An Analysis of Financial Literacy and Decision-Making Among Indian Women Aged 14-46 of Ludhiana City

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Abstract: Even after 77 years of Independence, financial literacy remains a greatest concern for Indian women, despite the country's progress in various sectors. According to the Humanity Welfare Council, 80% of women in India struggle with financial literacy, and around 62% do not own bank accounts or have limited access to banking services. This study assesses the financial literacy of Indian women aged 14-46 in Ludhiana, Punjab, through an online survey that garnered 52 responses from a diverse demographic group. The survey evaluated financial behaviour and knowledge across variables such as education level, marital status, age, and employment. Using both quantitative and qualitative methods, the study reveals that while women face significant gender-related challenges, they demonstrate a strong interest in achieving financial independence. Respondents suggested the integration of financial literacy into school curricula and the promotion of gender equality as key measures for improvement. This research underscores the necessity of financial skills for women to navigate today’s complex financial environment, advocating for societal investment in women’s financial education.

Keywords: Investments, Financial Literacy, Gender Disparity, Financial Decision Making

1. Introduction

Financial literacy is foundational to the economic growth and development of any nation. As described by Remund (2010), financial literacy refers to an individual’s capacity to understand and effectively use various financial concepts. Similarly, Hung et al. (2009) describes financial literacy as having an "understanding of fundamental economic and financial concepts, as well as the capacity to use that knowledge and other money management skills to control money wisely for a prolonged amount of time well-being."

Research consistently shows a gender disparity in financial literacy, with men often exhibiting greater knowledge of financial products and markets compared to women (Nilesh, 2022). Gender differences also extend to financial decision-making, where men and older individuals, particularly those with higher levels of education and income, tend to display greater financial acumen (Hung et al., 2009). Poor financial literacy is linked to financial mismanagement in key areas such as budgeting, saving, borrowing, and investing, increasing the likelihood of adverse financial outcomes (Lusardi & Mitchell, 2011; Gal et al., 2020).

Financial literacy equips individuals with the skills needed to understand inflation’s impact on purchasing power, make informed decisions about risk and return, and navigate the complexities of money management in a dynamic macroeconomic environment. However, in India, women face unique challenges that hinder their financial literacy and independence, rooted in societal norms and gender inequality. The ongoing struggle for equality in status, rights, and opportunities exacerbates these challenges, making it imperative to address financial literacy as a key factor in women’s empowerment.

The education and empowerment of women are critical issues globally, particularly in developing countries like India. Despite advancements in educational attainment, women often do not translate this into financial independence or economic participation. Financial ignorance has severe consequences, leading to higher transaction fees, larger debts, and lower savings (Lusardi & Tufano, 2015; Lusardi & de Bassa Scheresberg, 2013). The failure to impart financial literacy to women not only perpetuates gender inequality but also undermines broader economic progress. This study aims to explore the impact of financial literacy on women's empowerment in India, focusing on the barriers they face and strategies to overcome them. By analysing both primary and secondary data, this research seeks to contribute to the ongoing discourse on gender equality and financial inclusion.

2. Literature Review

Nikita M. Daga (2021) conducted a survey among 131 Indian women aged 23 and above to investigate the factors influencing their financial independence. The study used a mixed-method approach to examine factors such as education, financial knowledge, cultural pressures, household responsibilities, and empowerment. Daga found that younger women (aged 23-40) placed greater importance on household responsibilities than older women (41+), reflecting evolving attitudes toward domestic roles. However, despite financial security, women with caregiving duties often withdrew from the workforce, hindering their financial independence. The study highlights the societal pressures and cultural norms that continue to restrict women's financial autonomy, suggesting that education alone is insufficient without broader societal change.

Anushree Srivastava (2020) explored the role of financial independence in enhancing women's status in society. Utilizing both primary data from questionnaires and secondary data from previous studies, Srivastava traced the evolution of women from homemakers to active decision-makers in various stages of life. The study emphasized the importance of financial awareness in enabling women to achieve greater independence. The study also examined the impact of government initiatives, such as Beti Bachao Beti Padhao and Mahila Shakti Kendra, which aim to empower women through education and financial inclusion. Srivastava's work underscores the transformative potential of financial literacy in fostering gender equality.

Maanya Singh (2022) analysed the factors impacting the success and profitability of urban women entrepreneurs in the small food and beverage (F&B) sector. The sample involved 21 female entrepreneurs aged 20-60 and used a combination of in-depth interviews and online surveys to gather data. Singh's findings suggest that entrepreneurship significantly enhances financial independence and social empowerment for women. However, the study also identified key barriers, such as a lack of mentorship (42.9%), financial support (23.8%), emotional support (9.5%) and legal understanding (9.5%), that hinder the scalability of these ventures. The research highlights the need for targeted support systems to maximize the potential of women entrepreneurs, thereby contributing to their financial empowerment.

