



Financial Literacy Among Rural Women: Study Of Challenges In Bihar

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Abstract: There is no doubt that economic participation of women has increased in India during last few years, but still they are far back in terms of economic independence. The situation is same for both urban and rural women as discrimination is a reality and gender gap is wider in the economic field. Women have more opportunities and facilities in urban areas in comparison to rural areas. Thus rural women should be more conscious and updated but the reality is totally different. They can't reach to the facilities in lack of knowledge and awareness. Trainings were being organised at different level by different agencies but that's not sufficient. Impact of wrong and inadequate training can be seen among self help group members. Lack of sufficient financial services by the service providers, deep rooted social barriers and lack of strong decision making power among the women are equally responsible for their weak financial condition. Full planned financial literacy program along with digital technology education is highly needed. Due to the awareness about micro financing and micro credit schemes rural women have started savings by making self help groups. Savings only for borrowing and lending money among the group members can't be much fruitful. They should know about other use of money. Banking is not all about saving and loaning; investment and insurance is much more important in planning a better future with economic stability. With the help of World Bank, Government of Bihar is working hard to make the rural women financially empowered. Focus is on sustainable job creation at local level so that they can be self dependent. Banking and insurance sector have to come forward with a big heart to train them about making money, as saving for lending and borrowing is not the ultimate option in the process of financial empowerment. The present study was conducted in the rural areas especially pilot blocks of jeevika. Per capita income is very low as compared to other areas thus saving and investment is low. Total sample of 350 SHG members is comprised through random sampling technique. The primary data was directly collected through personal interview method between 2021 to 2023.

Key Words: Women, Finance, Empowerment, Banking, Rural.

After the fulfilment of natural needs, living a peaceful and healthy life depends on the regular income. Regular income is like a fuel for the family and the earner him/herself. It makes life easier today and tomorrow and also shapes the future. But a large population in India survives without any income and majority of them are women. There is no doubt that economic participation of women has increased in India during last few years, but still they are far back in terms of economic independence. The situation is same for both urban and rural women as discrimination is a reality and gender gap is wider in the economic field. All Governments after independence have implemented many policies for the socio-economic up-liftment of the marginalised sections as it is an obligation under constitution. Banks have been nationalised (1969). Banks were advised to open branches in rural areas and provide loans to the farmers and primary sectors. Micro financing institutes and linkages through Self Help Groups have boosted the financial involvement in rural areas rapidly. This will help in making an inclusive society.

Studies highlight that, despite comprising 48% of the population, Indian women contributes only 18% to the GDP in comparison to global average of 40% (<https://www.unwomen.org/7facts>). This is due to the gender gap in Labour Force Participation. Globally the gender gap in Labour Force Participation Ratio is 30 as men's participation is 80% while women's participation is 50%. The Periodic Labour Force Survey declared by the Labour Bureau in October 2023 shows that women participation in labour force is 37% in 2022-2023 in comparison to 78.5% of male participation. Thus for increasing women participation in workforce and ultimately in GDP more and more income generation schemes for women is needed. Women in urban areas have more opportunities and facilities in comparison to rural areas. Thus, rural women should be more conscious and updated but the reality is totally different. Though, policy makers are more conscious about rural development in India. They can't reach to the facilities in lack of knowledge and awareness. Government of Bihar is working hard to make the rural poor socially and economically empowered through Bihar Rural Livelihoods Project (BRLP), with the financial assistance from World Bank widely known as JEEVIKA. Before this project many other schemes were implemented with different names. GoB is committed for poverty alleviation through building sustainable institutions of the poor. The state project implementation plan (SPIP) aim to reduce poverty by enabling the poor household to access gainful self-employment and skilled wage employment opportunities. It stands on four pillars: social mobilization, vulnerability reduction, financial inclusion and livelihood enhancement with the help of sensitive and dedicated support structure. Apart from social mobilization, vulnerability reduction and livelihood enhancement, financial inclusion is more crucial job as main stream banking sector plays a major role in it. World Bank says, 'Financial Inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs- transactions, payments, savings, credit and insurance delivered in a responsible and sustainable way'. According to this definition there should be a fair and unbiased regulation for all. Availability, Access, Affordability, Awareness and Appropriateness are the key aspects to ensure comprehensive financial inclusion strategy. But the fact is, Bihar comprising more than 9% of population of India have only 4.8% of national bank branches operating. As of march 2024 Bihar have 8045 bank branches. Public sector banks have the largest network, comprising 3979 branches followed by regional Rural Banks with 2105 branches and Private sectors banks with 1329 branches. Cooperative banks have 290 and small finance banks have 342 branches. Government notes 46.9 percent of these branches are located in rural areas, 31.7% in semi urban and 21.4 in urban areas. One-third of the panchayats in Bihar do not have bank branches. 57589 (CSPs) costumer service points are serving but that not seems enough. This weak banking infrastructure will lead majority of poor to depend on high cost debt from informal sources that is local money lenders and the poverty cycle will never break. To address the high rate of poverty easy access and knowledge about financial services is essential.

