"Financial Education as a Main Factor for Uplifting the basic personal finance & Socio-Economic Status of Indian Working Women – A Study"

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Abstract:

       Financial education is considered as the basic step for the investor to invest in investment avenues or financial instrument as a set off of appropriate safety and regulatory process. Taking into account these probable profits, financial education is acknowledged as a stepping stone of financial alteration and a balance to the market to conduct a prudential instruction and guideline. Personal finance is the science of handling money. It involves all financial decisions and performance of a person household like the earning capacity, saving, spending and investment. Financial education provide knowledge to take efficient financial decision and to achieve socio economic status in the society.

Key Words: Earning capacity, Saving, Spending, Investment, Financial decision.

I. Introduction: Financial literacy can be described through several stages depending on individual/household, financial, economic and social contexts. It can start with very basic notions, such as awareness of the characteristics and use of available financial products, progressing to more advanced ones, which deal with the knowledge of financial concepts and of the development of skills and attitudes for the management of personal finance in the short and long term. Ultimately, all stages of financial literacy encompass positive behavioural change for individuals and households. Effective financial education can be beneficial for individuals, but also for policy and for private stakeholders. Financial education can support financial inclusion policies by making consumers more aware of available financial services and more confident about using them. It is also instrumental in enabling consumers to compare financial products and make effective use and choices of these products, but also in promoting long-term saving and sound planning for retirement as well as for wiser use of credit[1].

1.1. Financial education and its role in Development process:

       In most of the countries, financial education is considered as the basic step for the investor to invest in investment avenues or financial instrument as a set off of appropriate safety and regulatory process. Taking into account these probable profits, financial education is acknowledged as a stepping stone of financial alteration and a balance to the market to conduct a prudential instruction and guideline. Financial literacy and financial education are correlated with each other financial literacy is the first and essential stage of financial education in our research we have taken it interchangeably. Financial literacy working as a tool to achieving financial education and financial education is the first step of financial enlightenment.

1.2. Personal Financial Management

Personal financial management refers to "the management of the personal and family resources to achieve financial success. Financial success is the achievement of financial aspirations that are desired, planned, or attempted". Financial management requires systematic

and disciplined thought and action. Financial management is the planning, implementing, and evaluating behaviour involved in the allocation of families' current flow of income and their stock of wealth toward the end of meeting the family's financial goals Investigators have used very different items to measure financial management. Measures often include who makes financial decisions, attitudes about credit, whether the family has financial problems, and satisfaction with financial status, along with the behavioural measures of planning, budgeting, and record-keeping. Financial management as "the science or practice of managing money or other assets." Financial management is a transformation process involving the identification of financial goals, collection of information, analysis of resources, decisions about whether to spend, invest, or save, and evaluation of resources. Personal financial management includes three dimensions: financial attitudes, financial knowledge, and financial behaviours.

1.3. Personal Finance

Personal finance is the science of handling money. It involves all financial decisions and performance of a person household like the earning capacity, saving, spending and investment. Matters of personal finance comprise of the purchasing of financial products, like credit cards, insurance, loan and mortgages and various investments alternatives. Banking is also a part of personal finance, including deposit and widraw in savings accounts and 21st century online or mobile payment services. Personal financial planning is analyzing present economic condition, predict and estimate short-term and long-term requirements and executing a plan to fulfil those requirements within individual financial constraints. It depends on individual's expenses, income, living standards and person's desires and goals. Financial education helps investors to grow their understanding about investment avenues, risks ,information and instruction and advice, to develop the skills and self-confidence to become more conscious about financial risks and return, to make aware about choices, from where to take help, and what corrective measure take to improve their financial position.

1.4. Socioeconomic status:

Socio economic status is a sociological and economic combination to assess person's working experience and family's economic and social situation with respect to others completely depend on income, education, and occupation." which is often, used as a benchmark for investigating health inequalities." It is a ranking of an individual by the society she lives in, in terms of her material belongings and cultural possessions along with the degree of respect, power and influence she wields. Socio-economic status is taken as an independent variable which includes areas like economic status, educational status and social status ranging from upper class to lower class. To measure the socio-economic status we have used a composite index. A composite Socio-Economic Index has been constructed using the seven socio-economic indicators viz age, education. These all are the general parameters to measure the present socio economic status of lady teachers in the society.

- Age
- education
- occupation
- income
- cultural living or cultural standard
- social participation
- own home or ancestral property
- vehicle own
- type of family
- control over income

- caste

Socio Economic Status[3] of women can be broadly defined as the degree of socio-economic equality and freedom enjoyed by women. Economic, social and cultural factors interplay for reinforcing the gender differences in ownership, control and access to land trough inheritance, marriage or informal networks. Women's economic status in the household, depends on three levels of influence, viz., women's acquired economic and social power, the socio-economic status of their households and the level of support and opportunities in the community. The socio-economic status of working women in a society is the true index of it's economical, social, cultural and spiritual levels. No doubt socio-economic and official background of working women play an important role in determining their decision making at home and interim their decision making at workplace. Generally it is expected that working women enjoys higher status in the society as compared to housewife. Socio-economic status is an indicator of social cultural advancement of a society.