Martha Klatt (2009) examined the financial literacy of women, focusing on the barriers that prevent financial knowledge from translating into effective financial behaviour. Surveying 300 women aged 16 and above, Klatt found that women faced significant obstacles in financial matters, including lower participation in retirement planning and discomfort in seeking financial advice compared to men. The study also highlighted the role of education in enhancing financial literacy and advocated for workshops on money management and investing. Klatt's research suggests that early intervention and continuous financial education are crucial in preventing poverty.

Chetna Singh and Raj Kumar (2017) conducted a survey of financial literacy among 700 working women in Pune, with 500 respondents completing the questionnaire. The study examined socio-demographic factors such as education, age, income, marital status, and residence. The findings revealed that only 35% of women with graduate degrees were financially literate, with significantly lower literacy rates among less-educated women. Additional, 68% of respondents indicated that male family members primarily made investment decisions. The study concluded that low financial literacy among women is often due to a lack of awareness about financial products and a reliance on male relatives for financial decision-making. Singh and Kumar recommended the development of tailored financial literacy programs that address women’s specific educational and financial needs, emphasizing the importance of spending, saving, insurance, retirement planning, and investment strategies.

3. Methodology

This research study utilized the primary data collection approach through quantitative online surveys to assess the level of financial independence and awareness among young women in Ludhiana, Punjab. A total of

52 women participated in the survey, which aimed to gauge their awareness and involvement in financial matters.

A structured questionnaire of 24 questions was developed for this purpose. The questions were based on the comprehensive review of existing literature and aligned with the researchers' objectives. The survey included questions on basic financial concepts, such as the impact of inflation on returns and knowledge of various financial products. Additionally, the questionnaire explored gender bias in financial decision-making among the participants. The survey also aimed to identify effective measures and necessary training programs to enhance financial literacy among women. To support the research, data was collected from a diverse group of women varying in age and demographic background. The anonymity of all participants was ensured to maintain confidentiality.

Age	14-18	19-25	26-35	36-46	-
	29	9	4	10	-
Education Level	High School	Undergraduate	Postgraduate	Doctorate	None
	25 (48.1%)	11 (21.2%)	14 (26.9%)	0	2 (3.8%)
Marital Status	yes	no	-	-	-
	13 (25%)	39 (75%)			
Working	yes	no	student	-	-
	14 (26.9%)	5 (9.6%)	33 (63.5%)		

Table 1: Demographic Profile of Respondents

The sample consisted of 52 women, primarily between the ages of 14 and 18, who possess high school-level education. The demographic breakdown of the sample includes three-fourth single and one-fourth married women. Of the participants, 14 were employed, while 38 were not engaged in formal employment. All respondents were residents of the urban area of Ludhiana, providing a focused perspective on the financial literacy of young urban women in this region.

4. Results

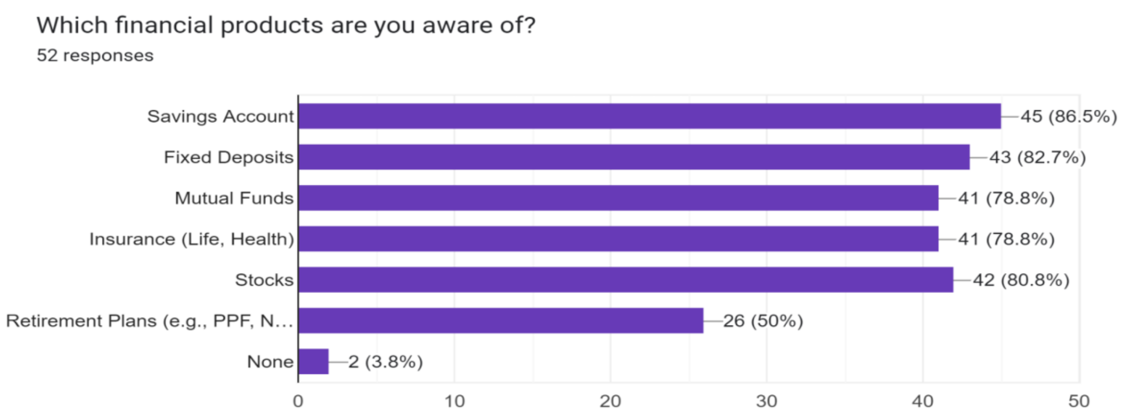

Fig 1: Awareness of Various Financial Products

The survey yielded a high response rate, with nearly 100% of participants answering most questions. To evaluate the respondents' financial knowledge, the questionnaire included basic questions about various financial products and services.

