

## **A Sneak Peek in to Financial Literacy and Investment: A Case Study of Working Women in Nagaland**

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### **Abstract**

Indian culture had the system of joint families, but it is vanishing from our society and as a result one has to think and plan properly about one's future financial needs. After completion of studies when one gets employed, from that time onwards one has to think not only about the current expenses and how much to keep aside i.e., save but during old age and after retirement whether one will have sufficient resource to take care of oneself. In this context, the proverb "A stitch in time saves nine" holds true. During young age and while in job, if one is not thinking about the ways to save and most importantly invest in today's rising inflationary situation, then during old age life will become financially painful. Again in our Indian society it is seen that from ancient times, men were the bread earners and even today they are taking decisions when it comes to savings and investment. In the light of this, the present study has made a humble attempt to find out the financial knowledge of the other half of our society who can be homemakers as well as nation builders – "WOMEN" in Dimapur.

**KEYWORDS:** Financial literacy, Investment Avenue, Women folk, Dimapur

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### **Introduction**

With the advent of global financial market concepts like investment, interest rate, inflation, deflation etc gathered currency all over the globe and influenced only a few financially literate but the lack of financial knowledge generates indifference among the masses worldwide which in turn oscillates the entire economy of a country. The more financially excluded masses of a country the less economic growth it perceives. Financial literacy is a must for an individual and for the masses for the greater well being of the country. A country with financially literate population can dispel the darkness of poverty and can reach the zenith of its financial growth. Financial decisions are difficult, as it comprises of comparing, evaluating and understanding different savings or borrowing options with different interest rates and the term structures can be even more difficult for those without financial savvy and even a knowledgeable individual need to rely on calculators or spread sheets to make truly informed decisions thus it can be said that an individual with a formal education may not entitle to be a financially literate one.

### **Meaning of Financial Literacy**

Financial literacy is the ability to know, monitor, make informed judgments', and effectively use financial resources, take effective decisions regarding the use and management of money and hence to enhance the wellbeing and economic security of an individual, his family and his business. The low level of financial literacy prevents an

individual from making a prudent choice as regards to his/her financial planning. An extreme improvement in the financial knowledge of households is required so that they participate continuously in financial markets and can channelize their savings in the right direction.

The OECD (Organization for Economic Cooperation and Development), an international organization for economic growth and world trade, Paris, defines financial literacy as “A combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial well being” (Kaur Dhillon, 2007).

### **Profile of Dimapur**

Nagaland, the ‘land of festivals’ is the home of different Naga Tribes but Dimapur, which is the nerve centre of Nagaland, is the home for not only the Naga Community but people from different communities have settled here from northern, southern and western parts of India for trade and business. So along with the different communities of Nagas, Dimapur has a mixed population comprising of people from Bengali, Marwari, Punjabi, Bihari, Assamese, Keralites and Tamil communities. As compared to other districts, Dimapur is much more developed. It is the connecting way to Manipur and upper Assam by roadways, railways and connection to the mainland India by airways. Because of huge business activities that take place in Dimapur, population concentration is very high and also high is the number of educational & financial institutions and business organizations. Females residing in this state enjoy proper share and have no societal pressures if they want to study or work and because of the presence of large number of organizations in Dimapur and freedom given to women, a large part of the working population in Dimapur comprises of women from all communities.

### **Literature Review**

Aggarwal and Gupta (2014) have stated that young people in particular must understand the basics of investing and planning for the future, including the relationship between risk and return and the diversity between short-term and long-term investments, and the ramifications of not planning adequately for their retirement. The study has evaluated the influence of various demographic factors like gender, discipline and level of qualifications on financial literacy and also identifies areas where financial literacy may be lacking.

Bhushan (2014) has stated that India has one of the highest savings rate in the world which shows that Indians are having a high propensity to save but most of the savings made by Indian households is in the form of bank deposits. The paper examines the awareness level and investment behavior of salaried individuals towards financial products and found that respondents are quite aware about traditional and safe financial products whereas awareness level of new age financial products among the population is low. Also majority of the respondents park their money in traditional and safe investment avenues as compared to new financial products.

Vasagadekar (2014) in her paper has stated that since the last 10 to 15 years, the status of women is changing and in all sorts of fields, women are working efficiently and enthusiastically along with men. In the metro cities, the percentage of working women is more and Pune is getting transformed into metros. In her paper she has tried to study about the awareness level of women investors in Pune and found that majority are properly aware about investment but not ready for risky avenues as the study shows that majority are still keeping money in bank and post office deposits.

Pratima Trivedi and Saumya Trivedi (2014) have stated that the status of financial literacy is not satisfactory in India. Especially in rural areas, people are not aware of financial products and services. In rural areas, people keep their savings in their homes which fetches them no interest and are risky also on account of theft. They borrow from local money lenders who charge very high interest rates. The paper tries to find out level of financial literacy in India and the steps initiated by different authorities for making population financially literate.

