% | 7.8% |
| Co-operatives | 8.7% | 39.4% | 51.3% | 0.6% |
| Voluntary organisations/ SHG's | 7.2% | 34.6% | 49.3% | 9% |
| NBFC's/ microfinance bodies | 3.6% | 33.7% | 31.6% | 31% |

*Source: Primary data*

From table 5.8, it is inferred that in terms of familiarity, commercial banks are ranked first place among rural women. 43.9% are very much familiar and 45.7% women are familiar with the working culture of commercial banks at an average level. There is no one in the sample proportion who is not aware about the commercial banks. Followed by insurance companies, around 30% females are very much aware and around 44% females are average familiar about insurance organisations. But the familiarity of rural women is found weak in case of microfinance institutions. 31% females are not aware about the existence/ working ideology of non-banking financial institution/ microfinance bodies. Only 33.7% women are average aware about these institutions. Women are aware about the performance of Regional rural banks, unorganised money lenders and cooperatives. But still their awareness level is not found at desired level.

# CHAPTER-6

# FAMILIARITY WITH FINANCIAL INSTITUTIONS AND SAVING BEHAVIOUR OF RURAL WOMEN

## 6.1 FAMILIARITY WITH FINANCIAL INSTITUTIONS

### 6.1.1Occupation and Familiarity

**Null Hypothesis:**

*$H_0$:* *There is no significant relationship between occupation of the respondents and Familiarity with Financial Institutions*

**Table 6.1 ANOVA: Occupation and Familiarity with Financial Institutions**

| | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 2.440 | 4 | 0.610 | 7.405 | 0.000 |
| Within Groups | 27.191 | 330 | 0.082 | | |
| Total | 29.631 | 334 | | | |

*Source: Output of SPSS*

**INTERPRETATION**: ANOVA output in Table 6.1 discloses that there is a significant relationship between occupation of the respondents and Familiarity with Financial Institutions. (F=7.405, p=0.000). F value is significant at the 5% level of significance. So null is rejected, which says there is a no significant relationship between occupation of the respondents and Familiarity with Financial Institutions. Results of ANOVA indicate that there is a difference in the mean values of all the categories of occupation. It is difficult to say that the occupation of the respondents have not any influence on the familiarity with the financial institutions. Familiarity with the financial institution is directly influenced by the occupation of the respondents.

**Table 6.2: SNK: Post-Hoc Test- Means of groups in homogeneous subsets**

| Occupation | N | Subset for alpha = 0.05 | |
|---|---|---|---|
| | | **1** | **2** |
| Student | 4 | 2.0714 | |
| Self employed | 86 | 2.2309 | 2.2309 |
| Employee | 94 | 2.2720 | 2.2720 |
| Retired | 7 | | 2.3878 |
| House wife | 144 | | 2.4137 |
| **Sig.** | | **0.206** | **0.409** |

*Source: Output of SPSS*

SNK post-hoc test deeply analyse the data to check exactly where the difference is. In this case results of post- hoc test also verify that means of all categories of occupation are not similar. As shown in table 6.2 first three categories are falls into first column (p=0.206) and rests are in second column (p=0.409).

### 6.1.2 Age and Familiarity

**Null Hypothesis:**

*Ho: There is no significant relationship between age of the respondents and Familiarity with Financial Institutions*

**Table 6.3 ANOVA: Age of the respondents with Financial Institutions**

| | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 3.182 | 2 | 1.591 | 19.969 | 0.000 |

| | | | | | |
|---|---|---|---|---|---|
| Within Groups | 26.449 | 332 | 0.080 | | |
| Total | 29.631 | 334 | | | |

*Source: Output of SPSS*

**INTERPRETATION:** ANOVA output in Table 6.3 discloses that there is a significant relationship between age of the respondents and Familiarity with Financial Institutions. (F=19.969, p=0.000). F value is significant at the 5% level of significance. So null is rejected, which says there is a no significant relationship between age of the respondents and Familiarity with Financial Institutions. Results of ANOVA indicate that there is a difference in the mean values of all the categories of age. It is concluded that familiarity with the financial institutions is influenced by the age of the respondents.

**Table 6.4: SNK: Post-Hoc Test- Means of groups in homogeneous subsets**

| **Age** | **N** | **Subset for alpha = 0.05** | |
|---|---|---|---|
| | | **1** | **2** |
| 21- 31 | 43 | 2.0764 | |
| 32- 41 | 126 | | 2.3288 |
| 42 and over | 166 | | 2.3812 |
| **Sig.** | | **1.000** | **.239** |

*Source: Output of SPSS*

SNK post-hoc test deeply analyse the data to check exactly where the difference is. In this case results of post- hoc test also verify that means of all categories of age are not similar. As shown in table 6.4 first category falls under first column (p=1.000) and rests are in second column (p=0.239).

### 6.1.3 Education and Familiarity

**Null Hypothesis**

*Ho: There is no significant relationship between Education of the respondents and Familiarity with Financial Institutions*

**Table 6.5: ANOVA: Educational status of the respondents with Financial Institutions**

| | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | .705 | 4 | 0.176 | 2.010 | 0.093 |
| Within Groups | 28.926 | 330 | 0.088 | | |
| Total | 29.631 | 334 | | | |

*Source: Output of SPSS*

**INTERPRETATION:** ANOVA output in Table 6.5 discloses that there is no significant relationship between Educational status of the respondents and Familiarity with Financial Institutions. (F=2.010, p=0.093). F value is not significant at the 5% level of significance. So null is accepted which says there is a no significant relationship between Educational status of the respondents and Familiarity with Financial Institutions. Results of ANOVA indicate that all categories of age have similar mean values. It is concluded that education of the respondents have not any influence on the familiarity with the financial institutions.

**Table 6.6: SNK: Post-Hoc Test- Means of groups in homogeneous subsets**

| Educational Status | N | Subset for alpha = 0.05 |
|---|---|---|
| | | 1 |
| Graduate / post graduate | 53 | 2.2399 |
| No formal education | 43 | 2.2791 |
| Diploma | 52 | 2.3297 |

| | | |
|---|---|---|
| Matriculation | 78 | 2.3297 |
| Primary School | 109 | 2.3709 |
| Sig. | | 0.112 |

*Source: Output of SPSS*

Results of post- hoc test also verify that means of all categories of education are similar. As shown in table 6.6 different categories of education are falls under single column (p=0.112).

### 6.1.4 Marital Status and Familiarity

**Null Hypothesis:**

*Ho:* *There is no significant relationship between marital status of the respondents and Familiarity with Financial Institutions*

**Table 6.7: ANOVA: Marital status of the respondents with Financial Institutions**

| | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | .576 | 2 | .288 | 3.293 | .038 |
| Within Groups | 29.055 | 332 | .088 | | |
| Total | 29.631 | 334 | | | |

*Source: Output of SPSS*

**INTERPRETATION:** ANOVA output in Table 6.7 discloses that there is a significant relationship between marital status of the respondents and Familiarity with Financial

Institutions. (F=3.293, p=0.038). F value is significant at the 5% level of significance. So null is rejected, which says there is a no significant relationship between marital status of the respondents and Familiarity with Financial Institutions. Results of ANOVA indicate that there is a difference in the mean values of the all categories of marital status. It is difficult to say that the marital status of the respondents have not any influence on the familiarity with the financial institutions. Familiarity with the financial institution is directly influenced by the marital status of the respondents.

