

## An Examination of Self-Help Group Participants' Financial Literacy

**\*Dr. Meenu Chotiya**

### **Abstract**

The problem of financial literacy is crucial for a healthy and open economy. A few studies claim that one of the causes of the financial crisis in wealthy nations like the United States in 2010 was clients' low levels of financial literacy. Based on the reviewed research, it is expected that the poor level of financial literacy among consumers in emerging countries like India may to some part contribute to the financial crisis. Financial literacy is also seen as a key tool for encouraging financial inclusion and eventually establishing financial stability in the nation.

It is clear how important these problems are to India. The Reserve Bank of India (RBI), the oldest and most seasoned financial regulatory organisation, has taken a number of actions to encourage financial literacy among clients via financial institutions. In order to promote financial literacy among Indian consumers and determine the degree of financial literacy among Self Help Group members in Rajasthan, this research study identifies the regulatory authorities' actions.

**Keyword:** Self-Help Group, Reserve Bank of India, Security Exchange Board of India, Development Authority

### **Introduction**

Financial literacy is a set of abilities that individuals may use to manage their finances and includes a basic comprehension of key financial ideas. Financial literacy includes knowledge of and comprehension of savings, household budgets, financial planning, different loan products, loan repayment, etc. in addition to markets and investments. To achieve individual financial objectives, a person must be capable of analysing and creating household budgets, managing cash flow, and allocating assets. Customers will develop sound financial habits as a result, which will eventually contribute to the nation's financial stability.

Broadly speaking, financial literacy is "providing familiarity with and understanding of financial market products, especially rewards and risks, in order to make informed choices," according to the RBI. Financial literacy is described as "the ability of consumers and small business owners to understand retail financial products with a view to making informed financial decisions" by the

---

## **An Examination of Self-Help Group Participants' Financial Literacy**

*Dr. Meenu Chotiya*

European Commission.

The importance of financial literacy is now acknowledged on a global scale. With about 1.2 billion people, India is one of the most populous nations in the world. India's economy is clearly expanding quickly, with a national emphasis on inclusive development. A dynamic financial system must be developed, and a national plan must be developed and put into place as soon as possible. In recent years, financial literacy has grown in significance. The population now has more discretionary money because to many economic and financial developments throughout the years. The market's overall breadth is expanding. Numerous new financial products, both on the credit and investment sides, offered by different financial intermediaries have made it necessary for people to thoroughly understand, organise, and manage their money. Those who are not a part of the official financial system need to be taught on handling finances at the same time. For a person's financial welfare, financial planning is becoming more important. While financial institutions have taken steps to emphasise the importance of financial planning, particularly for women, financial literacy in India is still falling behind. In practically every nation, there is a gender disparity between men and women in terms of financial literacy, according to a 2015 assessment by S&P Global. In India, the disparity is worse, with 80% of women and 73% of males lacking basic financial literacy. Thus, there is a need to fully comprehend the problem of financial literacy among Indian women.

In India, males often earn the majority of the family's income while women typically spend the majority of it. Even while women now have far more access to financial services than men have over the previous ten years, their ability to take advantage of this access is still often constrained by the disadvantages that come with being a woman. Low literacy rates are one of the main issues and challenges our country is now experiencing.

According to the 2011 Census, 65.46% of women and 82.14% of males are literate. Due to their weak math skills and inability to correctly analyse financial data due to a lack of basic education, women have poor financial planning, which in turn impacts their saving and investing choices. Women have difficulties comprehending fundamental financial literacy concepts like calculating compound interest, analysing inflation, risk & return, trade-offs, and portfolio diversification, among others, due to a lack of higher education. The main issue women in India confront, according to Chethana and Raj (2017), is a lack of confidence and understanding about money management, which limits their capacity to reach their financial potential. They are hesitant to visit a financial advisor who can assist them with their financial planning because they are worried that they may overcharge them, abuse their funds, or defraud them. This will make it difficult to learn the fundamentals of money management.

### **Review of literature**

Financial literacy among women in India was the subject of a research by **Garima Baluja (2016)**, which outlines the elements that affect it as well as government initiatives to promote it. The secondary data were the main focus of the investigation. According to the report, women in India are

---

## **An Examination of Self-Help Group Participants' Financial Literacy**

*Dr. Meenu Chotiya*

less likely to be financially literate due to a lack of women-centric financial initiatives, access to financial services, access to basic education, and independence. The Indian government has taken several steps to close this gap by implementing programmes like the Pradhan Mantri Jan Dan Yojana and the National Centre for Financial Education, among others, in an effort to increase people's awareness of financial literacy.

