
**PERSONAL FINANCE AND INDEPENDENT MONEY MANAGEMENT IS
IMPERATIVE FOR WOMEN IN MODERN INDIA: A PERSPECTIVE FROM RANCHI
DISTRICT**

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ABSTRACT:

The importance of personal finance and money management skills in contemporary times is underrated. Particularly for Indian women rising above patriarchy, financial independence is key to a secure future, synonymous with being empowered to take control of their lives on their own. Now that women play a proactive role in budgeting expenditures, income generation, savings, and investment decisions, awareness of financial literacy and independent money management for self is on the rise, yet lack of so is a major shortcoming of the women population of India in general. After identifying this prevailing problem conducted a study interviewing women about their sources and application of personal income, accounting for the opinion of their spouse in the course as well. The interview followed an open-ended structure to better understand the participant's perspective or lack of so on the subject, restricting the survey geographically to the Ranchi District. The paper highlights the status of women's participation or lack of so in money management and the composition of their personal finance application preferences into savings, investments and expenditures. The discussion sheds light on the factors that influence their decisions and stresses the significance of the issue in the lives of ordinary women in India.

Keywords: Financial Literacy, Finance Planning, Money Management, Personal Finance, Women Empowerment.

1. Introduction

Finance planning and money management are generally perceived to be a domain for men. The perception stems from the patriarchal society having domesticated women for decades. Women traditionally were deemed too naïve for having a say in money matters, working or not, and were expected to take a backseat while "the man of the house" takes charge.

However, with the fast-changing dynamics of the world and the growing complexities of the market, the importance of financial literacy to every individual cannot be emphasized enough.



Especially, the role of personal finance and the skills to manage their own money in Indian women in modern times are imperative.

Financial Literacy in simple terms means the ability to understand finances and possession of knowledge, and skills to efficiently manage money through mindful spending, saving, and investment plans in a way that affects the outcome of meeting personal financial goals (Baluja, 2016; Hung et al., 2009). A crucial aspect of learning finance management is to allocate funds in a way that prepares for future contingencies and ensures the protection of funds.

The cause and effect of the fast-changing world have helped women step up and proactively manage their own money, making their own decisions about an application into savings, investment and expenditure according to their financial needs as deemed fit. With the increase in the proportion of participation in the workforce and growing confidence, the awareness of the need and importance of personal finances in women in India is rising.

1.1.Key Definitions:

- Personal Finance for this research subject is the money or wealth of any kind held by the women independently, earned or acquired from direct and indirect sources such as salaried income, earned profits, gifts or allowances from family, friends, relatives or otherwise.
- Full-Time Home Makers, for this study, could be perceived as women assuming the role of housewives with full-time caregiving duties and no active income generation of their own. Personal finance for them includes any savings, allowances or gifts.
- Working women, for this study are those with active participation in income generation, however significant or not, involved in part-time or full-time independent jobs, family business.
- The term money management for the study assumes a wider perspective involving the skills to generate, multiply, use, spend, save or invest money assuming financial goals and needs of the future.

2. Understanding the Problem:

India is a land of traditional culture with a history of patriarchy that shunned women of opportunities for education and employment, leading them to perpetual dependence on the man of the house to meet their needs and wants. A report featured by World Bank expressed concern for low women participation in the workforce in India. It quotes, “*India has amongst the world's lowest female labour force participation rates. Less than a third of women – 15 years or older – are working or actively looking for a job*”¹ The same, reports the lagging literacy among the women explaining one of the fundamental reasons for lacking confidence in money management among women in India. A longer life expectancy for women according to the same report emphasises the need for women to have bigger financial reservoirs to secure a future for themselves as well as their children.

¹ <https://www.worldbank.org/en/news/feature/2019/03/08/working-for-women-in-india>



According to a global survey and so talked by RBI reports, 20% of the total world population is Indian, but only about 24% of the Indian population knows basic financial concepts. Of women forming 48% of the Indian population, the financial literacy level is as low as 24% revealing a situation of concern to a society that aspires for a strong foundation for efficient investments. The smile foundation in India, (*The Importance of Financial Literacy for Women - Smile Foundation*, n.d.) expresses concern stating hardly 33% of a very small percentage of women who build and grow their existing wealth have the confidence to manage their money as they see fit. The data self-explains how despite the rising participation in the workforce in India, women fail to understand or exercise their independent control over their finances. With a major women population consisting of homemakers, the gap in the stats of literacy on finances is an issue worth investigating.