The results, as illustrated in Figure 1, indicate that a significant majority of the women surveyed are familiar with key financial instruments. Specifically, 86.5% of respondents are knowledgeable about savings accounts, 82.7% about fixed deposits, 80.8% about stocks, and 78.8% about both mutual funds and insurance products. However, awareness drops when it comes to retirement plans, with only 50% of the respondent's indicating familiarity with these products. Notably, a small percentage of participants (3.8%) reported a lack of knowledge about all of the financial products mentioned.

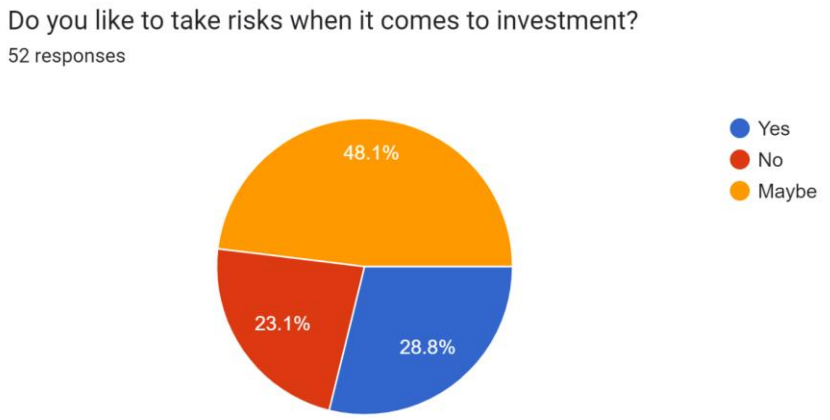

Fig 2: Investment Risk Tolerance

The survey results, as shown in Figure 2, reveal a diverse approach to investment risk among the respondents. Approximately 28.8% of the women surveyed are confident and willing to take on higher risks in their investments. In contrast, 23.1% of respondents exhibit a more cautious approach, preferring to minimize risk. These variations in risk tolerance can be attributed to several factors, including the level of financial education, personal experiences with investments, and social or cultural influences. While it is often observed that women, on average, may be more risk-averse than men, this generalization does not hold true for all women. Many women actively participate in and benefit from riskier investment opportunities. The findings underscore the importance of understanding one's own risk tolerance and seeking appropriate financial advice is essential for making informed investment decisions.

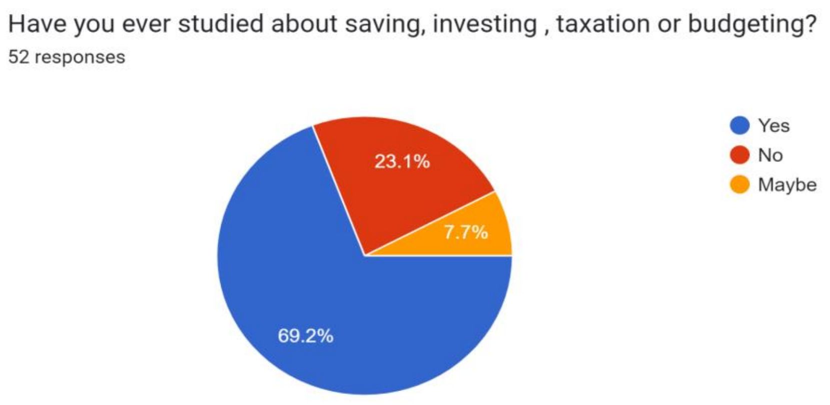

Fig 3: Financial Education

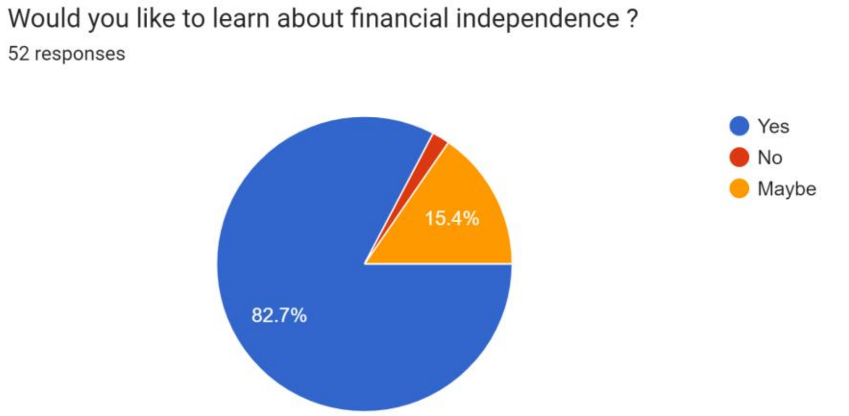

Fig 4: Learning Interest

A significant portion of the surveyed women (69.2%) have actively studied financial topics such as saving, investing, taxation, and budgeting, while the remaining 30.8% have not pursued any formal financial education (Figure 3). This reflects a strong interest among the majority of women in enhancing their financial knowledge, which can positively impact their investment strategies and overall financial management.