**Table 6.8: SNK: Post-Hoc Test- Means of groups in homogeneous subsets**

| **Marital Status** | **N** | **Subset for alpha = 0.05** | |
|---|---|---|---|
| | | **1** | **2** |
| Unmarried | 28 | 2.1888 | |
| Widowed | 77 | | 2.3173 |
| Married | 230 | | 2.3404 |
| **Sig.** | | **1.000** | **0.678** |

*Source: Output of SPSS*

SNK post-hoc test deeply analyse the data to check exactly where the difference is. In this case results of post- hoc tests also verify that means of all categories of marital status are not similar. As shown in table 6.8 first category is falls under the first column (p=1.000) and rests are in the second column (p=0.678).

### 6.1.5 Number of dependents and Familiarity

**Null Hypothesis:**

*Ho: There is no significant relationship between Number of dependents in the family and Familiarity with Financial Institutions.*

**Table 6.9 ANOVA: Number of dependents with Financial Institutions**

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | .062 | 3 | 0.021 | 0.230 | 0.876 |
| Within Groups | 29.570 | 331 | 0.089 | | |
| Total | 29.631 | 334 | | | |

*Source: Output of SPSS*

**INTERPRETATION:** ANOVA output in Table 6.9 discloses that there is no significant relationship between Number of dependents in the family and Familiarity with Financial Institutions. (F=0.230, p=0.876). F value is not significant at the 5% level of significance. So null is accepted which says there is a no significant relationship between Number of dependents in the family and Familiarity with Financial Institutions. Results of ANOVA indicate that all categories of number of dependents have similar mean values. It is difficult to say that familiarity with the financial institutions is influenced by the number of dependents in the family.

**Table 6.10: SNK: Post-Hoc Test- Means of groups in homogeneous subsets**

| Number of Dependents | N | Subset for alpha = 0.05 |
|---|---|---|
| | | **1** |
| Two | 3 | 2.1905 |
| Four and more | 266 | 2.3217 |
| Four | 49 | 2.3265 |
| Three | 17 | 2.3445 |
| **Sig.** | | **0.671** |

*Source: Output of SPSS*

Results of post- hoc test also verify that means of all categories of number of dependents are similar. As shown in table 6.10 different categories of number of dependents are falling under a single column (p=0.671).

### 6.1.6 Monthly income and Familiarity

**Null Hypothesis:**

*Ho: There is no significant relationship between Monthly income of the respondents and Familiarity with Financial Institutions*

**Table 6.11 ANOVA: Monthly income of the respondents with Financial Institutions**

| | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | .432 | 3 | .144 | 1.632 | .182 |
| Within Groups | 29.199 | 331 | .088 | | |
| Total | 29.631 | 334 | | | |

*Source: Output of SPSS*

**INTERPRETATION:** ANOVA output in Table 6.11 discloses that there is no significant relationship between Monthly income of the respondents and Familiarity with Financial Institutions. (F=1.632, p=0.182). F value is not significant at the 5% level of significance. So null is accepted which says there is a no significant relationship between Monthly income of the respondents and Familiarity with Financial Institutions. Results of ANOVA indicate that all categories of Monthly income have similar mean values. It is difficult to say that familiarity with the financial institutions is influenced by the Monthly income of the respondents.

**Table 6.12: SNK: Post-Hoc Test- Means of groups in homogeneous subsets**

| Monthly Income | N | Subset for alpha = 0.05 |
|---|---|---|
| | | 1 |
| 1001- 3000 | 28 | 2.2602 |

| | | |
|---|---|---|
| More than 10000 | 19 | 2.3008 |
| 5001- 10000 | 232 | 2.3140 |
| 3001- 5000 | 56 | 2.3954 |
| Sig. | | 0.215 |

*Source: Output of SPSS*

Results of post- hoc test also verify that means of all categories of monthly income are similar. As shown in table 6.12 different categories of monthly income are falling under a single column (p=0.215).

### 6.1.7 Family Type and Familiarity

**Null Hypothesis:**

*Ho: There is no significant relationship between type of the family and Familiarity with Financial Institutions*

**Table 6.13 Independent sample t-test: Family Type and Familiarity**

| | | Levene's Test for Equality of Variances | | T-test for Equality of Means | | | |
|---|---|---|---|---|---|---|---|
| | | **F** | **Sig.** | **t** | **df** | **Sig. (2-tailed)** | **Mean Difference** |
| Familiarity | Equal variances assumed | 13.737 | .000 | -1.602 | 333 | .110 | -.05241 |
| | Equal variances not assumed | | | -1.569 | 284.632 | .118 | -.05241 |

*Source: Output of SPSS*

Statistical test Independent sample t-test was used to check the mean difference in both categories of family type. To make sure that familiarity with financial institutions has equal variance among two groups of family type, Levene's test has been used. P- Value is less than at the 5% level of significance, it depicts that variances are not equal. The null hypothesis of levene's test is rejected, which says variances are equal.

As per the results of Levene's test alternative hypothesis is accepted and assumptions of Levene's test were not met so interpret the lower line of Independent sample t-test. T=-1.569, df= 284.632, p=0.118.

The P value is much higher than level of significance, so null hypothesis is accepted which confirms that there is no significant relationship between type of family and familiarity with the financial institutions. It is difficult to say that respondents belong to joint family are more familiar with financial institutions.

## 6.2 CONCLUSION OF RELATIONSHIP BETWEENDEMOGRAPHIC VARIABLES AND FAMILIARITY WITH FINANCIAL INSTITUTIONS

**Table 6.14 Demographic variables and Familiarity with financial Institutions**

| Demographic variables | Sig. value |
|---|---|
| Occupation | 0.000 |
| Age | 0.000 |
| Education | 0.093 |
| Marital Status | 0.038 |
| Number of Dependents | 0.87 |
| Monthly Income | 0.18 |
| Family Type | 0.118 |

*Source: Output of SPSS*

Table 6.14 concluded that demographic variables occupation, age and marital status have a significant relationship with familiarity of financial institution. It is possible to say that familiarity with the financial institution is influenced by these three demographic factors.

On the hand, the rest of the variables have no significant relationship with familiarity of financial institution. So it's difficult to say that familiarity is influenced by Education, no. of dependents, monthly income and family type.

### 6.3 Impact of Financial Control on Saving Behaviour

To evaluate the saving and investment behaviour of rural females Multiple Regression Model was used. The total monthly savings were considered as dependent variable and $X_1$- consumption behaviour (in terms of affordability), $X_2$- debt payments, $X_3$- personal financial consciousness, $X_4$- long term financial goals, $X_5$- unspent money in cash, $X_6$- do not keep cash, $X_7$- full consumption of cash etc. are considered as independent variables.

Saving behaviour = f (consumption, debt payments, personal financial consciousness, long term financial goals, unspent money in cash, don not keep cash, remains without cash).