With other micro finance companies BRLPS has worked more widely on addressing key constraints on both the demand and supply side of financial services delivery mechanism. To enhance financial management within community institutions (Self Help Groups, Village Organisations, Cluster Level Federations) simplified and uniform books of records for financial transactions were introduced at all levels. To further strengthen and maintain financial management within the community institutions annual audits are in practice. With clear and supportive instructions from the government strong linkage with banks and bank mitras/bank sakhis are the visible outcome can be seen in the rural areas. BRLPS has mobilised over 9.9 million households into 848896 SHGs further federated into 55628 Village Organizations and 925 CLFs. Credit portfolio developed and managed by these community institutions is INR 82.1 billion. A cumulative amount of INR 9.1 billion group saving is mobilized which helped them get community investment fund of INR 42.16 billion. Apart from Bank Credit Linkage, CIF, ICF, HRF, FSF are the key schemes supporting to the rural poor in strengthening their financial capacity. Customer services points are helping the rural poor in absence of bank branches.

Key benefits of BRLPS can be summarised as:

Increased social cooperation and harmony: Sitting together weekly for saving, discussions on future plans and problem solving develops a strong bond between them. Harmonious relation and sense of social cooperation has been developed among the members may be from different caste or religion.

Increase in their skill and capabilities: Different micro finance institutions and BRLPS have done a lot in identifying their capabilities and enhancing their skills. Many of them have changed their life with the financial and social support. Different producer groups, shops and artisan groups are the example.

Habit of saving is developed: Core motive of forming SHGs was to develop the habit of saving and self help among the members in emergency. This motive was still on top and members now understand the benefit of saving in their life. They are now saving in their bank accounts apart from the shgs. This saving helps them in creating funds, assets and sustainable livelihoods.

Low cost financial services with minimum process: Poor are always portrayed as non-bankable by the banks. Hence it is very hard for any poor women to get any kind of financial services from the banks. Self help groups provides loan at minimum interest with very minimum process from the corpus of their own saving. SHGs under BRLP get Initial Capitalisation Fund and Community Investment Fund for livelihood generation, Health Risk Fund for health related needs at lowest interest, Food Security Fund for procurement of food in off season. These are very important steps which is helpful in strengthening the life of marginalized groups. Health and food were the major reasons of debt in rural areas. Money lenders take these necessities as opportunity and charges high rate of interest.

Increased source of livelihood at small level: BRLPS provide different kind of assistance to the community members to generate their own setup for earning. Instead of thinking alone whole community makes the plan for generating sustainable livelihood for the members. Establishment of dairy shops, producer groups, local shops, farming with poultry, goats, cows and trainings on different skills make them skilful and employable in many fields in local surroundings.

Social recognition and acceptance: small amount of savings and community support helped the poor women in increasing their social acceptance. Now they are recognised as strong and capable individuals. They are also trusted by the banks as bankable customers. Sense of unity and empowered feelings can be easily identified in their conversation. Now they are taking part in village development discussions with confidence.

But crossing these milestones and getting recognitions is not enough as they are still trapped in saving and loaning in the name of financial services. Savings for borrowing and lending among the group members is not sufficient because banking is not all about saving and loaning, insurance and investment are much more important in planning a better future with economic stability. Inspite of planned efforts there are many challenges in making the women financially literate and economically empowered.

Key challenges in managing finance

Lack of financial knowledge: Finance is a very broad and hard subject. It is much harder for the illiterate and uneducated people. Even educated people can be seen confused while taking financial decisions. Money has different scopes and banks provide many services is unknown to them. Though some have sufficient income but they can't balance their expenditure and get trapped into the poverty cycle, which can't be easily breakable.