Moreover, when asked about their interest in further learning about financial matters (Figure 4), 82.7% of women expressed definite interest, 15.4% were uncertain, and only 1.9% indicated no interest. This shows a widespread desire among women to deepen their understanding of financial matters.

The primary motivation cited by respondents for pursuing further financial education was to achieve self-reliance and financial independence, indicating a strong link between financial literacy and women's empowerment.

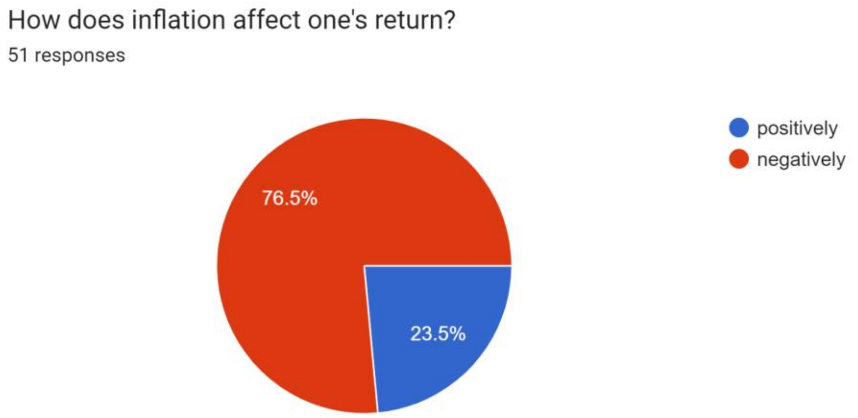

Fig 5: Inflation and Investment Returns

When respondents were asked how inflation affects investment returns (Figure 5), 76.5% correctly answered that inflation negatively impacts returns, indicating an understanding that inflation typically reduces the real value of investments. Conversely, 23.5% of respondents answered that inflation has a positive effect, indicating a lack of understanding of this fundamental financial concept.

The majority's correct response reflects a solid awareness of how inflation erodes purchasing power, reducing the real return on investments compared to the nominal return. However, the misconception held by nearly a quarter of participants suggests a significant gap in financial literacy regarding inflation's impact. This finding underscores the critical need for enhanced education on inflation to ensure that more individuals are equipped to make informed and effective financial decisions.