The data gathered by Kuvera, an online wealth management platform suggests that women form only one out of five investors in India, and shows women lagging in taking charge of their finances by a big margin. The wide gender gap in India in the arena of investment reveals only 21 out of 100 investors are women. A survey by Groww, an online investment platform reveals that women of age 18-25 years emerged as the most independent cohort with almost 60% making their own investment decisions, however, the ratio of participation to men is highly dissatisfactory.

2.1.OBJECTIVES OF THE STUDY

The issue of personal finance for women in India is a concern raised for the researcher to seek answers to questions such as:

- why personal finance and independent money management is important for women?
- What inspires or restraints women from making their own decisions about their finances?
- What is women's financial management and how can it be achieved?

2.2.DATA COLLECTION

The problem identified for the study is predominant in India. To develop a better understanding, pre-published articles, papers, blogs, newsletters and websites from verifiable sources have been used to review the literature along with detailed personal interviews. The results and discussion on the subject are inferred from the open-ended answers from the personal interview of 60 respondents from the Ranchi District. The results reading is broadly divided into perspectives of full-time homemakers, working women (part-time & full-time) and men who added a different perspective to the study of such sensitive and important nature.

2.3.LIMITATIONS

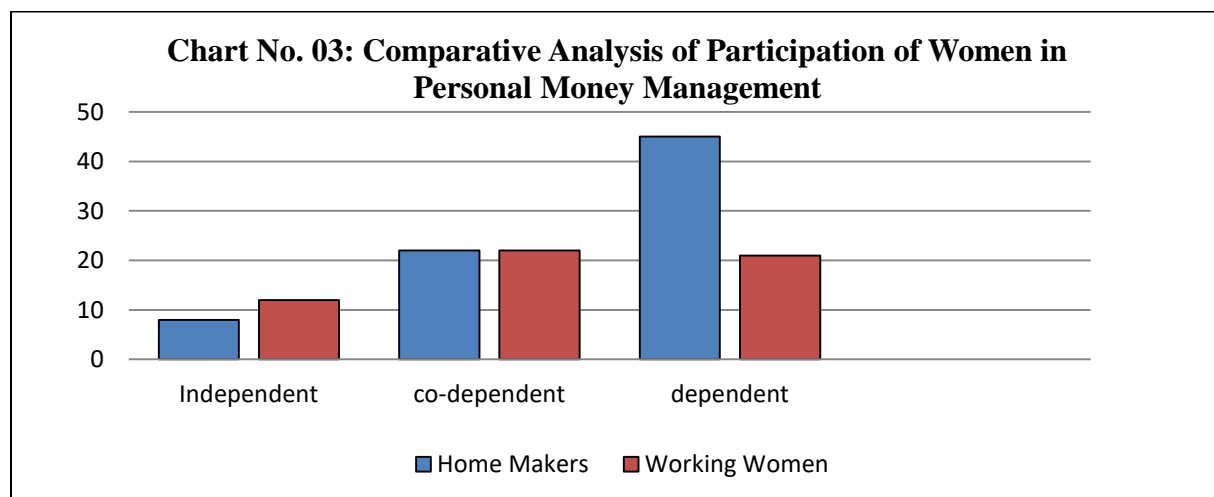
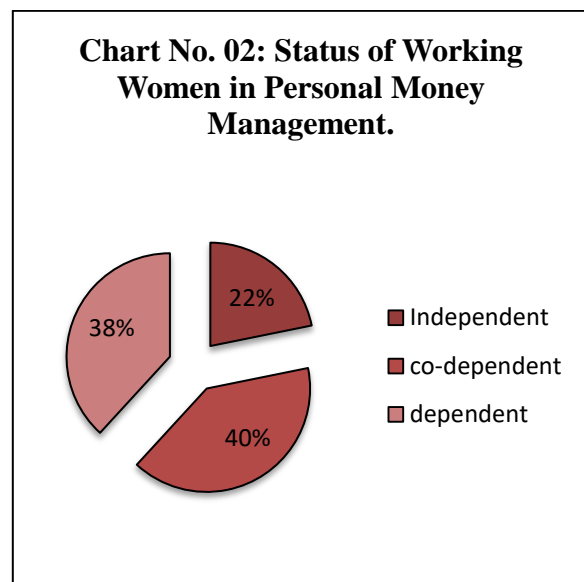
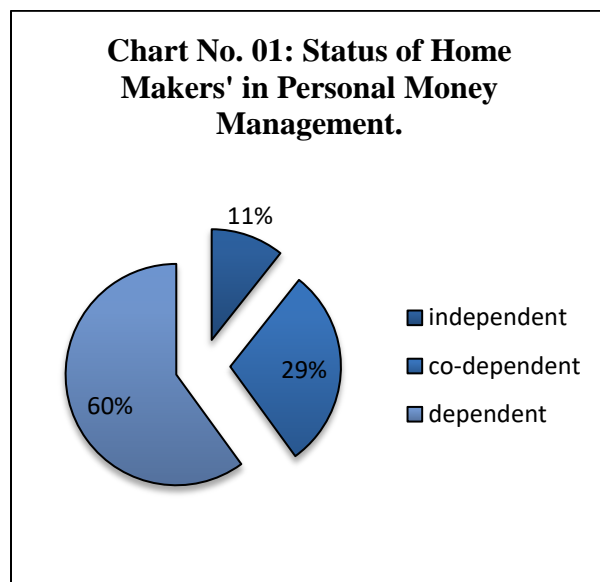
- The study is based on a group of respondents from Ranchi District only, which may be too small a sample size for generalizing the results reported thereof.
- Given the highly opinionated nature of the study, the researcher admits the possibility of biases influencing the study despite the measures.
- There exists a probability of variations in the results with a changed circumstance, area, timeline or context of the study.