Measured saving behaviour as dummy variable and following Multiple Regression Model was run to evaluate the saving behaviour of rural females:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + e$$

Here,

$Y$ = saving behaviour

$X_1$ = consumption behaviour (in terms of affordability)

$X_2$ = debt payments

$X_3$ = personal financial consciousness

$X_4$ = long term financial goals

$X_5$ = unspent money in cash

$X_6$ = do not keep cash

$X_7$ = remains without cash (full consumption)

In this Model α is constant term whereas β1, β2, β3, β4, β5, β6, β7 are coefficients to estimate.

**Table 6.15 Summary of Multiple Regression Model**

| Model Summary | | | | | | |
|---|---|---|---|---|---|---|
| **Model** | **R** | **R Square** | **Adjusted R Square** | **Std. Error of the Estimate** | **F value** | **Sig. value** |
| 1 | 0.314[a] | 0.098 | 0.079 | 0.56459 | 5.104 | 0.000 |

*Level of significance – 5%*

*Source: Output of SPSS*

**INTERPRETATION:** F value represents the statistical significance of independent variables to predict the dependent variable. Here the F ratio is 5.104 < 0.05 (i.e. above are displayed regression model is statistically significant).

$$Y = 3.863 + 1.431X_1 + 2.214X_2 – 1.154X_3 + 2.299X_4 – 1.317X_5 + 2.068X_6 – 4.198X_7$$

Keeping everything constant saving behaviour of rural women is found positive.

As per these results one unit change in variable $X_1$ will result in a 1.431 unit increase in savings pattern, when the other variables are constant.

Keeping other variables constant, one unit change in consumption behaviour will result in a 2.299 unit increase in saving behaviour of rural women.

One unit change in personal financial consciousness will result in a 1.154 unit loss in saving behaviour of respondents.

Keeping remaining variables constant, one unit change in long term financial goals, saving behaviour of respondents will result in a 2.299 unit increase in total savings of respondents.

On the other hand, one unit change into the variable $X_5$ (keeping unspent money in cash); will result in a 1.0317 unit loss in savings behaviour of respondents.

The positive impact of the variable $X_6$ (do not keep cash) has been observed by keeping all other variables constant. It is revealed from the above model that on unit change in the variable $X_6$ will result into 2.068 units in a savings pattern of respondents.

An extensive negative effect of variable $X_7$ (remains without cash) has been observed from the above results. It has been revealed that one unit change in variable $X_7$ will result into 4.198 units negative fall in a saving pattern of rural women, keeping every other variable constant.

**Table 6.16: Factors determining savings attitude of the rural women**

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| Saving behaviour (Constant) | 1.386 | .359 | | 3.863 | .000 |
| Consumption behaviour (in terms of affordability) | .077 | .054 | .078 | 1.431 | .153 |
| Debt payments | .127 | .057 | .125 | 2.214 | .027 |
| Personal financial conscious | -.068 | .059 | -.063 | -1.154 | .249 |
| Long term financial goals | .088 | .038 | .135 | 2.299 | .022 |
| Unspent money in cash | -.055 | .042 | -.075 | -1.317 | .189 |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | |
| Do not keep cash | .081 | .039 | .117 | 2.068 | .039 |
| Remains without cash | -.141 | .034 | -.235 | -4.198 | .000 |

*Source: Output of SPSS*

In order to determine the significance of one or more of independent variables information provided in co- efficient of dependent variables is examined from above table. Standardized co-efficient column of beta represents that saving behaviour have co-efficient beta standard 1.386 which is statistical significant at 0.00.

Predicted significance of following variables:

Saving behaviour= 1.386 (constant)

± .077 (Consumption behaviour (in terms of affordability)

± .127 (Debt payments)

± .068 (Personal financial conscious)

± .088 (Long term financial goals)

±.055 (Unspent money in cash)

± .081 (Do not keep cash)

± .141 (Remains without cash)

To measure the saving behaviour of financially literate people, multiple regression modelling was used. To relative significance of generated scale, the model indicated that out of seven variables of financial control, four were revealed to significantly influencing variables, they are: debt payments, long term financial goals, do not keep cash (deposit of investment of cash) and remains without cash (spent full whatever earned in previous month).

# CHAPTER-7

# FINANCIAL LITERACY SCORE

The financial literacy score is a platform to identify trends of financial awareness among individuals. To depict these awareness trends, financial literacy score of rural women was calculated. The overall financial literacy score is presented in table 7.1.

**Table 7.1: Financial literacy score**

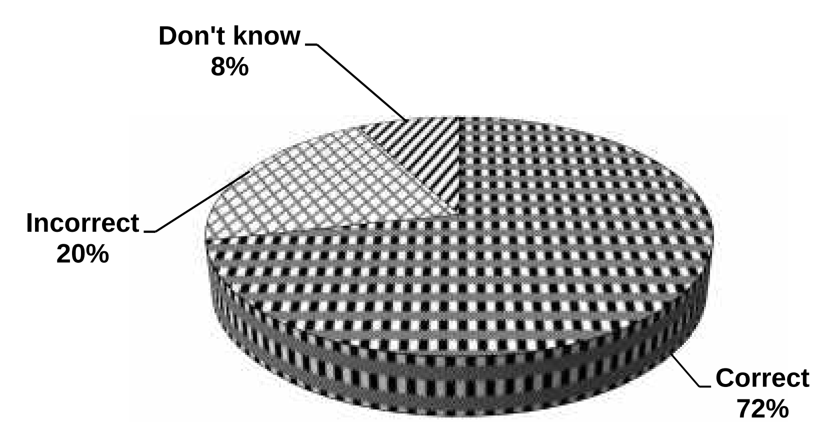
| Financial concepts | Correct | Incorrect | Don’t know |
|---|---|---|---|
| Simple interest rate | 240 | 69 | 26 |
| Compound interest rate | 79 | 94 | 162 |
| Affordability | 252 | 83 | NIL |
| Financial security | 244 | 47 | 44 |
| Portfolio diversification | 213 | 61 | 61 |
| Loan ideology | 160 | 128 | 47 |
| Financial knowledge to life circumstances | 166 | 122 | 47 |
| Product choice | 211 | 124 | NIL |
| Credit card ideology | 60 | 62 | 213 |
| Taxation ideology | 304 | 18 | 13 |

*Source: Primary data*

## 7.1 SIMPLE INTEREST RATE

Interest rate is a part of the fee charged from a debtor to a creditor. The interest rate is calculated on the principal amount of loan. The results detected for the understanding of the simple interest rate are presented in figure 7.1

**Fig. 7.1: Respondents awareness level in Simple interest rate**



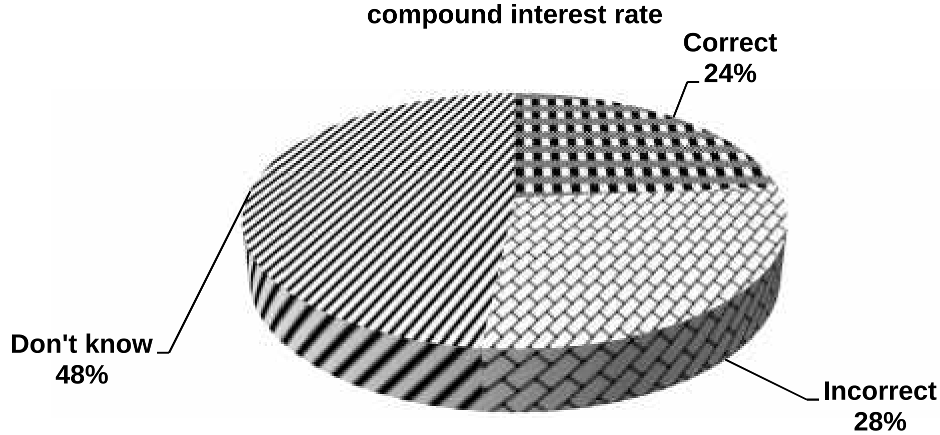
*Source: Primary data*

From figure 7.1 it is indicated that most of the rural females (72%) are aware about the calculation and framework of simple interest rate concepts. While on the other hand, 20% of the respondents less understand the concept of simple interest rate and rest 8% of the respondents are not even conscious about the simple interest rate calculations.

