

***The Role of Personal Finance in
Economic Empowerment of Women
– A Case Study of Patna Town***



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Under the supervision of

Dr. Anju Srivastava
Associate Professor and Head
PG Dept. of Home Science,
Patna University, Patna

Submitted by

Shingla Prabha, M.Sc.
Home Science (Extension Education)

SUMMARY AND CONCLUSION

This chapter deals with summary findings, conclusions, implications and recommendations of the study.

5.1 SUMMARY

Empowerment of women is essentially the process of upliftment of economic, social and political status of women, the traditionally underprivileged ones, in the society. It involves the building up of a society wherein women can breathe without the fear of expression, exploitation, apprehension, discrimination and the general feeling of prosecution which goes with being a woman in a traditionally male dominated structure.

One major dimension of empowerment is economic empowerment of women, which ensures their economic independence in the society. Such an approach provides the women with a platform to stand up to men to gain decision making capacity through a financial contribution in the family, make independent choices, providing them with an identity in an orthodox male dominated socio-economical set up.

In the last few decades, women of India have taken the bold step to take risks, face challenges and prove to the world that their role in society is not more limited to the four boundaries of the house but they can fly high in the sky. Women have become more independent and achievement oriented. They are increasingly being conscious of their existence right and work situation. Being half of the total human resource in the country, they play a vital role in economic development besides securing a place for them in the society.

Today, women constitute one third of the total forty eight crore job holder in India and forty five per cent of them actively participate in their family expenditure and it is estimated that it would be sixty per cent by the end of

2015(center for work- life policy, 2010) the same study also estimated that each year 5.5 million educated women enter the workforce in India. Such working women class needs proper income management to strengthen their status in society besides being an only income earning person of the family.

Personal finance management plays vital roles in determining the financial activities of one's personal life. It can assess the net financial worth of a person in a very effective way. Personal finance is required for achieving long-term targets and obtaining security. It is however the only sure fire way to take authority over one's life, enabling them to meet any financial crises and accomplish any financial targets that turn out to be realizable restricted to only one's own imagination and determination to succeed.

The available evidence indicates that women are less knowledgeable than men in areas of personal finance, and these findings appear to hold true for a variety of populations (Borden, Lee, Serido, & Collins, 2008; Chen & Volpe, 1998; 2002; Lusardi & Mitchell, 2007, 2008; Robb & James 2009). This lack of awareness creates financial insecurity, which translates into a discernibly disturbing social fallout-women suffer abuse, find themselves stranded if they are divorced or widowed, are cheated out of their rightful legacies, and are rabidly mislead financial instruments.

Keeping this in view the present investigation was undertaken with the following specific objectives :

7. To study the women's involvement in household budgeting and expenditure.
8. To assess the knowledge and practice of respondents regarding personal finance.
9. To study the extent of participation of women in their personal finance.
10. To study the extent of economic empowerment of the respondents.

- 11.To identify the constraints faced by the respondents in their personal financial planning.
- 12.To ascertain the relationship between selected socio-economic variable with extent of empowerment.

METHODOLOGY

The present study was conducted in Patna town, selected purposively. A total no. of 300 working women were selected randomly as respondents from different professions viz. Teaching, retail shops, boutique, beauty parlors, embroidery and stitching center etc.

A schedule was developed to study the socio-economic background of the respondents and their involvement in household budgeting and expenditure, knowledge and practice of personal finance, awareness level of personal finance, motivational factors for personal finance, extent of participation in personal finance, extent of economic empowerment, constraint in personal finance. The schedule was standardized and validated through pre-testing.

SELECTION OF VARIABLES

Extent of participation in Personal finance and extent of economic empowerment were taken as dependent variables in the study, Appropriate test and technique were used to measure the dependent variables. The independent variables were Age, Marital Status, caste, education, personal income , personal assets owned , ownership of house, family type , family size, Family Income , communication & means of transport, occupation, total earning years, Cosmopolites, Household Budgeting, knowledge & practice of personal finance, Awareness Level Of Personal Finance and Constraints In Personal Finance.