3. Findings & Results

The interview with a total of 145 respondents was broadly classified into three groups for better understanding and interpretation of the results—consisting of 75 homemakers, 55 working women (married and unmarried), and 15 men.

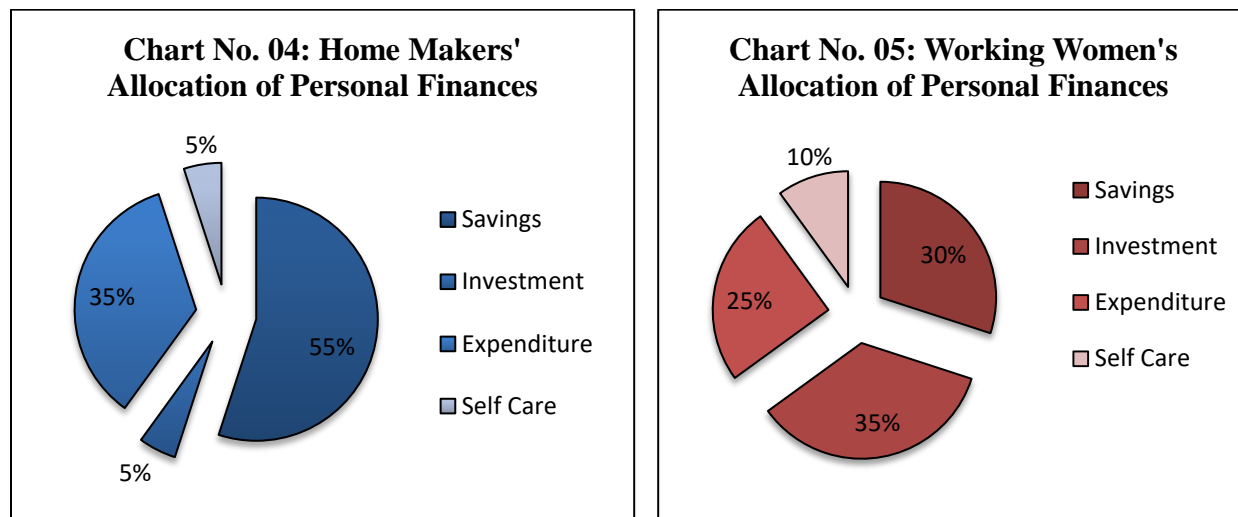
Participation in Money Management:

The subject of participation in money management was sensitive to the knowledge and financial literacy of the ladies, hence, were classified into independent management, co-dependent management lacking in skills, knowledge and ideas, and dependent with limited or no say in the matters. The composition of respondents into categories is shown in [Chart No. 01] and [Chart No. 02] with a graphical comparative analysis in [Chart No. 03].



Money Application Preferences:

The discussion with women about the allocation of their finances for different purposes revealed a particularly strong inclination of homemakers towards saving funds for future needs, followed by a large portion of their money spent on domestic expenditures leaving little room for investments or seeking privileges for their own [Chart No. 04]. Whereas, working women made more mindful decisions in allocating their funds across varied classes like savings for the future, investments for growth, retirement planning and budgeting expenditures. [Chart No. 05]



09 of 15 among the male respondents preferred to control the money matters themselves with a concern of women being more emotional than practical, sometimes too cautious and less willing to take risks while making decisions, however, 06 others expressed a sense of relief having women besides them to take charge and share the financial management responsibilities, together or independently.

4. Discussion & Suggestions

The personal interview with the respondents added a multi-dimensional perspective, each, emphasizing the crucial role personal finance holds in a woman's life. Although India has come a long way in outgrowing the patriarchy, the roots of it sadly still exist in society in some form or the other. Especially, with the money matters perceived as masculine, imprints of patriarchy are visibly prominent.