## 7.2 COMPOUND INTEREST RATE:

The respondents' awareness about the compound rate of interest is graphically represented in figure 7.2.

**Fig. 7.2: Respondents awareness level in compound interest rate**



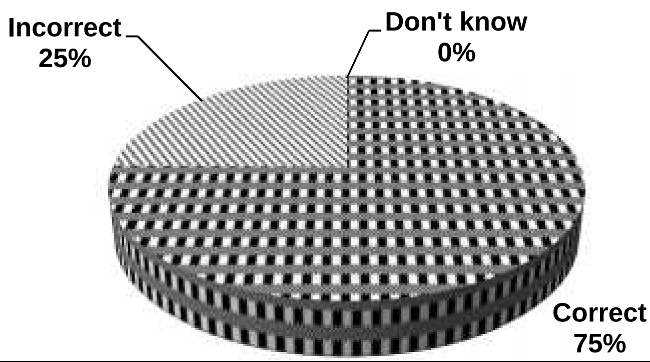

*Source: Primary data*

From figure 7.2, it is noticed that the majority of the respondents (48%), are not conscious about the concept and calculations of compound interest rate. Only 24% of respondents confidently answer the calculation of compound interest rate. Rest of the respondents (28%), are found with incorrect answers.

## 7.3 AFFORDABILITY

The respondents' affordability before they purchase something has been analysed and their responses are presented in figure 7.3.

Fig. 7.3 Affordability

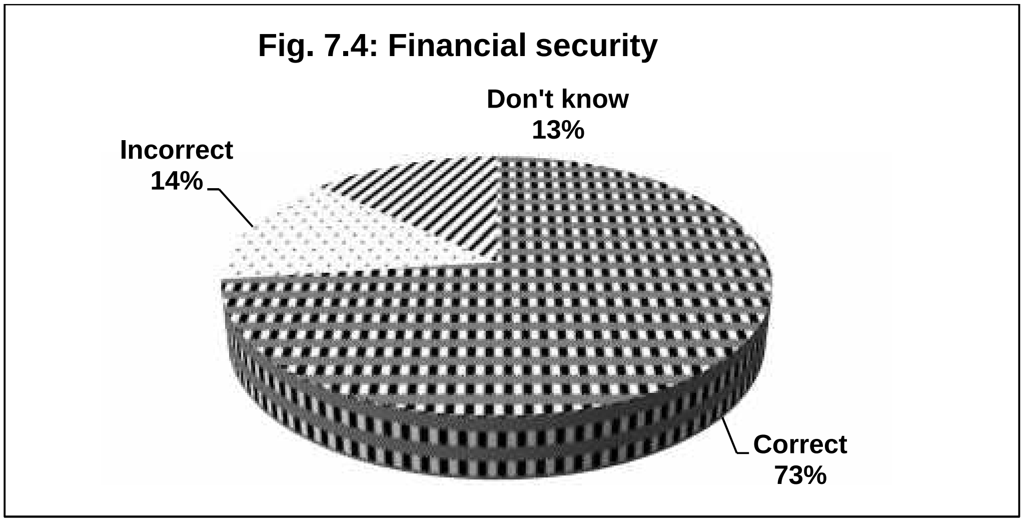



*Source: Primary data*

From figure 7.3, it is noticed that the majority of respondents (75%) is found with rational consumption behaviour. They consider affordability as the most important component of their consumption behaviour. While remaining 25% of the total respondents, do not consider affordability as an important component.

## 7.4 FINANCIAL SECURITY

The knowledge of respondents on financial security has been examined and their responses are presented in figure 7.4.

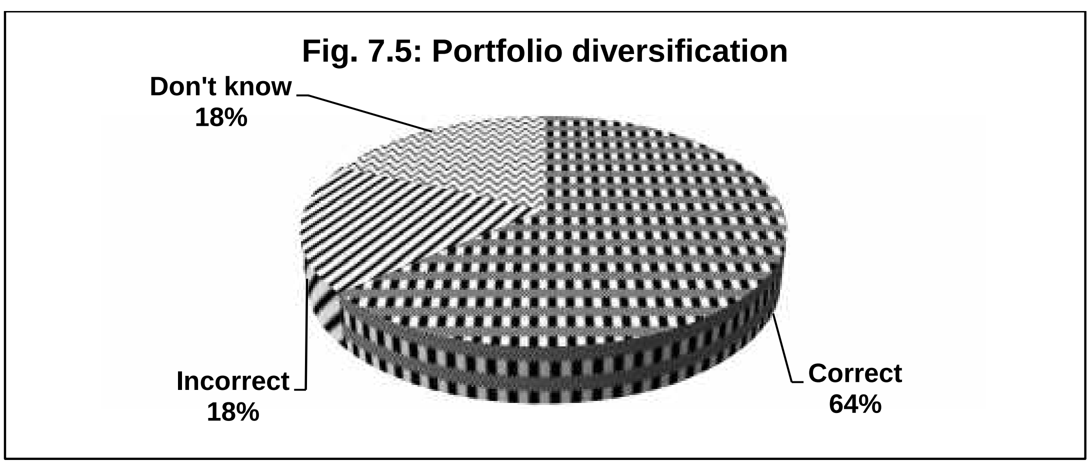



*Source: Primary data*

As per data (figure 7.4) collected from rural female, indicated that 73% of the total respondents always prefer investment security and safe investment avenues. Chances of making money double in a few days are considered as fraud investment options by them. But 14% of females sometimes trust on these kind of schemes, and prefer to invest huge amount of money for the sake of double returns.

## 7.5 PORTFOLIO DIVERSIFICATION

The portfolio diversification skill of the respondents has also analysed through questionnaire and their responses are given in figure 7.5.