Debts from multiple sources: Short term loan and small amount loan is also available for is unknown to most of the people so they prefer to visit informal sources rather going to banks. Some times to show-off in the society or in the pressure of the society people make heavy expenses in marriages, death feasts and other social rituals. To collect this heavy amount they take debts from multiple sources and fail to pay them all on time. This ultimately brings them to sell their property or earning assets.

Biasness between members: Biasness can be seen not only in the banks but in shgs also as socially and economically strong members are able to get more amount at one time or multiple times in comparison to the weaker member. No doubt weaker members also get financial assistance in need but the huge different in amount can be seen easily. This also justified by the members that they are able to repay the on time which increases their credibility. It is known to all that availing financial services depends on credibility.

Lack of proper training: Though BRPLS is giving continuous training to the community members but they are still not about the banking system and different products available for them. One major reason can be identified that banking process is limited to the community leaders and other members depend on them. Some members are also unwilling to go to banks losing their daily earnings.

Attitude of financial service providers: Bankers do not feel women are bankable and faithful customer, especially illiterate, unemployed and women employed in unorganised sector. SWABHIMAAN, 2011 and Pradhan Mantri Jan Dhan Yojana, 2014 was the markable effort of government to include the financially excluded segments of the society into formal financial system. But reality is the number of account holders boosted is just because of the target given by the government and different types of promises given to the people by the government, which attracted people to the branches. No doubt banks were facing some problems, such as NPA accounts, Recovery of loans, lack of stability, lack of saving capacity due to unavailability and awareness but these problems have their solutions in the problems itself.

Negligence of society and authorities: Administration and controlling authorities should show more sensibility and support towards weaker sections. This will bring positive change. Families especially the earners of the family also have to be sensible while making decisions. They must involve female members while taking decisions. Society teases women going out of their houses alone demoralise them.

These all challenges can be summarised in one example of a 52 years old lady who is a home maker. For sure she is not considered poor in that particular society she resides. As she have approx three acres of land

and her husband is in border security force getting salary more than seventy thousand per month. She has three school and college going children. Problem is she is unable to prioritise her expenses and balance between the income and expenditure. Taking loan to meet expenses is not a big but the real problem is taking loan from multiple sources, that is; relatives, self help group, micro finance company and cherry on top is the local money lender. To repay them she uses to shuffle among them. To pay her relative taking money from shg, taking from money lender to pay the shg or the micro credit company so that her credibility don't get effected. This way amount increased. It becomes hard for her to repay them on time and the pressure to repay has increased. Ultimately this pressure reached her husband and result is they have to take a hard decision. They sold three katthas of her land to repay them all.

Above stressful example shows that how lack of financial knowledge can make a well earning people poor.
Way forward:

Focus on capacity building especially on finance: Thus focus on capacity building and skill enhancement is highly required. Majority of members are signatory now though more and more training and skill enhancement camps should be organised in rural areas so that not only women, male members can also be able to understand the banking and finance system. This will further help in strengthening the area's economic condition.

Promotion of planned and inclusive decision: Inspite of being responsible and hard working partners female members are ignored while making decisions in the family. This is the reason they start to underestimate themselves, ultimately excluded from the decision making process. So it is necessary for the families to promote planned and exclusive decision making process. These processes should be adopted by the banks and micro finance institutions also not for achieving the target but for promoting women whole hearted.

Training on institutional financial services and product: Institutional financial services and products are more viable than the informal sources. So it's availability should be easy accessible for the rural poor. They should be aware and confident about the banking system. Scanning the trustworthy financial agents should also be taught. As every year thousands of people especially uneducated women loose their savings because they are unable to identify the person reaching them for financial services. With few efforts of banking sector now rural women knew about fixed deposit and insurance also but nobody is sure about investment. Very few members have Fixed Deposit but Recurring Deposit is totally unknown to them. As far as investment is considered there are numerous examples of cheating and fraud. Many women have been cheated on the name doubling and earning money from money.