In the Keralan district of Ernakulum, **Thanvi Sebastian et al. (2016)** conducted research on financial literacy among professional women. The study's goals are to assess financial literacy, comprehend the most popular and preferred investment instruments, look at financial literacy among those who consider themselves to have high financial literacy, and determine whether and to what extent they are receiving professional assistance for financial planning. The research was carried out utilising the survey instrument questionnaire and the survey methodology. The study's sample size was 30. The results of the poll indicate that most professional women are financially literate. However, having a foundational understanding of finance is insufficient. They continue to have no understanding of money management and investing principles.

The research revealed that urban women do make financial choices for the family as well as their own investments and money management. Even if there are many investing options on the market, most women do not take advantage of them. Few of them are aware of these options, but they lack DEMAT accounts, trading knowledge, and stock or mutual fund investments. The poll revealed that SIP is the most popular investment instrument for women. Since the majority of them accept moderate risks, sufficient information about these SIP investments must be given to them.

In their research, **Priyanka et al. (2015)** said that literacy is a crucial measure of progress. People are more educated nowadays, yet just being literate is insufficient. Financial literacy is becoming a crucial skill to have. People with financial literacy are better equipped to navigate the financial world, make wise investment decisions, and reduce their risk of being duped. Women should also be informed since they are involved in many home decisions. Due to their lack of knowledge about available investment options, individuals are not motivated to manage investment decisions. The study's goals include examining respondents' savings investment choices, their understanding of available investment opportunities, and their investing behaviour among female staff members working in the Jhansi District's education sector, both teaching and non-teaching. The main results show that most working women are aware of their options for investing and put their savings into fixed deposits with banks and post offices.

In the city of Bengaluru, **Shobha and Shalini (2015)** conducted a poll to find out how women felt about personal financial planning. The survey found that Indian women prioritise their family's and their children's demands above their own wants for financial stability and individualistic desires.

A major obstacle for women in creating their financial strategies is persuading their partners and families. In addition, the survey revealed that women continue to see gold, real estate, bank deposits, insurance products, and provident funds as the safest forms of investment, in contrast to their

---

### **An Examination of Self-Help Group Participants' Financial Literacy**

*Dr. Meenu Chotiya*

perceptions of mutual funds, derivatives, chits, stocks, and shares as riskier ones. Therefore, ignorance about new tools affects their capacity to generate rewards for them.

In 2014, **Mathivathani and Velumani** conducted research on financial literacy among Tamilnadu's rural women.

This research aims to determine the degree of financial literacy among Tamilnadu's rural women. They also discussed how India is on the path of the world's expanding economy. Everyone should be financially literate and alert, but women more so. The economic engagement of women will benefit both their individual well-being and the economic development of the country. Women are in charge of generating money under such circumstances as well as managing the home budget, spending, and emergency savings. Since the global economy is expanding, there are several financial shifts taking place. On the other hand, due of a lack of financial literacy and awareness among the populace, numerous financial malpractices and fraudulent operations occur in our society, particularly in rural regions. Therefore, financial literacy is essential for including women in financial inclusion, protecting them from financial fraud, and integrating them into the current economic expansion.

A research on financial literacy among microbusiness owners in the Kangra area was conducted by **Guptha et al. in 2014**.

The study's objective is to evaluate the degree of financial literacy knowledge among the microbusiness owners in Himachal Pradesh's district of Kangra. The goals of the research were accomplished using a survey approach. The degree of financial literacy will be assessed using a structured questionnaire.

Microsoft Excel was used to tabulate the collected data. The degree of financial education awareness among micro entrepreneurs was investigated using descriptive and inferential analysis. The investigation showed that Kangra district's microbusiness owners had poor financial literacy. Additionally, their research found that there are inadequate record-keeping practises, bad cash management, unsuitable saving practises, and a lack of knowledge about various financial products and instruments. The study's conclusions noted that microentrepreneurs are, in some ways, trailing behind in the adoption of professional financial practises. The government's financial literacy initiatives should focus on reaching out to all facets of society.