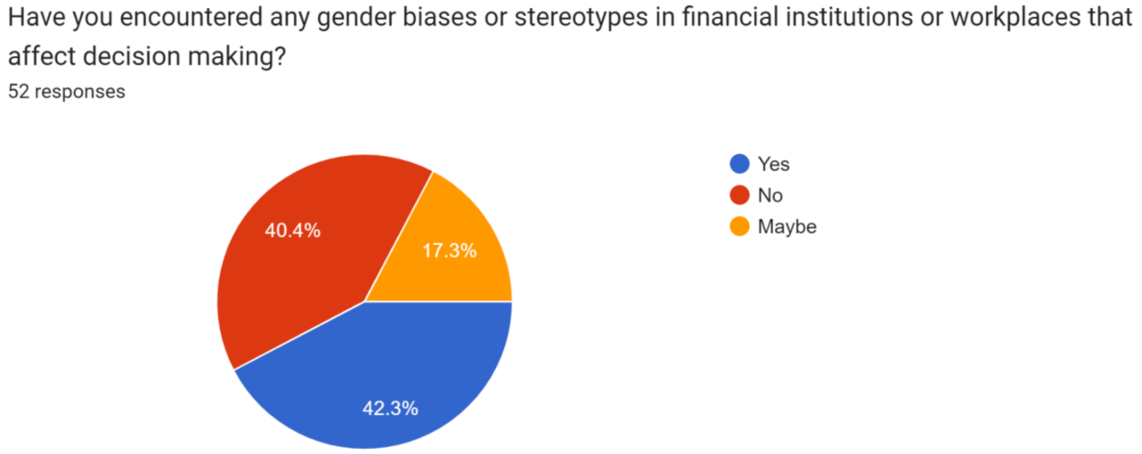

Fig 6: Experiences with Gender Bias

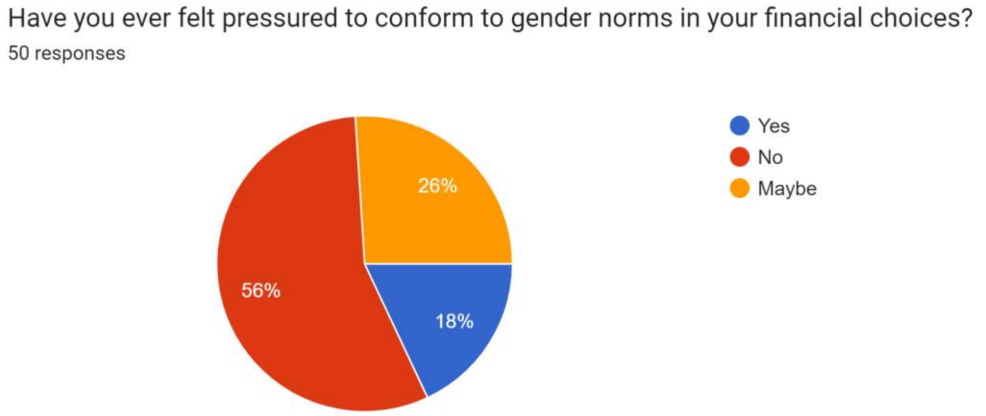

Fig 7: Pressure to Conform to Gender Norms

The survey explored women's experiences with gender bias in financial institutions and workplaces (Figure 6). A notable 42.3% of respondents reported encountering gender biases or stereotypes that affected their financial decision-making. Meanwhile, 17.3% indicated they might have experienced such biases, while 40.4% did not perceive gender bias as a factor influencing their decisions. These results highlight that a significant portion of women feel they face gender-related challenges in financial settings, while others are either uncertain or do not perceive such biases impacting them.

Additionally, when asked about pressure to conform to gender norms in their financial decisions (Figure 7), 18% of women reported feeling this pressure, 26% were uncertain, and 56% did not feel influenced by societal gender expectations. This suggests that while a minority of women perceive societal pressure to align their financial choices with gender norms, the majority either do not feel this influence or are uncertain about its effect on their decision-making.

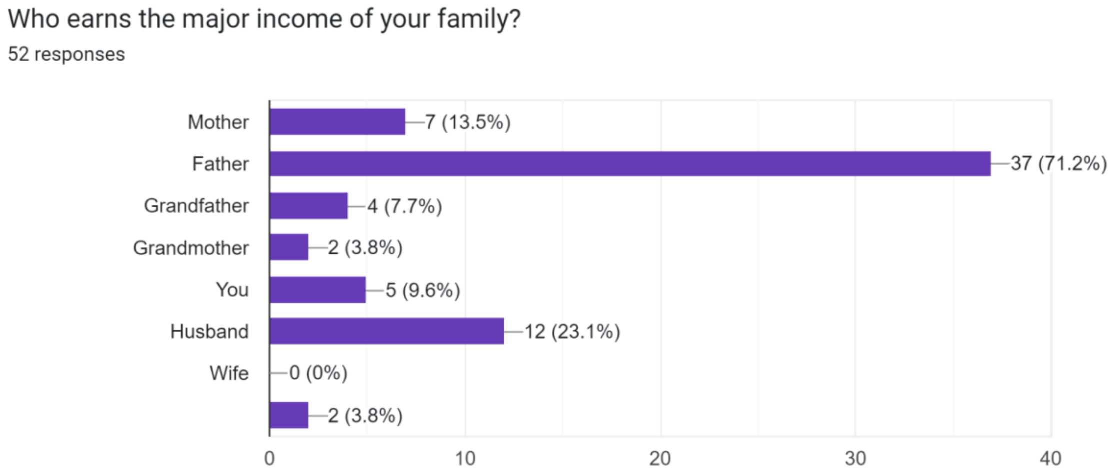

Fig 8: Family Income Distribution and Primary Earners

Among the 52 women surveyed, 37 indicated that their father is the primary breadwinner, while 12 identified their husband as the major income earner. Additionally, 4 women cited their grandfather as the main source of income, whereas 5 women reported themselves as the primary earners in their households. Interestingly, only 2 women identified their grandmother as the main income provider, and 7 mentioned their mother.

This distribution reflects a traditional pattern where male figures—such as fathers, husbands, and grandfathers—have historically been the primary contributors to household income. These findings reflect that societal norms regarding income and gender roles within families continue to influence financial dynamics, though there are signs of change with some women assuming the role of primary earners.