Agarwal, Gupta & Singh (2014) in their paper has tried to know the financial literacy of farmers in Punjab. They have stated that merely including individuals in the mainstream financial system will not be helpful until they are financially literate. The study has found that farmers in Punjab are financially literate as 37 per cent farmers have sound financial literacy and 47 percent had fair financial literacy. The study has also found a strong positive association between level of financial literacy and educational qualifications, annual income, and land holding size of the farmers.

### **Objectives of the study**

When someone is earning enough to fulfill her needs and wants and even after that there is surplus, then either one can keep that money in one's piggy bank or can go to a real bank and open at least savings account there by even by getting minimal 4% interest also there will be some increase in money deposited but if it is kept at home there will be no increase and from that perspective in this paper, the term investment is used to imply not only the financial instruments directly linked with financial markets like shares, bonds or mutual funds but even simple deposits in bank or post office, as to have at least savings or recurring deposit account in any bank also minimal financial knowledge is required. Thus the following are the objectives set for the study:

1. To find out investment decisions relating to savings of the working women in Dimapur.
2. To know whether working women in Dimapur are financially literate by finding their knowledge of financial markets.
3. To analyze relation between monthly income and monthly investment of working women in Dimapur.

### **Methodology**

The study is an attempt to find out the awareness of working women in Dimapur, Nagaland towards financial knowledge acquiring and as no such studies is being conducted in the context of Nagaland, the research has basically tried to explore the

awareness level and for that primary data has been collected from a sample of 50 respondents within a time frame of one year. The women folks of teaching sector in Dimapur are considered for the study. The reason for selecting women from teaching sector is that for financial decision making minimal level of formal literacy is necessary and those who are part of the teaching sector, it can be easily understood that they are educated ladies.

Data for the study has been collected with the help of schedules and personal interviews with the respondents and the collected data has been analyzed with the help of simple statistical tools i.e., tables and charts. To analyze the relation between monthly income and investment, correlation analysis is done.

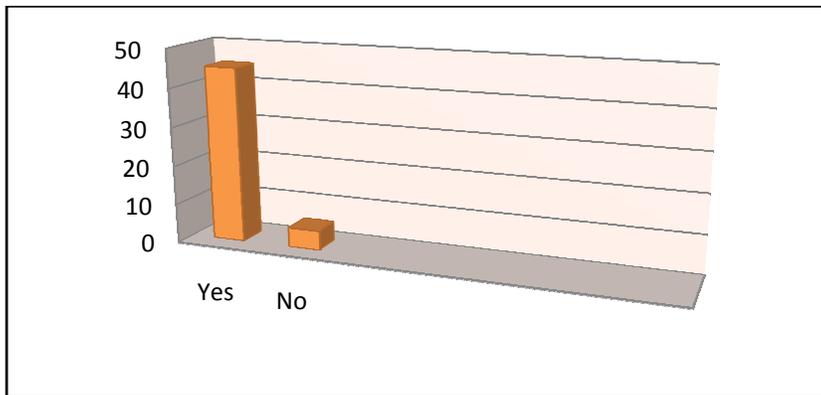
**Data Analysis**

Analysis of the data has been done by drawing graphs with the help of information from the tables mentioned in appendices. For analysis, five graphs have been displayed and for finding out whether there exist any relationship between income and investment limit of respondents, Table V has been displayed.

Table I: Investment of Savings by Respondents

Response	No. of Respondents
Yes	45
No	05

Figure I: Investment of Savings



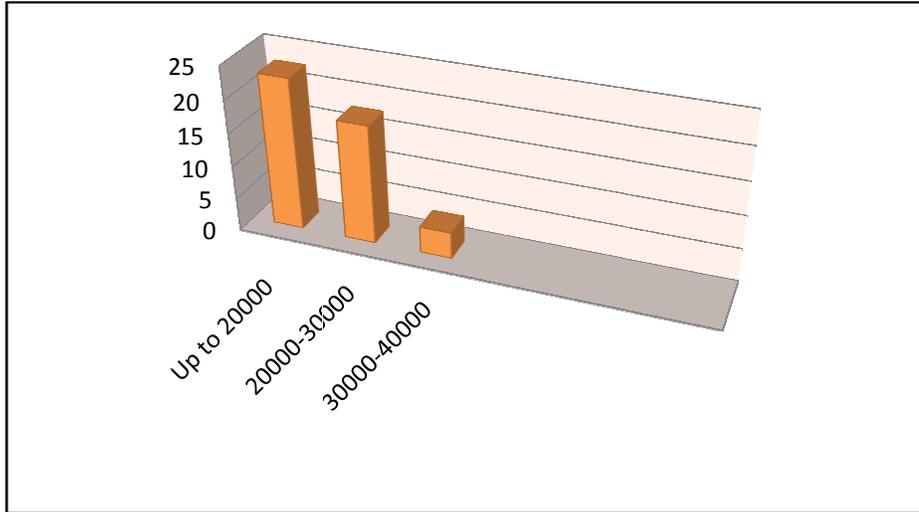
(Source: Table I)

The above figure reveals the number of respondents who invest and do not invest their savings. It can be seen that maximum respondents make investment of their savings and from the two bars it is visible that there is a big gap in both these bars. 90% of the respondents utilize their savings towards making investment while only 10% of the respondents do not convert their savings into investment.