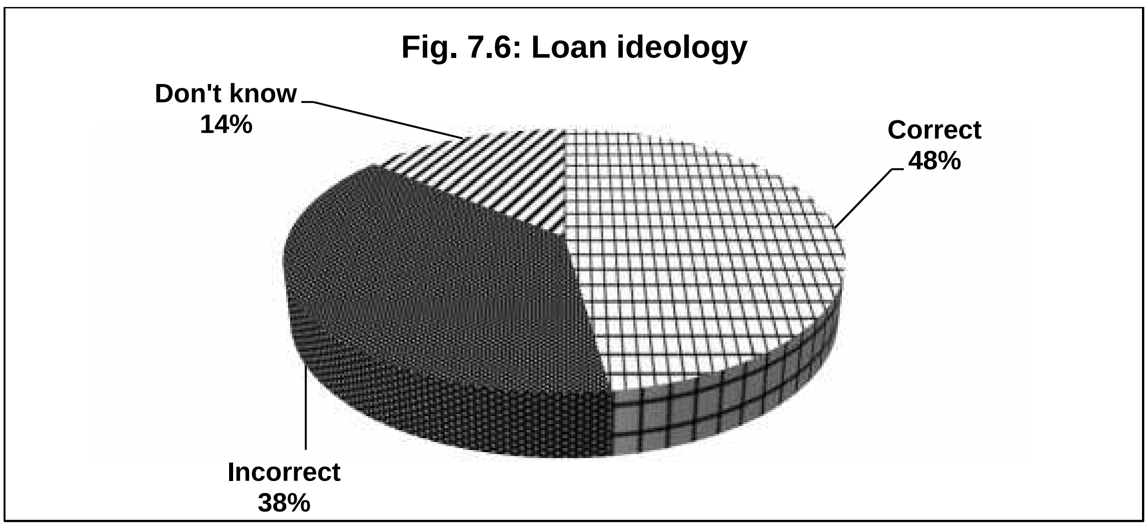



*Source: Primary data*

From figure 7.5, it is perceived that the majority of respondents (64%) are found financially literate in the context to relevance of the portfolio. According to them diverse investment amount gave assured returns. It is safer to invest savings into diversified manner. On the other hand, 18% respondents do not consider portfolio as an essential tool for assuring returns. Rest 18% females are found ignorant in context to portfolio diversification.

## 7.6 LOAN IDEOLOGY

Figure 7.6 indicates the responses of respondents'knowledge on loan.



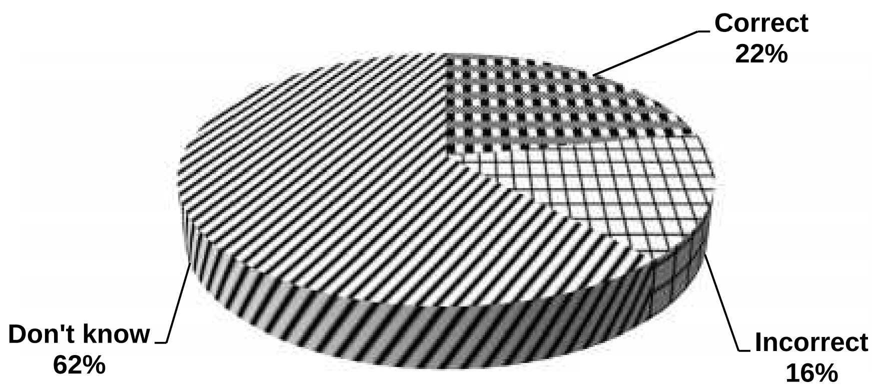

*Source: Primary data*

The results of the study (Fig 7.6) concluded that 48% of the female are fully aware about the agenda and framework of loans. While 38% female does not understand the ideology of loans and they are found unaware. On hand, 14% female don't even know about the concept of a loan.

## 7.7 FINANCIAL AWARENESS TO LIFE CIRCUMSTANCES

The importance of finance with respect to respondents' life has been analysed through a questionnaire. Their responses are presented in figure 7.7.

Fig. 7.7: Financial awareness to life circumstances

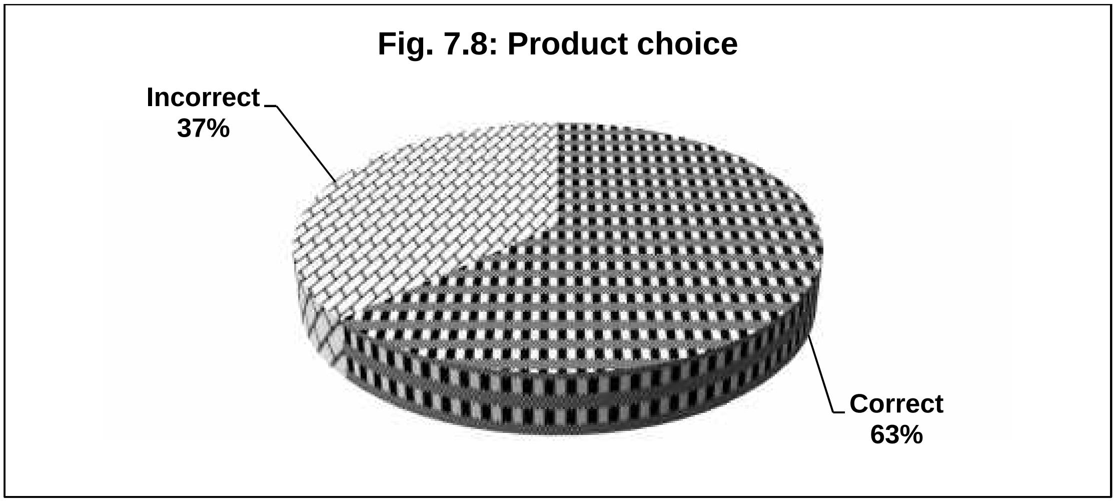



*Source: Primary data*

An overwhelming most the female (62%) were not able to give correct vision to life circumstances. However the concept of life circumstance was understood by only 22% respondents.

## 7.8 PRODUCT CHOICE

The knowledge of the respondents on product / different financial instruction selection has been analysed. The respondents' responses in this regard are presented in the figure. 7.8.

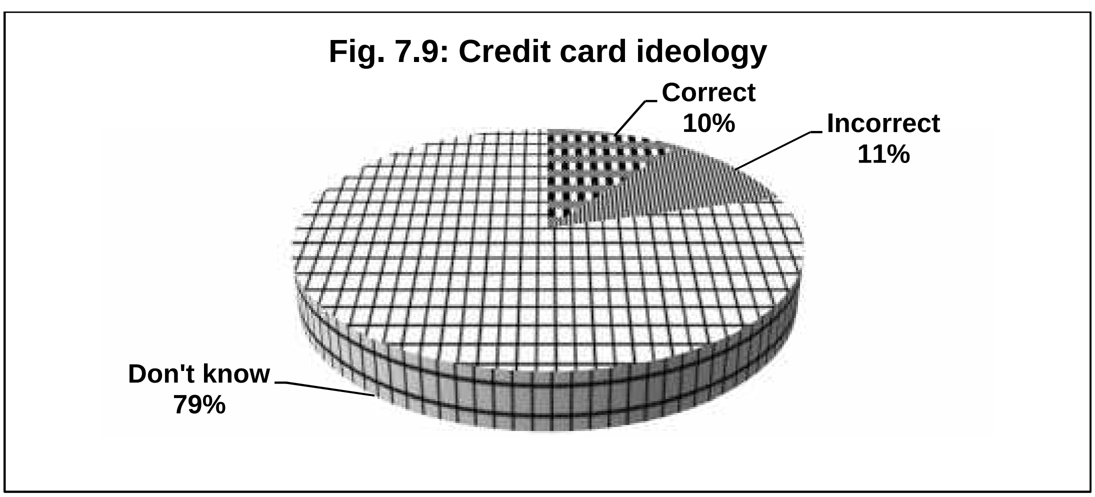



*Source: Primary data*

From figure 7.8, it is observed that 63% of total respondents consider each and every aspect including price, quality and benefits etc. while choosing products. On the other hand, 37% respondents do not consider each aspect while purchasing. Occasionally, they compare prices or benefits while purchase.