The data were collected in respect of all these variable with the help of schedules through personal interview.

STATISTICAL ANALYSIS

Karl Pearson's coefficient of correlation and multiple regressions besides simple percentage, mean and ranking were used to analyze the data. The findings were interpreted in light of the situation obtaining in the study locale.

SALIENT FINDINGS OF THE STUDY

The major findings of the present study are summarized under the eight major heads given below :

SOCIO-ECONOMIC PROFILE OF WOMEN ENTREPRENEUR

Personal Profile

1. The majority of the working women (64%) were of middle age group (36 -50 years) and married (86.3%). A maximum number of respondents belong to Forward Caste (63%).
2. More than half of the respondents (58.7%) had a higher education degree and about 20 per cent of them had obtained professional education.
3. The personal income of the majority of the respondents (81.6 %) belonged up to 5 lakh per annum and 18 per cent of them to higher personal asset group followed by 45 per cent in medium personal asset group.

Familial Profile

4. The working women enjoyed nuclear family (95.3%) with majority, however, half of them (50%) having four to six members. Nearly 45.3 per cent of the respondents had their own house and 54.7 per cent reside in house on rent.

5. The family income of most of the respondents (77.3 %) was between 5 lakh to 15 lakh per annum and 73.3 per cent of them having their own vehicle for transportation, out of this 23 per cent self drive.

Professional Profile

6. The majority of the respondents was engaged in service type of occupation (64.7%) followed by 17.6 per cent in the self employed category.
7. 41 per cent of the respondents were working for more than fifteen years and the rest 59 percent were in the early stage of their employment.
8. In the context of cosmopolitan, only 27 percent of the respondents had a high degree of contact with information sources followed by 36 percent with medium level of contact.

Working women's involvement in household budgeting & expenditure

9. More than half of the respondents (54%) were saving less than twenty percent of their monthly income and In terms of pattern of saving half of the respondents (50%) save whatever left after an expenditure
10. About 46.6 percent of the working women don't spend in a planned way while 33.3 percent of the working women follow a definite monthly expenditure pattern
11. Most of the respondents (80%) were used to spend money in cash form followed by 20 percent of the respondents who were making payment by both in cash as well as through Debit or Credit card
12. Most of the respondents (80%) expenditure were found well within their income and for big purchases more than half of the respondents (54%) rely on credit and loan.

13. More than half of the respondents (54.7%) were found to be actively participating in household budgeting and expenditure, Therefore the null hypothesis (H_{01}) that Participation of working women in household budgeting and expenditure would be minimal is rejected.

Knowledge and practice of personal finance among working women

14. The financial behavior of the respondents in terms of **saving plan** indicated that only 31 percent of the respondents plan their short term goal and long term goal which is known to be basics of planning personal finance.
15. As much as 75 percent respondents retained their financial records viz. Tax records, insurance policies, investment records, credit card accounts, banking records, health records, deeds, mortgages or contracts, picture of property and real estate, notes payable, etc.
16. The majority of the working women (61 %) uses their savings either to buy durable items or gold and ornaments and about 12.5 percent respondents has to repay the loan per month less than 20 percent of their income while the same fraction has to repay 20 to 50 percent of their income as a loan.
17. Only 43 percent of the respondents were found to be carefully planned their investment early in the financial year to avail maximum tax benefits and at the end of the financial year 60 percent of the respondents enable themselves to utilize the maximum tax benefit schemes.
18. In case of financial emergency situations 40 per cent of the respondents depend to their spouses
19. Thirty percent of the respondents have created the emergency fund to cope up with adverse financial situations and 40 percent respondents has

created emergency fund upto 3 to 6 month income in addition to fixed deposit in bank.

20. As much as 98 percent of the respondents doesn't make the will of their property possibly as majority hasn't any entitlement of the property none other than their earnings and ironically invest in joint names with their husbands.
21. Ironically, only 20 percent of the respondents have estimated the retirement corpus and 40 per cent of the respondents depend on pension and provident fund as due by their organization
22. 60 percent of the respondents estimated retirement corpus to 50 percent of their income adjusted for inflation and about 20 percent respondents had additional pension plans.
23. The majority of the respondents (82%) exhibit the medium level of knowledge and practice of personal finance Hence the null hypothesis H_{02} Knowledge and practice regarding personal finance (saving, investment and insurance) of working women would be minimal is also rejected.