Table II: Monthly Income of Respondents

Monthly Income	No. of Respondents
Up to 20000	23
20000-30000	18
30000-40000	4

Figure II: Monthly Income of Respondents



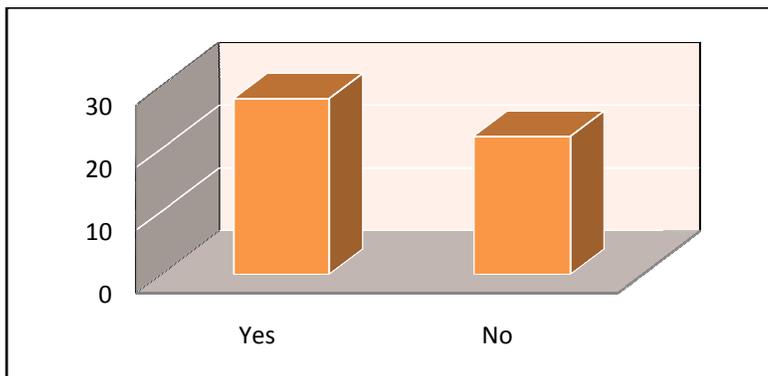
(Source: Table II)

The above graph has considered monthly income of only 45 respondents and remaining 5 respondents are not considered as they do not utilize their savings for investment purposes. Out of 45 respondents, it can be seen that 51.11% respondents belong to the first category of monthly income followed by 40% in the second category and a least number of respondents i.e., 8.89% in the income group of 30000-40000 respectively.

Table III: Knowledge about Financial Markets

Response	No. of Respondents
Yes	28
No	22

Figure III: Knowledge about Financial Markets



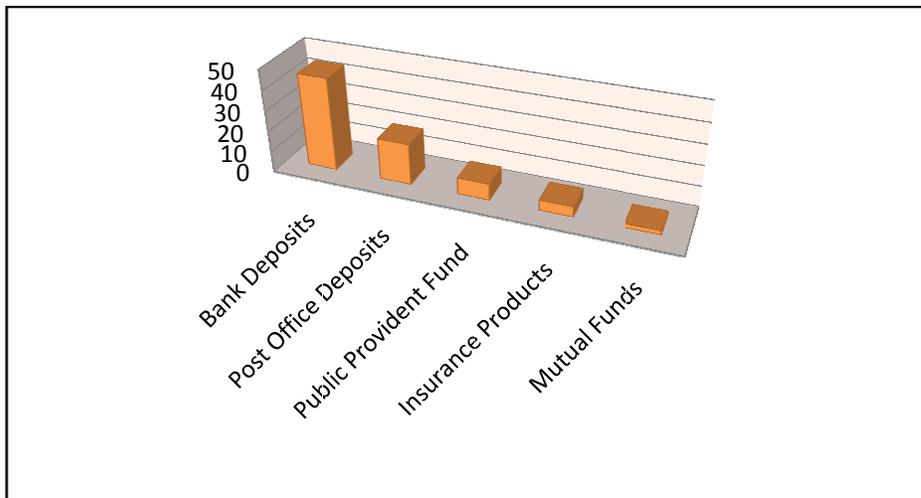
(Source: Table III)

The above figure assesses the knowledge of respondents towards financial markets. Some basic questions were asked to the respondents during personal interview to find out whether they have minimal idea about financial markets and whether they know the importance of financial markets towards improving their financial condition. Based on the answers provided by the respondents, it can be seen that 56% of the respondents have idea about financial markets whereas 44% of respondents do not have any idea about financial markets.