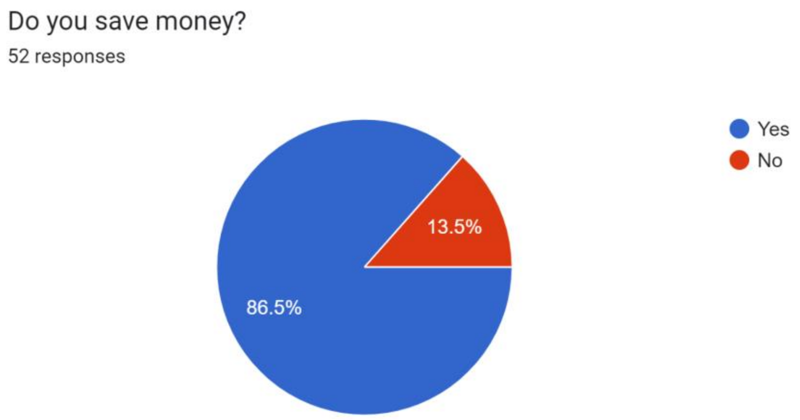

Fig 9: Savings Habits

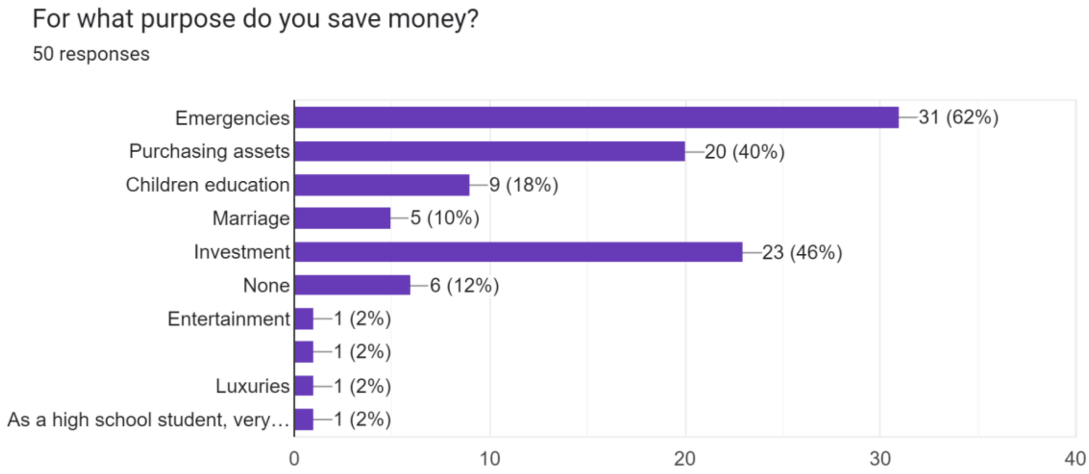

Fig 10: Reasons for Saving

When asked if they actively save money (Figure 9), an overwhelming 86.5% of women responded affirmatively, indicating that the majority prioritize saving as part of their financial behaviour. The reasons for saving (Figure 10) were varied, with 62% of women saving for emergencies, 46% for investment purposes, and 40% for purchasing assets. Additionally, 18% saved for their child's education, 10% for marriage, and smaller percentages (2% each) set aside money for entertainment or luxury expenses.

This data underscores a strong commitment among women to financial prudence, with a focus on future planning and preparing for unforeseen circumstances. The emphasis on savings for emergencies and investments reflects a responsible approach to managing personal finances and securing financial independence.