Change in attitude of bankers and authorities: Attitude of bankers also plays a vital role. They do not feel women are bankable and faithful customers. A woman coming to deposit and withdraw their saving is ok but single women asking a loan is not ok. This attitude should be changed. Discrimination between rich, poor and poorer while giving services is not acceptable. Working for target achievement is a compulsion in the competitive society but banks should organise financial literacy camps and credit counselling sessions to boost their confidence rather distributing bags and diaries in the account of corporate social responsibility (CSR).

Ease of documentation process: To achieve the target of account opening under PMJDY, KYC (know your customer) rule to open a bank account have been simplified. The only document required is either Aadhar Card, voter's Identity Card, driving license, PAN Card, or cards issued under MGNREAGA. Even if the address mentioned in the document is different from the current residence of the application, a self declaration will be sufficient. For those who do not have any of above mentioned identity proofs, a small account could be opened with a self-attested photograph along with signature or thumb impression in the presence of the bank official is sufficient. But the reality can be witnessed going to the bank without any document. So ease in the documentation process is still needed for the marginalised sections.

Develop proper internet and digital services delivery: Authorities should keep an on the network and digital services. There are still many post offices where costumers get manual slip instead of printed slips in absence of network and lack of digital knowledge. Digital knowledge is at its peak. Well educated people also lack in coping up with the fast changing process. So regular interactions and trainings can only help them in growing with time.

Training on digital advancement: Digital aspect is very important these days as banking policy is shifting towards digitization. But no knowledge of digital technology, weak network digital fraud is a reality. Highly educated people lost their earning through online fraud and common men don't even know how to deal with it. Online money transaction and banking facility needs skills it is not just a finger tip away.

Financial Literacy should be included into the curriculum: Finance is the base of living dignified and respectful life but it can be witnessed in the branches that some graduate people are also unable to fill their transaction vouchers. This is the reality of our education system. Finance and commerce is taught at higher

secondary level with a choice. Making the financial system a topic of general knowledge is required. Financial literacy program should be included in the curriculum as a mandatory subject with easy framework which can further be specialized in higher education.

Conclusion: Basic concept of SHGs is promoting institutional financial services through groups or mainstream banks but still majority of them are still in support of buying jewelleries as their assets to be used in hard times. The thought process is same in terms of saving and investment. 65% of them accepted that they have borrowed money from non-institutional sources as institutional sources have certain limitations. Easy access and lesser formalities are the basic reasons of borrowing from non-institutional sources. Majority of the respondents agree that banks are trust worthy sources with low interest rates still they didn't prefer due to the formalities and arrogant behaviour of employees towards them. Right now majority of members are stakeholders in different producer groups or others managed by the cluster level federations or block level federations but that is only a process determined by the project management. It was found that 65% of the samples have a personal bank account which was majorly opened after joining the self help groups. Before or after joining the group major purpose of operating the account is withdrawal (money sent by the earning members or loan taken from the groups). Saving or other financial services is the secondary goal of account opening. Usage of debit cards and internet banking is rare among them. According to their surrounding, earning and knowledge consumption of any specialised banking services is not expected but fixed deposits and recurring deposits are very basic for lower income groups to manage their earnings in a better way. They are very much aware of fixed deposit of surplus earning for future but only 10% accepted of having some fixed deposit. They accepted it with shy and fear on her face as there is a belief that person having surplus or fixed deposits in banks are not poor and groups can refuse them to give loans. Members think that before taking any loan people should utilize their own saving. Only 6% of them knew about recurring deposit scheme and these are the members who have government employees in their relatives. Instead they knew that only non-banking service providers and insurance schemes are related to term or monthly deposits.

Financial inclusion is must for inclusive development. Money attracts money is a fact but time is money is the other fact and similarly talent makes money. So it is very important to make the rural women understand the use of their time, talent and money in a better way. Banking or finance is not about earning, saving and loaning only. They should be trained properly about different banking products and services. They should also be taught about their rights as customers. Women empowerment includes women's ability to access and control over the production resources which in long term increase their personal and economic decision making power. They should be regularly trained not about the facilities available but also about the use of the services confidently. Business needs credibility but a small amount of trust can bring a big change in the society. So instead of heavy documentation easy and accessible process is expected. The effectiveness of financial inclusion will depend upon the quality of equal service, innovative product designing for rural and poor population, promotion of agro based industries, efficient service delivery by the banks, responsible attitude of the society and courage and confidence of the women for her economic empowerment.

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