Awareness level of working women regarding Personal Finance

24. The awareness level of working women regarding personal finance was very low as indicated through the data where the majority of the respondents (77%) awareness score was in the very low category

Motivational factors for working women to start personal finance

25. Management of personal finance of working women was greatly influenced by 'to ensure a comfortable retirement' and 'to provide for child's assets' as it was reflected in 75 per cent of positive responses and ranked first, followed by 'children's education costs' and 'children's marriage' as each gain 60 per cent responses of the respondents.

26. Factors like “Reduce housing/other loans”, “Reduce credit card liability/ other personal expenses”, “Ensure assets are passed on smoothly to descendants” and “Protect income/assets from inflation” ranked fifth and least motivating factors to respondents for managing their personal finance with the positive response of merely 8 percent.

Extent of participation of working women in personal finance

27. Half of the respondents participation index score was in the medium category for insurance sector followed by investment sector (18%) and then in banking sector (7%) also none of the respondents exhibit high level of participation in any of the sector of personal finance.
28. Maximum participation of working women was in insurance sector, although it was of medium level probably due to the reason that most working women had a life insurance policy in addition to vehicle insurance and sometimes health insurance policy also. It was worthy to note that in the banking sector majority of the respondents were in lower category as they only have bank accounts in their name but never utilized the maximum facility provided by them like DEMAT account, credit/smart card, online banking etc.
29. In terms of the extent of participation in the overall personal finance majority of the respondents (72%) were in the low category of 26 to 50 participation index score

Extent of economic empowerment of working women

30. An empowerment index score of 73 per cent respondents for the indicator level of decision making was in the medium category means they scored 51 to 75 whereas 22 percent of the respondents was in the high category with EIS of more than 76. Rest 5 percent of the respondents EIS was in the lowest category..

31. For the indicator ownership of financial assets most of the respondents (41%) EIS was in the lowest category. Next, 22 percent shows EIS of medium level. Among all the respondents merely 5 percent scored EIS above 76 and belongs to high category in terms of having ownership of financial assets.
32. In case of third indicators Awareness of constitutional & legislative provision, 54 per cent of the respondents empowerment index score was in the high category for the indicator, followed by 32 per cent in medium category 5 per cent in low category and 9 per cent in very low category
33. The majority of the respondents (64%) had an extent of economic empowerment in the medium category, however, only five per cent of them had a high empowerment index score.

Constraints faced by working women in their personal financial participation

35. Among the constraints faced by working women in their participation in personal finance, first rank was assigned to “Big Risk involvement In Investments” with 91.6 per cent responses as highly problematic.
35. The second major constraint in personal finance of working women with 83.4 per cent responses as highly problematic was “Fear of capital market manipulation and scams (ghotala) keeps away from investment in share/bond etc.”
36. Among all these the least scored constraints as highly problematic (25%) was “Don’t perceived it as important for themselves” as 70 percent perceived it as less problematic.

Guiding factors in extent of participation and extent of empowerment of working women

37. The variables viz.; Age, Education, Personal Income, Family Type, Family Income, communication & means of transport, occupation,

cosmopolites, Household Budgeting, and Awareness level of personal finance of the respondents were positively and significantly correlated with participation of working women in personal finance significant at the 1 % level of probability.

38. The variables Personal assets, ownership of house and knowledge of personal finance was positively correlated with participation of working women in personal finance and significant at 5 % level of probability.
39. The variable marital status, Caste, total earning years and constraints in personal finance were negatively associated with the extent of participation in personal finance.
40. The variable viz.; marital status, caste, education, personal income, family income, communication and means of transport, occupation, cosmopolites, household budgeting, knowledge of personal finance, the awareness level of personal finance and participation in personal finance were found to be positively and significantly correlated at 1 per cent level of probability with the extent of economic empowerment.
41. The variable age and personal assets were positive and significantly correlated with economic empowerment at 5 per cent level of probability.
42. The variables ownership of the house and the type of family was found negatively, but significantly correlated with economic empowerment of women.
43. The variable family size, total earning years and constraints in personal finance was not found to be significantly correlated with the economic empowerment of working women.
44. Out of eighteen variables which were subjected to regression analysis, only four variables, namely Age, Family type, Communication & means of transport and household budgeting were found to be significant

contributors towards the extent of participation of working women in personal finance.