Table IV: Investment pattern

Investment Avenues	No. of Respondents
Bank deposits	45
Post Office Deposits	20
Public Provident Fund	8
Insurance Products	5
Mutual Funds	2

Figure IV: Investment pattern



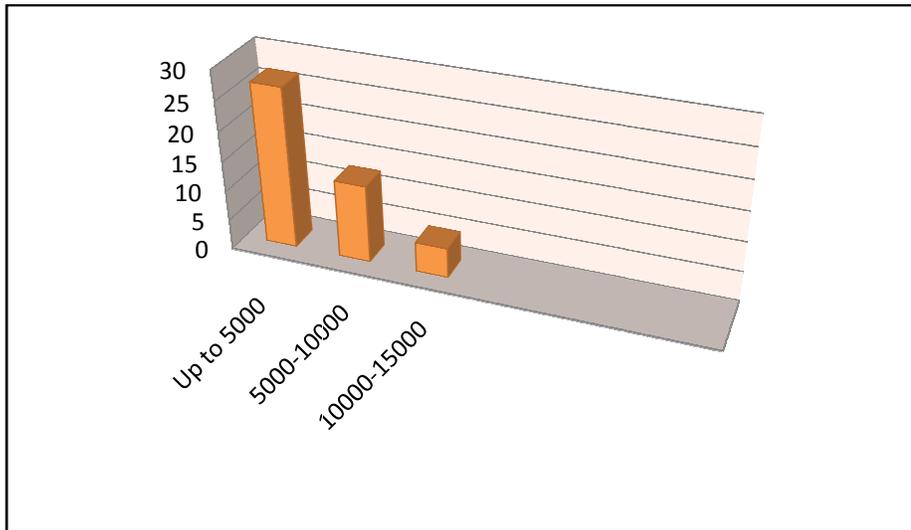
(Source: Table IV)

The above figure depicts investment pattern of the respondents. From figure I it is known that only 45 respondents are actually using their savings as investment and in the above figure it can be seen that out of 45 respondents, all of them have bank deposits where only 44.4% of respondents have post office deposits. Investment towards Public Provident Fund (PPF), insurance products and mutual funds are very less as only 17.8% have PPF followed by 11.11% for insurance and a mere 4.44% for mutual funds.

Table V: Monthly Investment by Respondents

Monthly Investment (Rs)	No. of Respondents
Up to 5000	27
5000-10000	13
10000-15000	5

Figure V: Monthly Investment



(Source: Table V)

The above figure states the monthly investment level of the respondents. 60% of the respondents make monthly investment up to Rs. 5000 and 28.89% of respondents fall under the second category of monthly investment amount. Least number of respondents makes monthly investment in between Rs. 10000 and Rs. 15000 and it constitutes 11.11% respondents.

Table VI

Relation between Monthly Income & Investment Level

Monthly Income & No. of Respondents	Up to 20000 (23)	20000-30000 (18)	30000-40000 (4)
Monthly Investment & No. of Respondents	Up to 5000 (27)	5000-10000 (13)	10000-15000 (5)

Using Correlation technique with the help of data from the above table, it reveals that the relation between monthly income and investment of the respondents is -0.04. Thereby resulting in negative low degree of correlation and it suggests that there is no positive relation of investment with that of rise in income of the respondents.

## Findings

From the above analysis it is found that only 90% of the respondents utilize their savings towards some concrete investment. These days where the government is giving high stress on connecting each and every individual with financial markets and trying hard so that even the poor category of population can also have savings account in banks, it is shocking to find that 10% respondents do not convert their savings in to even the simplest form of investment by having at least a bank account.

Out of 90% of the respondents who utilize their savings, majority i.e., 51.11% belongs to the group of monthly income up to Rs 20000.

The questions about understanding and having basic knowledge about financial markets were asked to the entire sample of 50 respondents and only 56% have basic knowledge about financial markets which implies that formal education does not mean the person will be financially literate. The entire sample consisted of educated ladies but still it is seen that some do not invest at all and 44% respondents do not have idea about financial markets.

Since only 56% have idea about financial markets, it can be well understood why Figure IV depicts least number of investors in mutual funds. Though different banks and insurance companies have their branches in Dimapur, still women are not that active in buying insurance products or opening provident fund account.

The investment limit of the respondents is seen highest up to Rs. 5000, i.e., 60% women folk are investing monthly in different avenues to the extent of Rs. 5000 and it is also seen that the level of investment done per month does not increase with increase in the income level of the respondents. The value of correlation coefficient denotes that monthly investment does not go positively with the income level of the respondents.

## Conclusion

Along with gaining formal knowledge, having financial literacy is a must in today's world. Both women and men should have sufficient financial knowledge so that they can take part in the upliftment of their financial status and be secure in future. When it comes to the women folk of our country, it is well known that though the number of working women is on rise, still majority are house wives and financial decisions are taken by their men. Also from this study it is seen that not only house wives but working women also lacks financial literacy and therefore there is a need to create more awareness and increase financial literacy of Indian women. In order to improve financial literacy, the basic of financial literacy can be included in the general education curriculum of formal educational institutions. Also more information about the pros of being financial literate cannot be displayed in newspapers, television, hoardings so that women can be aware about financial markets and the need and benefits of investment in today's changing lifestyle, demands for a better life and high inflationary atmosphere.

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