II. Rationale of the study:

As in the Amravati District women population consist of nearly half of total population in which maximum women's are working somewhere and effectively participating in the development of the economy, also it is same in the case of education sector but it is also that much true that the women's are lack of conscious about how to use their finances and reluctant to take its own decision about her finances, Financial education was repeatedly identified as the main element for women's economic betterment, financial education is considered to be the first step to economic betterment.

Thus the rational of the research is "Financial Enlightenment of senior college lady teacher in Amravati and Akola Districts". (2003-2013).

III. **Importance of study**:, Financial education or low level of financial education prevents the individuals from making a judicious choice with regard to his/her financial decisions. If the persons are not able to select the most appropriate investment avenues which can strike the inflation rate in the existing economy and provide them sufficient Money are the most important sources that form the strong backbone of economic system.

IV. Objective of the Study:

1. To study the role of financial education for achieving the socio economic status of senior college lady teacher.

2. To study the importance of financial education in basic personal finance.

V. Hypothesis of the Study:

Looking towards the need and objective of the study, researcher tries to clear the term of hypothesis. Through defining the hypothesis researcher tries to sharpen and focuses attention on the problem. Hypothesis has been developed in such a manner that if one hypothesis is accepted the other one is rejected and vice-versa.

I. H_0: Financial education is not a factor for uplifting socioeconomic status of Indian working women.

H_1: Financial education is the main factor for uplifting socioeconomic status of Indian working women.

II. H_0: It does not require for women to be the conversant with the basic of personal finance.

H_1: It is needful for Women to be the conversant with the basic of personal finance.

VI. Research Design:

The most important research process is deciding on the research design is an follows:

- **Type of Research:** As the study conducted by the researcher is mainly focused on survey and fact finding Hence the research study is descriptive type of study.
- **Sample Design:** A sample design is a definite plan for obtaining a sample from a given population. The main steps of sampling design are as follows.

Sample Unit: Looking towards the objective of the study researcher decides sample unit is working women's from various colleges   in Amravati and Akola district will be the sample unit.

Sample Frame :

Researcher collects samples from 127 in Amravati District and 64 colleges in Akola District . Secondly, sample frame Villages and talukas are selected on the basis of the number of lady teacher in the colleges .

Sample Size: Total 406 sample size selected by the researcher.

Sampling Technique: As per the circumstances of the researcher study a quota sampling method is used.

Data Collection Method: For the research study the most appropriate method of data collection found is questionnaire technique.

VII. Hypothesis Testing:

H_0: Financial education is not a factor for uplifting socioeconomic status of Indian working women.

H_1: Financial education is the main factor for uplifting socioeconomic status of Indian working women.

To analyze the data and provide statistical evidence to the hypothesis constructed, logistic regression tool of statistics has been used. Financial education is considered as the dependent variable and the indicators of socioeconomic status of Indian working women as the explanatory variable. Importance of professional formal education (MBA, M Com) are measured on Likert scale. Five point likert scale has been used with the responses like Strongly Agree (1), Agree (2), Moderate (3), Disagree (4), strongly disagree (5). All values (1, 2, 3, 4&5) of the responses are converted into binary form (0 & 1) by coding it as 1, 2, 3=1, and 4, 5=0. Similarly the variable showing attending the financial literacy program has been coded, Yes=1 & No= 0. After coding these two variables together represents the importance of financial education as a main factor for uplifting of socioeconomic status. In which 1 indicates financial education is important and 0 indicates financial education is not very important. This new variable is identified as the dependent variable in the analysis process.

To test the above mentioned hypothesis, socioeconomic status of Indian women is also measured by different indicators like, home build, monthly saving pattern, utilization of various provisions of income tax benefits, life insurance policies, and investment in stokes and share. All these mentioned variables are converted into binary form by coding the options as "1" & "0". The options showing the upliftment in socioeconomic status of women like home builds through loan on their salary, planed/fixed pattern of saving, utilization of various provisions of income tax benefits, and investment in stokes and share are coded as "1". Whereas in the variable taking life insurance policies towards, mode has been calculated for the responses under different options and new variable constructed is taken into consideration among the explanatory variables. After defining the dependent an independent variable, Systat software has been used to run logistic regression and the results are given below.

Table No.1: Background of the socioeconomic status of Indian women.