## 7.9 CREDIT CARD IDEOLOGY

In order to evaluate financial awareness among rural women, the knowledge on credit card has been analysed. The respondents' responses are presented in figure 7.9.



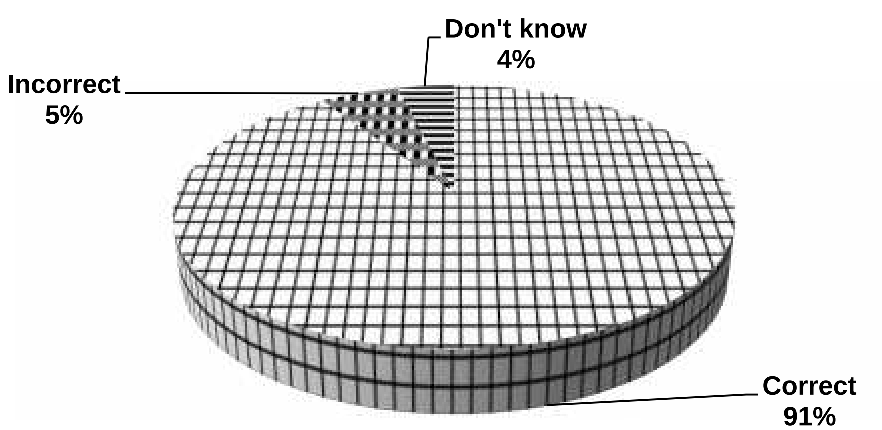

*Source: Primary data*

From figure 7.9, it is noticed that 79% of the total population were found not aware about credit card ideology. Only 10% of total respondents are aware about the working framework of credit cards.

## 7.10 BASIC TAXATION IDEOLOGY

Every nation of the world has a well-developed and well maintained tax structure. Clearly outlined the framework of taxation authorise helps every earner to understand the basic concepts of taxation system. In order to ascertain the respondents' knowledge on taxation a question has been given to them and their responses in this regard are presented in figure 7.10.

**Fig. 7.10: Basic taxation ideology**




*Source: Primary data*

The result indicates that 91% of respondents are fully aware about the taxation in India. On the other hand, 5% of respondents are found lacking in this context. Only 4% of total respondents are not aware about basic taxation ideology.

# CHAPTER - 8

# FINDINGS,

# SUGGESTIONS AND CONCLUSIONS

Some differences concerned with saving behaviour and financial selection include risk and portfolio choices. Choice of portfolio, the level of risk bearing capacity is more concerned with the financial awareness of households. The present research work aims to evaluate the level of financial literacy and saving & investment behaviour of rural females of Jalandhar district. The major findings of the present research work are as follows:

## 8.1 SUMMARY OF FINDINGS

### 8.1.1 Demographic and socio- economic status of respondents

- Demographic information collected from respondents reveals that most of the respondents i.e. 49.6% of females belong to the age category of 41 and more years of age.

- Out of 335, respondents' surveyed, 32.5% of respondents are found educated only up to the level of primary school.

- It has been also distinct that, 79.4% of respondents have four or more dependents in the family.

- The research specifies that 69.3% of total respondents' monthly earning ranges between Rs.5, 001- 10, 000.

- The study reveals that, 56.1% respondents have said that they are living in nuclear families while 43.9% respondents are living in joint family.

### 8.1.2 Financial control of rural females

- From the elaborate data structure, it has been found that, the majority of our respondents do not maintain a household budget for financial transactions. Furthermore, cross tabulation results also revealed that majority of the respondents falling in the income category of Rs. 5,001- 10,000 are maintaining household budget.

- The study also evidenced that 37.6% respondents do not keep records of every financial transaction, but in general they are aware about the financial transactions done by other family members. The responses of 4.2% respondents revealed that they don't have even a vague idea about financial transactions and cash flow in the family.

### 8.1.3 Familiarity with investment avenues

- 99.7% of total respondents are found most familiar with a savings account in terms of safe investment avenues. Followed by 99.4% bank fixed deposit account.

- From moderate risk investment options, life insurance products are found more popular in rural women as an investment option.

- Only 28.7% of respondents are found familiar with the products of the commodity market. It is revealed that commodity market occupies last place in the portfolio of rural women.

- Still rural women are found aware about gold/ silver from traditional investment options.

### 8.1.4 Pattern of savings

- From the elaborated results it has been confirmed that the majority of respondents (53%) they save at least 20% of their monthly income on a regular basis. 36.40% of total respondents try to save something every month from their total monthly earnings.

### 8.1.5 Investment Pattern of rural women

- As per data revealed from empirical research evidenced that 96.7% of total respondents invest in saving account. Saving account is found most used investment avenues by rural women. Followed by 84.2% respondents used bank fixed deposit as second favorite investment avenue. While on the other hand, National saving certificate, Kisan vikas patra, government securities, bonds, commodity market options and chit fund are found least preferred investment avenues.

### 8.1.6 Financial selection of rural women

- Familiarity with the financial institution is found most dominating factor for financial selection of product. Around 34% of respondents select a financial institution because of their familiarity with the particular institution. While risk involved in investment, portfolio diversification and assured returns are found other dominating factors which influence the financial selection of rural women.

- 36.40% respondents revealed that they compare several investment options from one company before taking final decision of investment.

- In terms of familiarity with financial institutions, commercial banks are ranked first place among rural women. 43.9% are very much familiar and 45.7% women are familiar with the working culture of commercial banks at an average level. Women are aware about the performance of Regional rural banks, unorganized money lenders and cooperatives. But still their awareness level is not found at desired level.

- Demographic variables occupation, age and marital status have a significant relationship with familiarity of financial institution.

- Financial literacy level of rural women is found satisfactory in simple interest rate ideology, affordability behavior, secure financial attitude, portfolio diversification attitude, loan ideology and taxation ideology. The majority of respondents are found least aware about credit card ideology and compound interest rate terms.

## 8.2 LIMITATIONS OF THE STUDY

- The present research work suffers geographic limitations. So it can be said that results of the study are not generalized because study is focused on rural women of Jalandhar district only. Moreover, socio- economic set up differs in different parts of the country.

- Data related to household income, familiarity, saving and investment pattern was collected from directly target respondents. There were no authenticated promises by any government or financial institution. Since, this creates doubts on the authenticity and accuracy of results.

## 8.3 SUGGESTIONS

The explorative literature review revealed that financial literacy initiatives were taken by the Reserve Bank of India in late 2007. A website as a financial literacy guide was released by the Reserve Bank on January 31$^{st}$, 2013. This website was developed as a complete financial awareness guide and banks were advised to use this website as a usual curriculum to communicate basic financial knowledge. This financial literacy guide provides operational guidelines to organize financial awareness camps, as an initiative towards financial literacy.

### 8.3.1 Suggestions to regulation authorities, program organisers and financial institutions

- Besides, various measures adopted by government and non- government institutions towards financial literacy, the results of the study reveal that still the investment pattern of rural women is followed by traditional avenues of investment. Thus, it is suggested to financial literacy program organizers to focusing on preferences and investment attitude of micro level segment investors.