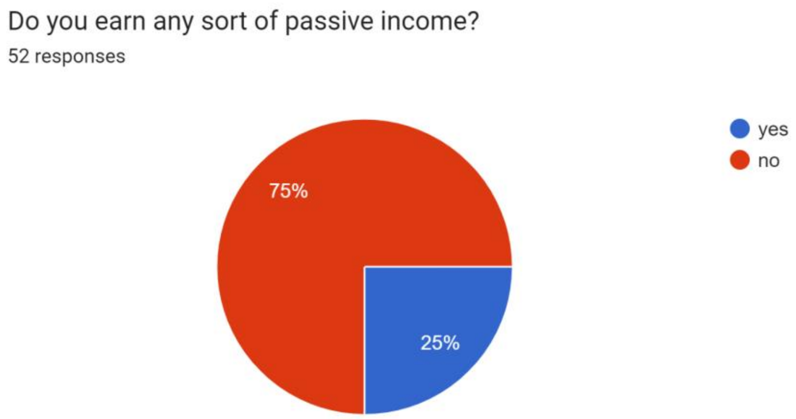

Fig 11: Passive Income

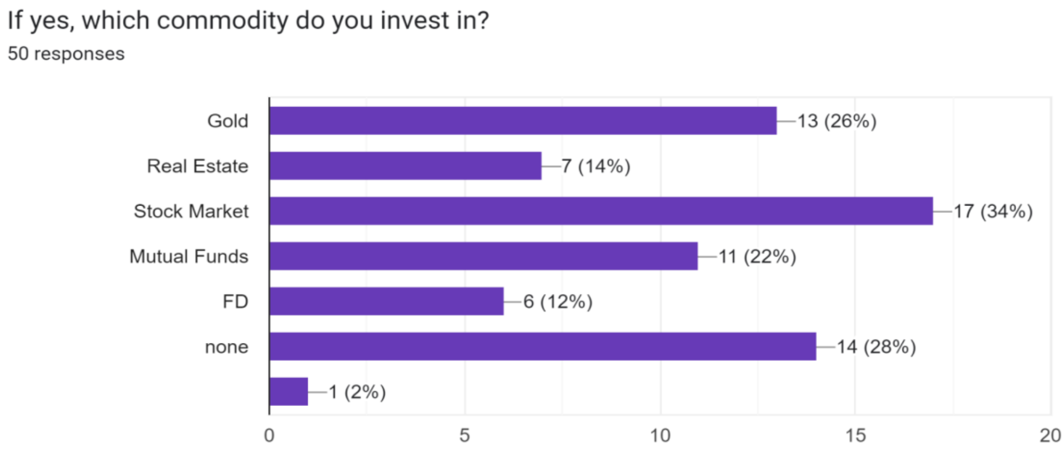

Fig 12: Investment Activities

The survey revealed (Figure 11) that only 25% of women earn any form of passive income, indicating that the majority are not actively engaged in income-generating activities outside of their primary earnings. Regarding investment activities (Figure 12), 57.7% of women reported investing in assets such as the stock market, gold, or real estate.

Among those who do invest, the stock market emerged as the most popular option, with 34% favouring it. Gold followed at 26%, mutual funds at 22%, real estate at 14%, and fixed deposits at 12%. However, 30% of women indicated that they do not invest in any form of commodity, reflecting a substantial portion of the population yet to explore investment opportunities. These findings suggest there is significant room for growth in promoting investment literacy and encouraging more women to diversify their income streams through various forms of investment.

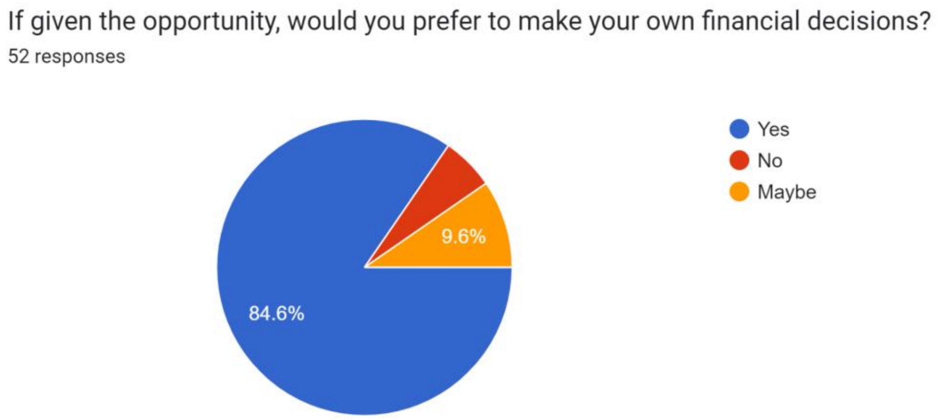

Fig 13: Preference for Independent Financial Decision-Making

Recent data (Figure 13) reveals that an overwhelming 84.6% of women prefer making their own financial decisions, indicating a strong trend toward financial autonomy. Only 5.8% stated they would not prefer to make their own financial decisions, while 9.6% were uncertain, responding with "maybe." This insight underscores a growing desire among women to take control of their financial planning and decision-making. It is an important consideration for financial advisors, planners, and institutions aiming to empower women and support their journey toward financial literacy and independence. Encouraging and facilitating this autonomy will be key to helping women achieve their financial goals.

5. Discussion

The survey results reveal a significant gender-based disparity in income contribution within families, with male members—fathers, husbands, and grandfathers—being identified as the primary breadwinners. Out of 52 women surveyed, only 5 women reported themselves as the primary income earners, and just 7 attributed this role to their mothers. This trend reflects deep-rooted societal norms where men have traditionally been responsible for the family's financial well-being. Prior research shows that the presence or absence of same-sex role models significantly influences women's ability to make independent financial decisions. Women with strong female financial role models are more likely to exhibit confidence in handling financial matters, whereas those without such figures may defer to male family members or lack confidence in their financial decision-making (Brewer & Weber, 1994).

The survey uncovered notable gaps in financial literacy. Although 76.5% of respondents correctly identified inflation as reducing the real value of returns, 23.5% mistakenly believed inflation had a positive impact on investments. This gap underlines a fundamental need for better financial education on the relationship between inflation and investment returns. Roy and Jain (2018) similarly found that Indian women often struggle to differentiate between saving, investment, and insurance products, leading to conservative investment behaviours, such as prioritizing low-risk bank deposits without a clear understanding of the risk-return relationship.