### **Scope of the study**

Only the Kota region of Rajasthan is included in the study's purview. For the purposes of the research, women who participate in self-help groups were taken into consideration. For the research, around 70 samples were taken into account. The research will contribute to recommendations on how to increase women's financial literacy and assist the sample under consideration comprehend financial concepts and make better financial decisions.

---

## **An Examination of Self-Help Group Participants' Financial Literacy**

*Dr. Meenu Chotiya*

**Objectives of the study**

The study's goals are to: Analyse the steps taken by India's regulatory agencies (RBI, IRDA, and SEBI) to promote financial literacy in the country.

To understand the degree of financial literacy among self-help group participants.

**Methodology:**

The study methodology used is descriptive in nature. Both primary sources and secondary sources of data were used in the current investigation. A standard instrument, a questionnaire, was used to gather the main data in order to investigate financial literacy among self-help group participants. Reference books, reports from the RBI, and numerous research projects are examples of secondary sources of data.

**Population and Sampling**

Participants in the research are people from Kota self-help groups. Samples were taken from four self-help groups, each of which included 20 participants. 70 people have taken part in the survey.

**Initiative taken by RBI, SEBI and IRDA to provide financial literacy in India:**

In order to provide free financial education and counselling to both urban and rural populations, the Reserve Bank of India initiated an effort in 2001 to build Financial Literacy and Credit Counselling Centres throughout the nation. A few banks have established centres that provide credit counselling and financial education services in rural or semi-urban regions. These centres' goals include providing guidance on how to access the banking system, raising public awareness of financial management, offering counselling to those who are having trouble making their debt payments and helping them find solutions, assisting in the rehabilitation of troubled borrowers, etc.

Some of these Credit Counselling Centres (also known as Knowledge Centres) even provide training to farmers and women's organisations so they may establish their own businesses and make a decent living.

The Reserve Bank's Hyderabad office has developed multi-modal (informative displays through posters, brochures, multi-media presentations, video films, demonstrations, computer games) and customised interactive strategies (like stalls in exhibitions, visits to schools, colleges, and villages), as well as multi-lingual (English, Hindi, Telugu, and Urdu), for promoting financial literacy among the general public and schoolchildren in particular.

As a part of the Reserve Bank's attempts to promote financial literacy, the Chennai Office of the Bank has published two comic books named "Currency Matters" and "Bank Matters" in both English and Hindi. A group of officials from the local office's several divisions wrote the comic book tales in-house, while the artwork was contracted out. On July 1, 2007, during the opening of the Shimla sub-office, copies of the comic books were given to government of Himachal Pradesh employees. Tamil

---

**An Examination of Self-Help Group Participants' Financial Literacy**

*Dr. Meenu Chotiya*

translations are being done for the novels.

The Reserve Bank's New Delhi Office published "Raju and the Money Tree," a comic book that teaches the fundamentals of banking. An RBI New Delhi officer-led Core Committee on Financial Education came up with the comic book's plot, wrote the narrative, and oversaw the artwork. The comic book was published in both Hindi and English. On July 1, 2007, the day of the suboffice's opening in Shimla, copies of the comic book were given to government of Himachal Pradesh employees. In order to help those who are blind, the comic book was also published in braille. To adapt the plot from the comic book, the National Association for the Blind, New Delhi, was contacted.

A series of four comic books, in English and Kannada, dealing with (i) an introduction to basic banking, (ii) deposits, (iii) SHGs loans, especially agricultural loans and other livelihood loans like Govt. sponsored schemes, etc., (iv) other lifestyle-enhancing loans like housing loans, vehicle loans, etc., and other products like ATM cards, debit cards, and credit cards have been published by the Reserve Bank's Bangalore Office as part of its FIN-LIT project. There is also a short film with voiceover in Kannada that is based on the plots of the novels. The Office had set up a booth at the Mysore Dasara Exhibition where this movie was shown together with other material of interest to the average person as a move to reach out to a bigger audience. The narrative and graphics were both created internally, as was the whole project.

Banks are required by the Reserve Bank of India to take the lead in promoting financial inclusion and financial literacy in the nation. A new national plan for financial education was created and published by RBI in July 2012. The concept contains reflections on both the need of financial education in schools as well as the role of banks. Commercial banks have started a number of initiatives to raise consumer knowledge of their products via counselling services, centres, and rural self-employment training programmes. These centres' goals include providing guidance on how to access the banking system, raising public awareness of financial management, offering counselling to those who are having trouble making their debt payments and helping them find solutions, assisting in the rehabilitation of troubled borrowers, etc.