- It is strongly suggested to program organizers to pass information on issues of budgeting, portfolio diversification, effective credit card management and loan ideology etc.

### 8.3.2 Suggestions to household females

- It is necessary for women households understand their financial requirements and based on their goals; they have to invest in various avenues.

- Women must realize the importance of financial literacy in their routine lives. They must ensure effective financial planning in terms of right investment money available at the right time.

## 8.4 CONCLUSION

Financial literacy is a vital element to predict households' financial attitudes in developing nations. Indeed, in Indian heterogeneous household levels of financial awareness vary greatly. From the empirical study it has been revealed that females are not familiar with the credit card ideology and compound interest rate calculations. Moreover, it is also revealed that most of the investors select financial institutions because of familiarity. While guaranteed return, safety and diverse portfolio selection are contributing at large to describe the investment attitude of women.

Empirical results of the study over to conclude that financial literacy is a vital element not only for female individuals, but also to balance the household budget, retirement savings, and income assurance when the source of income lost. Women have always been liable for dealing with their day to day financial decisions such as daily spending, monthly savings and investment decisions. Financial literacy is increasing important for financial well-being of women households. Government of India and financial authorities should focus specifically to educate rural investors about the role of financial planning for the well-being of individuals. Empirical results of the study revealed that familiarity of rural women with financial institutions is influenced by this age, occupation and general education level. Capital of household savers supplies a pool of investment that creates liquidity in financial markets. Thus, consumption and distribution of household income, helps to determine the flow and rate of savings, which in turn, denotes rate of economic growth.

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## ANNEXURE-I

## QUESTIONNAIRE

Dear Participant,

This questionnaire is used to collect information to identify **Financial Literacy and Investment Behaviour of rural women**. I request you to kindly answer the following questions as honestly. All the collected information will be kept confidential and used only for academic purpose. Your cooperation in completing this questionnaire is greatly appreciated.

### PART-A
### DEMOGRAPHIC CHARACTERISTIC

1. Name : ____________________________

2. Name of village : ____________________________

3. Occupation : ____________________________

4. What is your current age? :
   (a) Less than 20 ☐ (b) 21 to 30 ☐
   (c) 31 to 40 ☐ (d) 41years and over ☐
5. Your highest level of education :
   (a) No formal education ☐ (b) Primary school ☐
   (c) Matriculation ☐ (d) Diploma ☐
   (d) Graduate / Post graduate ☐ (e) Refuse to answer ☐
6. Your marital status :
   (a) Unmarried ☐ (b) Married ☐
   (c) Widowed ☐ (d) Separated ☐

7. Monthly Income of the family :
   (a) Below Rs. 1,000 ☐ (b) Rs.1,001 - Rs.2,000 ☐
   (c) Rs.2,001 - Rs.3,000 ☐ (d) Rs.3,001 - Rs.5,000 ☐
   (e) Rs.5,001 - Rs.10,000 ☐ (f) Above Rs.10,001 ☐

8. Number of dependents in the family :
   (a) One ☐ (b) Two ☐ (c) Three ☐ (d) Four ☐ (e) Five and Above ☐

9. Family type :
   (a) Joint family ☐ (b) Nuclear family ☐

## PART B (FINANCIAL CONTROL)

10. Who is responsible for day-to-day decisions about money in your household?
    - (a) You ☐
    - (b) You and your partner ☐
    - (c) You and another family member (or family members) ☐
    - (d) Your partner ☐
    - (e) Another family member or (or family members) ☐

11. Does your household have a budget?
    (a) Yes ☐ (b) No ☐

12. Keeping records of monthly income and expenditures of your family
    - (a) No, I don't keep records of everything, but I know in general how much money is received and spent during a month. ☐
    - (b) No, I don't keep records of family's resources, and I don't have even a vague idea of how much money is received and spent during a month ☐
    - (c) Yes, I keep records of everything, but not all revenues and expenditures are entered ☐
    - (d) Yes, we keep records of everything, entering all revenues and all expenditures ☐

13. Components of your house hold expenditure
    (a) Food ☐ (b) Rent ☐ (c) Transportation ☐
    (d) Entertainment ☐ (e) Medical Expenses ☐ (f)Children's Education ☐
    (g) Others ☐

| **14.** ***Type of financial products*** | ***Have you heard of*** | ***Whether you currently hold of*** | ***In the last two years, have you have chosen*** |
|---|---|---|---|
| **I. Safe and Low risk Investment Avenue** | | | |
| Savings Account | ☐ | ☐ | ☐ |
| Bank Fixed Deposit | ☐ | ☐ | ☐ |
| Public Provident Fund | ☐ | ☐ | ☐ |
| National Savings Certificates | ☐ | ☐ | ☐ |
| KisanVikasPatras | ☐ | ☐ | ☐ |
| Post office savings | ☐ | ☐ | ☐ |
| Government Securities | ☐ | ☐ | ☐ |
| **II. Moderate Investment Avenue** | | | |
| Mutual fund | ☐ | ☐ | ☐ |

| | | | |
|---|---|---|---|
| Life Insurance | ☐ | ☐ | ☐ |
| Debentures | ☐ | ☐ | ☐ |
| Bonds | ☐ | ☐ | ☐ |
| **III. High Risk Investment Avenue** | | | |
| Equity share market | ☐ | ☐ | ☐ |
| Commodity market | ☐ | ☐ | ☐ |
| Forex market | ☐ | ☐ | ☐ |
| **IV. Traditional Investment Avenue** | | | |
| Real Estate | ☐ | ☐ | ☐ |
| Gold / Silver | ☐ | ☐ | ☐ |
| Chit fund | ☐ | ☐ | ☐ |

15. Which of the following statement best describes how you last selected?

| | | |
|---|---|---|
| (a). | I considered several products / avenues / policies from different companies before making my decision. | ☐ |
| (b). | I considered the various products / avenues / policies from one company. | ☐ |
| (c). | I didn't consider any other products / avenues / policies at all. | ☐ |
| (d). | I looked around but there were no other products / avenues / policies to consider | ☐ |
| (e). | Not applicable **(The respondent has not chosen any financial product in the last 2 years)** | ☐ |

16. Please can you tell me whether you do these things or not, using a scale of 1 to 5, where 1 is something you always do and 5 is something you never do.

| | **Statement** | **Always** | **Often** | **Some of time** | **Seldom** | **Never** |
|---|---|---|---|---|---|---|
| (a). | Before I buy something I carefully consider whether I can afford it | ☐ | ☐ | ☐ | ☐ | ☐ |
| (b). | I pay my bills on time | ☐ | ☐ | ☐ | ☐ | ☐ |
| (c). | I keep a close personal watch on my financial affairs | ☐ | ☐ | ☐ | ☐ | ☐ |
| (d). | I set long term financial goals and work hard to achieve them | ☐ | ☐ | ☐ | ☐ | ☐ |
| (f) | Remained with unspent money | ☐ | ☐ | ☐ | ☐ | ☐ |

| | | | | | | |
|---|---|---|---|---|---|---|
| (g) | Remained without money | ☐ | ☐ | ☐ | ☐ | ☐ |
| (h) | Spent in a month exactly the money earned in the previous month | ☐ | ☐ | ☐ | ☐ | ☐ |

17. Sometimes people find that their income does not quite cover their living costs. In the past 12 months, has this happened to you?