Interview with women involved in full-time caregiving duties reveals strongly the inadequate inclusion and low level of financial literacy beyond household management. As shown in [Chart No. 01] housewives are rarely independent with money management. The majority of the sample



size indicated the co-dependency on spouses and children to make decisions on the allocation of their money due to lacking knowledge, power of decision or self-confidence.

Despite being naturally efficient in the allocation of funds, budgeting, and savings, most women particularly those dedicated to full-time caregiving homemakers lack confidence in themselves to make an intimidating move such as investments as shown in [Chart No. 03]. The restraining factors include the fear of questioning the male authority at home, lack of time from full-time domestic chores & raising children to seek basic knowledge or skills for mindful money management, and resignation to fate from non-inclusion and unheard opinions on the matter at home.

Women hold back from investment decisions due to the tendency of prioritizing the needs of family and children and limited or nothing left to be allocated to themselves or their needs. Having learned from their personal experiences, women have now, started to acknowledge that relegating the control of finances to males is synonymous with the loss of control over their lives.

Having personal finances have doubled up the safety net to safeguard marital lives in shambles, and learning to self-manage the money enhances the confidence to pursue their dreams, access privileges they were forced to give up early in their lives due to various personal factors and seek the best for their children. Even with less participation in income generation, learning the skill of making effective saving-investment decisions is the key to a secured future and safeguarding from contingencies

Working women, actively participating in income generation expressed a better sense of freedom and independence compared to homemakers about their finances [Chart No. 02] [Chart No. 03] [Chart No. 05]. The confidence and security following the financial management decisions, they say, empower women to provide for themselves and their families breaking the orthodox norms imposing the bread-winning duties on males. Financial independence in women eventually strengthens their position with their partners by helping them develop a sense of mutual respect and co-dependency.

The inevitable career breaks, smaller work spans, gender pay gap issues, and unsure return to work after breaks seldom allow women to prioritize themselves, and restrain them from financial growth and stability. However, financial literacy, in this case, opens a floodgate of opportunities to make the best out of available resources at such times.

With a longer life expectancy and changing family dynamics, women, both working and full-time homemakers insisted on holding and managing personal finances, seeking to set and achieve financial goals that secure the needs of their children in future along with their own. Supporting the thought, the male respondents in the interview encouraged the participation of women in money matters at home or otherwise advocating for their resourcefulness and efficiency explaining how it reduces the pressure of being solely responsible for breadwinning on them and enhances the security of the family in present times and the future. Women, with



the natural ability to be able to see the bigger picture are capable of making better-saving investment decisions than men, who sometimes tend to be carried away by the temptations of quick returns at substantial risks.

Collectively, describing various experiences, both men and women encouraged the idea of financially literate and aware youth advising them to start early with learning money management, as it gives them a better time to learn to grow funds through the complexities and volatility of the market. Keeping in mind the changing mindset of the future generation, inclusion and proactive participation in finance and money management is believed to be effective way to establish grounds for values of respect, equality and dignity among Gen Z.

The key question that arises post understanding of the problem is—
How can women manage personal finances?

Finance management is based on principles of prioritization, assessment, and restraint of six key aspects: expense, savings, investment, security, contingency, and planning. To start with, women must define their financial goals: Specific, Attainable, and Time-bound. Awareness of the earning-expenditure situation helps plan the needs with a bigger picture.

Estimating contingency requirements and setting aside reserves for emergencies is important. Sorting out priorities helps better understand the allocation of finances across medical funds, education, insurance, family needs, and personal pleasures.

Understanding the basics of savings, budgeting and investments will help plan for retirement through adequate short and long-term investments, taking baby steps toward a secured future. Tax planning is important for deciding on saving funds and ideal investment plans.

Women are gifted with caution when it comes to dealing with money. The vision allows them to make wise decisions looking over the absolute return greed to a bigger picture including family needs. The traps of instant and bigger returns that jeopardize the protection of funds should be avoided altogether.

Open unbiased discussions about finance with family help make inclusive plans of allocating funds for household and pooling resources that meet long-term financial goals with appropriate liquidity. Consulting experts and seeking help to simply financial jargon is advisable.



Conclusion

In modern society, inclusion and support for women seeking independence are more than just a need or responsibility. Taking charge of finances and making their own decisions is about empowering women and helping them step up from their passive roles. It is a significant step toward strengthening the foundation of a society, breaking the stereotype to set the right examples for future generations. Encouraging the major part of the population in India, that is, women to learn the skills of investment and money management is pushing them towards security and freedom, creating a far more durable asset for developing India with a real sense of celebrating the spirit of women

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