**SEBI's Financial Education projects:** The Security Exchange Board of India has supported the growth of financial literacy among Indians via a number of projects, including,

1. Sanchayan, an investor organisation, was founded in order to provide financial literacy programmes. The primary goal of this organisation is to execute programmes at the national level to promote financial education via a variety of initiatives, campaigns, and other activities to educate schoolchildren, college students, working professionals, SHGs, and hired executives, among others.
2. SEBI has assembled a team of experts to provide training on a variety of financial topics, including understanding financial markets, business practises, risks involved, ethical considerations, etc.

These SEBI Certified Resource Persons create timely seminars to reach the specified audience and provide knowledge on the finer points of retirement planning, banking, insurance, and other financial

---

## An Examination of Self-Help Group Participants' Financial Literacy

*Dr. Meenu Chotiya*

planning topics.

3. All programmes are carried out at three levels: the national, state, and local levels.
4. Through a variety of stakeholders, including Stock Exchanges, Depositories, Mutual Funds Association, Association of Merchant Bankers, etc., SEBI conducts regional seminars.
5. SEBI has created a website specifically for investor education that includes educational resource repositories for all of its stakeholders. Additionally, SEBI has started investor awareness campaigns using short films, audio jingles, and multilingual TV and radio advertising.
6. SEBI has introduced the "Visit SEBI" project, which invites high school and college students to visit SEBI and analyse the organization's numerous operations and see how it operates.
7. SEBI has introduced a SEBI mobile Helpline number, whereby investors throughout the nation may access and request information in 14 languages by dialling a toll-free number.

**Initiatives on Financial Education by the Insurance Regulatory and Development Authority (IRDA):** IRDA is making significant efforts to raise India's financial literacy standards. These are some of the initiatives:

1. Through communication tools like television, radio, etc., awareness is raised about money management, policyholder rights, and obligations, etc.
2. Helplines in more than 11 languages are accessible for customer grievance resolution via different media channels.
3. For the safety and welfare of policyholders, IRDA conducts annual seminars.
4. The IRDA also conducts a number of seminars to provide information on investment management, strategic investment, and investment in new products on the market, among other topics.
5. The National Council of Applied Economic Research (NCAER) was used by the Insurance Regulatory and Development Authority (IRDA) to conduct a pan-India study on insurance awareness levels in order to develop methods for increasing and fostering insurance awareness.
6. The IRDA has created several fictitious characters that represent actual investors and are portrayed in comic books and publications. The "policyholder handbooks" that IRDA has produced in large numbers are also proven to be quite helpful to the investor groups.
7. The Pension Fund Regulatory and Development Authority has vigorously promoted social security to the general public.

#### **Data Analysis and Findings**

The goal of the current research is to determine the degree of financial literacy among the Kota district's self-help group participants. The main information gathered through a standardised

---

### **An Examination of Self-Help Group Participants' Financial Literacy**

*Dr. Meenu Chotiya*

questionnaire. The sample size was limited to only 70 people. Simple percentage analysis was used to examine the collected data. The analysis's results are listed below.

Newspapers are how around 49% of the respondents learn about financial topics. Additionally, friends and family are consulted for financial information. Knowing the respondents' interest in financial literacy is important. Approximately 66 percent of respondents are interested in learning about household budgeting, 46 percent are interested in simple ways to get loans, and 36 percent are interested in favourable interest rate returns. Of the respondents, 23% are curious about lucrative investment opportunities.

The majority of survey participants are familiar with typical banking products including savings accounts and fixed accounts. More than 80% of respondents were aware of investments in gold, silver, and real estate, while relatively few were aware of other investment options including National Savings Certificates, government securities mutual funds, etc. The survey's findings indicate that the majority of self-help group participants are low-risk investors who are unwilling to take big chances with their money.

According to survey findings on respondents' savings habits, Respondents ranked future safety as the most important factor to take into account while allocating their funds. Health care needs received the number two ranking, followed by future financial needs in third place, cost of living expenses in fourth place, needs of dependents in fifth place, financial obligations in sixth place, preferring to pay off debts in seventh place, contingency needs in eighth place, inflation needs in ninth place, and others in tenth place.