    (a) Yes ☐ (b) No ☐

18. What did you do to make ends meet the last time this happened?

    (a) Borrow money from family members and friends ☐

    (b) Work overtime to earn extra money ☐

    (c) Sell something that I own ☐

    (d) Draw money out of savings ☐

    (e) Take out a loan from an informal provider or money lender ☐

    (f) Borrow from employer / salary advance ☐

    (g) Cut down on spending ☐

    (g) Pawn something that I own ☐

    (h) Pay my bills late ☐

    (i) Take out personal loan from a formal financial service provider (Bank, microfinance, SHGs etc.,) ☐

    (j) Use credit card to pay bills ☐

    (k) Others ☐

19. What do you want to do with your monthly unspent money?

(a) Keep it in cash ☐

(b) Invest it in the capital market ☐

(c) Invest it in gold and jewellery ☐

(d) Repay debt ☐

(e) Lend it to friends or relatives ☐

(f) Spend it on consumer goods ☐

(g) Spend it on health ☐

(h) Invest it in our own business ☐

(i) Spend it on education (for children) ☐

(j) Deposit it or do not withdraw it ☐

(k) Spend it on basic necessities ☐

**PART C (FINANCIAL PLANNING)**

20. If you lost your main source of income, how long could you continue to cover your living expenses for, without borrowing any money?

(a) Less than a week ☐
(b) At least a week, but not one month ☐
(c) At least one month, but not three months ☐
(d) At least three months, but not six months ☐
(e) More than six months ☐
(f) Do not know ☐

21. What percentage of your monthly salary do you save?
(a) Less than 20% ☐
(b) Between 20% - 35% ☐
(c) Between 35% - 50% ☐
(d) Over 50% ☐

22. How do you save from your regular income?
(a) Save as per planned schedule ☐
(b) Save something every month ☐
(c) Save whatever is left after meeting expenses ☐
(d) Do not save regularly as expenses generally exceed income ☐

## PART D (CHOOSING FINANCIAL PRODUCTS)

23. Familiarity with financial institutions:

| | Statement | Very much | Average | Little | Do not know |
|---|---|---|---|---|---|
| (a) | Commercial banks | ☐ | ☐ | ☐ | ☐ |
| (b) | Insurance companies | ☐ | ☐ | ☐ | ☐ |
| (c) | Regional rural banks | ☐ | ☐ | ☐ | ☐ |
| (d) | Unorganised money lenders | ☐ | ☐ | ☐ | ☐ |
| (e) | Cooperatives | ☐ | ☐ | ☐ | ☐ |
| (f) | Voluntary organisations/ SHG's | ☐ | ☐ | ☐ | ☐ |
| (g) | NBFC's/ microfinance institutions | ☐ | ☐ | ☐ | ☐ |

**24.** Trust of financial institutions:

| | Statement | Very much | Average | Little | Do not know |
|---|---|---|---|---|---|
| (a) | Commercial banks | ☐ | ☐ | ☐ | ☐ |
| (b) | Insurance companies | ☐ | ☐ | ☐ | ☐ |
| (c) | Regional rural banks | ☐ | ☐ | ☐ | ☐ |
| (d) | Unorganised money lenders | ☐ | ☐ | ☐ | ☐ |
| (e) | Cooperatives | ☐ | ☐ | ☐ | ☐ |
| (f) | Voluntary organisations/ SHG's | ☐ | ☐ | ☐ | ☐ |
| (g) | NBFC's/ microfinance institutions | ☐ | ☐ | ☐ | ☐ |

25. Assessment of the quality of financial services:

| | Statement | Very much | Average | Little | Do not know |
|---|---|---|---|---|---|
| (a) | Commercial banks | ☐ | ☐ | ☐ | ☐ |
| (b) | Insurance companies | ☐ | ☐ | ☐ | ☐ |
| (c) | Regional rural banks | ☐ | ☐ | ☐ | ☐ |

| | | | | | |
|---|---|---|---|---|---|
| (d) | Unorganised money lenders | ☐ | ☐ | ☐ | ☐ |
| (e) | Cooperatives | ☐ | ☐ | ☐ | ☐ |
| (f) | Voluntary organisations/ SHG's | ☐ | ☐ | ☐ | ☐ |
| (g) | NBFC's/ microfinance institutions | ☐ | ☐ | ☐ | ☐ |

26**.** Contact with Financial Institutions:

| | Statement | Very much | Average | Little | Do not know |
|---|---|---|---|---|---|
| (a) | Independent financial adviser | ☐ | ☐ | ☐ | ☐ |
| (b) | Representative of agency/ brokerage organisation | ☐ | ☐ | ☐ | ☐ |
| (c) | Informal money lenders | ☐ | ☐ | ☐ | ☐ |
| (d) | Bank officials/ representatives | ☐ | ☐ | ☐ | ☐ |
| (e) | Friends | ☐ | ☐ | ☐ | ☐ |

**PART- E (FINANCIAL LITERACY)**

27. Suppose you put INR 1000 into a savings account with a guaranteed simple interest rate of 10% per year. How much would there be at the end of first year?

(a) More than INR 1100 ☐ (b) Exactly INR 1100 ☐

(c) Less than INR 1100 ☐ (d) Don't Know ☐

28. Suppose you put INR 1000 into a savings account with a guaranteed compound interest rate of 10% per year. How much would there be at the end of five years?

(a) More than INR 1500 ☐ (b) Exactly INR 1500 ☐

(c) Less than INR 1500 ☐ (d) Don't Know ☐

29. Before I buy something I carefully consider whether I can afford it?

(a) Agree ☐ (b) Disagree ☐

(c) Neutral ☐ (d) Don't Know ☐

30. If someone offers you the chance to make a lot of money there is also a chance that you will lose a lot of money.

(a) True ☐ (b) False ☐ (c) Don't Know ☐

31. It is less likely that you will lose all of your money if you save it in more than one place.

(a) True ☐ (b) False ☐ (c) Don't Know ☐

32. What affects the amount of interest that you would pay on a loan?

(a)Don't Know ☐ (b) How much you borrow ☐

(c) How long you take to repay the loan ☐ (d) All of the above ☐

33. The resources used in the production of goods and services are limited, so society must:

(a) Make choices about how to use resources ☐
(b) Try to obtain additional resources ☐
(c) Reduce their use of resources ☐
(d) Don't Know ☐

34. When deciding which of the two items to purchase, one should always:

(a) Choose the item that costs less. ☐
(b) Choose the item with the greatest benefits. ☐
(c) Choose an item after comparing the costs and benefits of both items. ☐
(d) Don't Know ☐

35. Which of the following credit card users is likely to pay the maximum amount in interest charges per year, if they all charge the same amount per year on their cards?

(a) Lata, who always pays off her credit card bill in full shortly after she receives it. ☐
(b) Jassi, who only pays the minimum amount each month. ☐
(c) Meghna, who pays at least the minimum amount each month and more, when she has the money. ☐
(d) Don't Know ☐

36. When paying taxes in India, the more money you make,

(a) The less tax you pay ☐
(b) The more taxes you pay ☐
(c) Doesn't make a difference because everyone pays the same amount in taxes ☐
(d) Don't Know ☐