Sl.No.	Indicators	Category	Code	Number	(%)
1	Home builds through	By loan on your salary, From your own saving and investment	1	295	72.7
		Contribution of all earning members of family , Ancestral property	0	111	27.3
2	Monthly Saving Pattern	Planned/fix pattern, Save whatever is left after meeting all expenses	1	281	69.2
		Not pre-decided but save something, Irregular - as expenses generally exceed income, No saving	0	125	30.8

3	Fully utilize Income various provisions of Income Tax benefits, e.g. deductions from salary/income, rebates, etc.	Yes	1	311	76.6
		No	0	95	23.4
4	You take Life Insurance policies primarily towards	Saving income tax	0	149	36.7
			1	257	63.3
		Investing for long- term goals	0	253	62.3
			1	153	37.7
		Investing for child's education	0	281	69.2
			1	125	30.8
		Investing for retirement	0	339	83.5
			1	67	16.5
		Covering risk of life	0	266	65.5
			1	140	34.5
		for Medical benefit	0	297	73.2
			1	109	26.8
		Not having any life insurance policy	0	382	94.1
			1	24	5.9
5	Have you made any investment in stocks and share?	Yes	1	88	21.7
		No	0	318	78.3

The effect of financial education as the main factor for uplifting socioeconomic status of Indian working women has been tested at 0.05 significant level on the basis of the responses of women.

Table No.2: Result of logistic regression.

Variables	B	S.E.	Wald	df	Sig.	R	Exp(B)
Home builds through	-1.837	.289	40.332	1	.000	.187	.159
Monthly Saving Pattern	.615	.312	3.880	1	.049	.187	1.850
Fully utilize Income various provisions of Income Tax benefits, e.g. deductions from salary/income, rebates, etc.	-1.633	.293	31.130	1	.000	.187	.195
You take Life Insurance policies primarily towards	-.160	.367	.191	1	.662	.187	.852
Have you made any investment in stocks and share?	.319	.300	1.128	1	.288	.187	1.376
Constant	1.673	.402	17.299	1	.000		

The logistic coefficient can be interpreted as the change in the log odds associated with a one unit change in the independent variable. In this case the coefficient of home builds through is 1.837 this indicates when the women are having financial education change from 0 to 1 and the values of the other independent attributes remains the same the log odds of the home builds increase by 1.837. The

result of logistic regression reveals that for women having financial education .159 times more chance to get the home build by their own. The coefficient of home builds is 1.837 and its standard error is 0.289. Wald statistics is 40.332. From the result given in the above table it can be concluded that the financial education is significantly associated with the home builds on the basis of own income. From table 4.1 it can be seen that 72.7% of working women getting their home build by their own income. From table 2 we can say that if they get the financial education as well, 15.9% of the reaming women will be able to do the same. Similarly we can say that if the women will be financially educated, there will be 19% women will be able to make their savings in proper pattern and 20% will be able to fully utilize their income various provisions. This will be certainly an uplift in their socioeconomic status.

2.: H$_0$: It does not require for women to be the conversant with the basic of personal finance.

H$_1$: It is needful for Women to be the conversant with the basic of personal finance.

To test this hypothesis, the method of Chi-square test of independence has been used. In the analysis procedure, the variable showing the awareness of women about Interest on Savings Bank A/c, Interest on Fixed Deposit A/c, Interest on PPF, Bonus and dividends from Mutual Fund (Average) are considered as conversant with the basics of personal finance and dependent variable in the analysis procedure. On the other hand the variables showing their decision making capacity and the economic empowerment are considered as the dependent variable. The output generated by the systat software has been given in the table below.

Table No.4.: Cross- table and chi-square test between financial conversant and the decision making and economic empowerment.

Decision making and empowerment parameters		Financial conversant	
		Yes	No
Source of information do you value for getting financial advice	own	105	9
	others	205	87
	χ2	28.78	
	p-value	0.000, Significant	
Economically empowered	Yes	122	26
	No	188	70
	χ2	4.765	
	p-value	0.029, Significant	

From the above result we can say that financial conversant is significantly associated with the decision making and the economic empowerment with χ2=28.78 & χ2=4.77 respectively at 0.05 level of significance. Hence we can say that the null hypothesis is fail to accept. Furthermore we can see from the table given above that the women who are not conversant with the basics of personal finance, 70 0ut of 96 ie.,72.9% are not economically empowered as well. Similarly 87 i.e., 90.6% women are not able to take their financial decision by their own. Hence we can conclude that it is very much necessary for the women to be conversant with the basics of personal finance.

VIII. Conclusion: From the above table the variable shows that if the women will be financially educated then women will be able to make their savings in proper pattern and will be able to fully utilize their income various provisions and having more chances to achieve financial goal and uplifting socio economic status. This will be certainly uplift their socioeconomic status. the women who are not conversant with the basics of personal finance or financial illiterate, are not economically empowered and not able to take their financial decision by their own. Hence we can conclude that it is very much necessary for the women to be conversant with the basics of personal finance.

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