Thirty percent of respondents don't realise that ATMs may be used for cash withdrawals, whereas around 70 percent of respondents utilise them for that reason.

A little over 44% of respondents said they preferred using checks for transactions. A third of those surveyed prefer to use ATMs for their transactions. Only 23% of respondents said they preferred making purchases online.

The majority of respondents—about 61%—have a PAN card. 39 percent of respondents said they lacked a Pan Card. 93% of respondents are aware of the Yashaswini health plan.

The Jan Arogya Bima Policy is known to roughly 23% of the respondents. Only 17% of respondents were aware of the Pradhan Mantri Mudra Yojana. Only 6% of those surveyed were aware of the Raja Rajeshwari Mahila Kalyana Bima Yojana. 10% of those surveyed were aware of Vimoseva. Only a small percentage of respondents were aware of Sukanya Samriddhi Yojana.

### **Conclusion**

Financial awareness Nowadays, education is crucial for anybody who wants to make judgements about their investments, personal financial planning, or how to run their company' finances. According to the studies mentioned above, that self-help group members must get training in all of

---

## **An Examination of Self-Help Group Participants' Financial Literacy**

*Dr. Meenu Chotiya*



the aforementioned areas before engaging in any entrepreneurial activity to achieve financial independence. The essential judgements and actions must be carefully taken by regulatory and policy organisations to support financial decisions on members of special groups, such as self-help groups.

**\*Assistant Professor  
Department of BADM  
LBS College Kotputli (Raj.)**

### References

1. Bonte, W. a. "Financial literacy, information flows, and caste affiliation: Empirical evidence from India". *Journal of Banking & Finance*, 2012, 36, 3399–3414
2. Gupta.et al "A Study of Financial Literacy Among Micro Entrepreneurs in District Kangra" *IMPACT: International Journal of Research I Business Management (IMPACT: IJRBM)* ISSN(E): 2321886X; ISSN(P): 2347-4572 Vol. 2, Issue 2, Feb 2014, 63-70.
3. Kamal gupta & Jatinder kaur (2014 a study of financial literacy among micro entrepreneurs in district kangra, *International Journal of Research in Business Management (IMPACT: IJRBM)* ISSN(E): 2321- 886X; ISSN(P): 2347-4572 Vol. 2, Issue 2, Feb 2014, 63-70.
4. Mathivathani and Velumani, A study on financial literacy among rural women in Tamilnadu, *Indian Journal of Applied Research* vol.4, Issue12, 2014 ISSN2249-555X.
5. Neha (2016), A Study on Financial Literacy and Financial Education: An Overview of Scenario in India, *Research Journal of Management* E-ISSN -2319 1171 Vol. 5(9), 51-57,
6. Priyanka Agarwal, (Mohd) Shamim Ansari, Suman Yadav, and Radhika Kuree, Astudy on financial literacy among working women in educational sector of jhansi district: with special reference to investment avenue" *International Journal of Advance Research In Science And Engineeri* No.4, Special Issue (01), ISSN-2319-8354(E) 2015.
7. Shobha, T.S. and Shalini, S,"A Study on the Perception of Women towards Financial Planning in the city of Bengaluru". *Asia Pacific Journal of Research*, 1(XXX), 2015, 14-21.
8. Sobhesh Kumar Agarwalla,Samir K. Barua, Joshy Jacob India,; *Financial Literacy among Working Young in Urban India*. Indian Institute of Management Ahmadabad India Research and publications. 2013
9. Taft.Marzieh Kalantarie et al,,"The Relation between Financial Literacy, Financial Wellbeing and Financial Concerns" *International Journal of Business and Management*; Vol. 8, No. 11; 2013 ISSN 18333850 EISSN 1833-8119.

---

## An Examination of Self-Help Group Participants' Financial Literacy

*Dr. Meenu Chotiya*

10. Thanvi Sebastian, Dr. Middi Appalla Raju “ A Study On The Financial Literacy Of Professional Women In The District Of Ernakulum, Kerala, International Journal of Technology Enhancements and Emerging Engineering research, vol 4, issue 7, 2016, ISSN 2347-4289

---

**An Examination of Self-Help Group Participants’ Financial Literacy**

*Dr. Meenu Chotiya*

**20.10**