45. Age and communication and means of transport were emerged as a powerful predictor in participation in personal finance as indicated by higher magnitude of standardized regression coefficient.
46. Out of eighteen variables which were subjected to regression analysis, nine variables, i.e. Age, Marital status, caste, Family type, family income, communication and means of transport, occupation, Knowledge of personal finance and awareness of personal finance were found to be significant contributors towards the extent of economic empowerment of working women.
47. The variables awareness level of personal finance, Knowledge of personal finance, communication & means of transport, type of occupation and type of family was emerged as powerful predictors in economic empowerment of working women as indicated by high magnitude of standardized regression coefficients.

5.2 CONCLUSION

The findings of the study provide relevant information related to the socioeconomic profile of the working women, their participation in household budgeting and expenditure, and their knowledge and practice of personal finance. The study also revealed the awareness level of working women regarding personal finance and motivating factors for them to participate in personal finance. The study analyzes the women's extent of participation in personal finance and their economic empowerment. It is evident from the study that working women are actively involved in household budgeting and they are having a medium level of knowledge about personal finance and practicing it moderately. But their awareness level regarding various financial tools and many specific benefits focused on women were low. The women under study reported

a number of constraints in their personal financial participation. As a result majority of them show the low level of participation in personal finance and they are although they were employed and their family earning

5.3 IMPLICATION OF THE FINDINGS

1. As the participation of working women in banking and investment sectors was very low, 93 and 82 per cent respectively. There is a need for much greater attention to banking and investment behavior. Gender specific complementary policies should be designed to increase women's choices in terms of access to investment instruments.
2. The major constraint in personal finance for working women was Big Risk involvement In Investments” with 91.6 per cent responses, therefore procedure of investment in the different financial product must be in line of credibility and advertised so that maximum number of women may take advantage of this and financial constraint can be reduced to a great extent.
3. The study findings indicate the harsh reality about the right of property, as much as 73 per cent of the respondents scored very low in ownership of financial assets besides being highly educated, working and good income earning. Measures are needed to ensure that women are not being deprived of property rights, legal policies are existing in our country, but this requires localized efforts at the societal level to implement.
4. Sources of awareness regarding personal finance was not up to the mark, and without updated information and knowledge one cannot hope for desired behavior, the issue can be addressed by organizing gender specific financial literacy campaigns as a means of increasing their participation in personal finance.
5. The majority of the respondents feels that financial expert agents didn't understand their need and requirement which compel them to stay away from investment, there is need to establish financial information kiosks

6. There is a need for policies and programs to promote means of increasing women's capacity to save, to secure and retain control over savings should be given much greater priority in financial sector interventions.
7. As the variables; age, family type, means of communication and transport facility and participation in household budgeting and expenditure were emerged as significant contributors towards the extent of participation in personal finance, these variables are needed to be considered while planning any training program for financial literacy.
8. The findings conclude that the variables awareness level of personal finance, Knowledge of personal finance, communication & means of transport, type of occupation and type of family were is powerful predictors in economic empowerment of working women these factors deserves to be looked into while planning any strategy relating to economic empowerment of women through personal financial management.

5.4 SUGGESTIONS FOR FURTHER RESEARCH

1. For a greater generalization of the findings of the present study, similar study should be conducted with a large sample of women from different professions
2. The financial literacy programs especially designed for women based on their need and interest should be organized.
3. Case studies required to be taken up in order to reveal the hidden causes of lower participation of working women in personal finance.
4. Further work is needed to identify the gender perspective and specific needs of financial services in the saving and investment sectors.