In contrast, our findings show that a majority of women (86.5%) are familiar with various financial products like savings accounts, fixed deposits, stocks, and insurance, indicating a growing awareness of these essential tools. However, a small percentage (3.8%) lacked any knowledge of financial products, suggesting there are still pockets of women left out of financial inclusion efforts. Encouragingly, 69.2% of the surveyed women have actively engaged in financial education, reflecting a strong desire to increase their knowledge in areas such as saving, investing, taxation, and budgeting. Moreover, 82.7% expressed a clear interest in learning more about financial topics, showcasing a trend toward increasing financial literacy and empowerment among women.

A significant majority (86.5%) of women reported that they save money, with the primary motivations being future security and financial independence. Emergency savings (62%), investments (46%), and asset purchases (40%) were cited as the main reasons for saving, indicating a growing sense of financial prudence among modern women. This trend aligns with shifts in societal norms, where women are increasingly assuming control over their financial planning and demonstrating long-term financial responsibility.

Despite this progress, there is substantial room for growth in investment activities. While 57.7% of women reported investing in assets like stocks, gold, or real estate, 30% of respondents admitted to not investing in any commodity. This suggests a need for better education on the importance of diverse investment portfolios. Among those who do invest, the stock market (34%) emerged as the most popular choice, followed by gold (26%), mutual funds (22%), real estate (14%), and fixed deposits (12%). These findings reveal that although women are taking steps toward financial independence, many remain cautious and gravitate toward more traditional, low-risk assets.

The survey also explored the role of gender bias in financial decision-making. 42.3% of respondents reported encountering gender biases in financial institutions or workplaces, and 17.3% were uncertain if bias had impacted them. These numbers reflect the ongoing challenges women face in overcoming traditional gender roles in financial environments. However, a notable 40.4% of women did not perceive gender bias affecting their decisions, suggesting that modernization and changing societal norms are helping to alleviate some of these barriers.

Moreover, when asked about feeling pressure to conform to gender norms in their financial choices, only 18% reported experiencing such pressure, with 26% uncertain. A majority (56%) did not feel that gender norms influenced their decisions, indicating a growing trend toward financial autonomy and independent decision-making. This is further supported by the finding that 84.6% of respondents prefer to make their own financial decisions, demonstrating a strong desire for control over their personal finances.

Family income distribution also highlights traditional gender dynamics. The fact that fathers (37) and husbands (12) remain the primary breadwinners for most respondents shows that men continue to dominate the financial landscape within families. However, this long-standing pattern may also contribute to women's hesitation in assuming financial control, as they may not have seen female family members actively participating in financial decision-making. This reflects a need for strong female role models to inspire younger generations to take charge of their financial futures.

6. Solutions

To address the gender gap in financial literacy, survey respondents identified several solutions that could boost their confidence in making financial decisions:

- **Comprehensive Financial Education**: Respondents emphasized the need for robust financial education, both in formal settings (schools and universities) and through practical, real-world experiences. This should include focused teaching on budgeting, investing, taxation, and financial planning, tailored to women's needs.
- **Government Initiatives:** Various government programs such as the Pradhan Mantri Jan-Dhan Yojana, Beti Bachao, Beti Padhao, and the National Center for Financial Education (NCFE) have been instrumental in promoting financial literacy among women. Expanding and improving access to these programs can further support women in underserved areas and help bridge the gender gap in financial knowledge.
- **Technology and Access:** The use of technology to reach women in rural and remote areas is crucial for inclusive financial literacy efforts. Mobile apps, online courses, and digital tools can make financial education more accessible, while also catering to the needs of women with limited access to formal education.
- **Targeted Financial Literacy Programs:** Specialized financial training programs aimed at women can help build their confidence in navigating complex financial landscapes, encouraging them to participate more actively in investment opportunities and take control of their economic futures.

7. Conclusion

This study has provided valuable insights into the financial literacy and decision-making patterns of women in Ludhiana, Punjab. While many women are increasingly taking control of their financial futures—whether through saving, investing, or pursuing financial education—there are still significant challenges. The survey reveals that gender biases and traditional family roles continue to shape women's financial behaviours and opportunities. However, the increasing preference for independent financial decision-making among women is a promising trend that indicates gradual shifts in societal norms.

Addressing these issues through targeted financial literacy programs, government initiatives, and enhanced access to financial services is crucial. Empowering women with the knowledge and tools to manage their finances will not only boost their financial independence but also contribute to broader societal progress and economic development.

By closing the gender gap in financial literacy, India can unlock the potential of its women, fostering a more equitable and prosperous future for all.

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