Financial Literacy and the Working Women of the Unorganised Sector with Special Reference to Guwahati City

Alimpiya Bordoloi

"ABSTRACT: Unorganised Work Force Constitutes A Large Portion In India. This Sector Work Force Includes Casual Labourers, Day To Day Vendors, Domestic Vendors, Maids Etc. They Form A Significant Part In Developing An Economy And Women Being A Strong Pillar In Nation Building Demands For Financial Literacy On Their Part Too. In Simplest Language Financial Literacy Is The Financial Is The Financial Knowledge Of Various Financial Instruments And Savings, The Ability To Take Sound Financial/ Investment Decision With The Available Financial Resource. Through This Paper An Attempt Has Been Done To Examine The Scenario Of Financial Literacy Of The Working Women In The Unorganised Sector And To Know If Demographic Profile And Socio Economic Variable Has Any Effect On Financial Literacy. 100 Respondents From Guwahati City Have Been Selected And With The Help Of Schedule Data Has Been Collected.

Keywords: Financial Literacy, Unorganised Sector, Working Women, Economy, Nation Building.

I. INTRODUCTION:

The work force of the unorganised sector constitutes the major chunk of the Indian society. India is the home of almost 20% of the world's population with ¼th of its population still living below poverty line and a meagre fraction of this population being financially literate. Financial literate is the ability of a person to understand the financial concepts and having required skill and knowledge to make judicious financial decisions and make effective financial planning using available financial resources. Reaping maximum benefit by making the optimum use of available resources is the underlying aspect of financial literacy. It is nothing more than managing money backed up by sound decision.

Financial literacy and financial stability are two main components of an efficient economy. Lack of financial knowledge hinders the country's capital requirement for infrastructure development. Most unaware people resort to short term investment and investment in physical assets. There are many reasons behind this—unawareness of different form of financial instrument, inability to take risk, no knowledge of making a balanced investment portfolio etc. this ultimately cannot help a country to prosper.

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* Correspondence Author
   Alimpiya Bordoloi*, Assistant Professor, Department Of Accountancy Nef College, Guwahati, Assam, India.

India which is a developing nation needs financially literate people. There is a direct proportion between financial literate people and nation development. More financial people, more is the level of investment and there will be more resources for the nation to develop and thereby avoiding economic meltdown.

Now, Indian economy is again characterised by the existence of a vast majority of unorganised labour employment. As per the Economic Survey of 2018-2019 released on July 4, 2019 says almost 93% of the total workforce is informal[1]. Predominance of informal sector over formal sector in India is the central feature of Indian economy. This sector contributes half of the GDP of the country. It has a poor human base capital in terms of education, skill and training and therefore a competitive and low cost device to absorb labour otherwise which cannot be absorbed. It is in this context, the research attempts to find out the financial literacy of the labour force of unorganised sector especially the women in the Guwahati city. For the purpose of the study, part time maids, full time servants, street vendors and daily wage are considered.

II. OBJECTIVES OF THE STUDY:

The following objectives have been framed for the purpose of the study-
1. To evaluate the level of financial literacy of the women working in the unorganised sector of Guwahati city,
2. To study the association of socio economic variables with financial literacy.

III. RESEARCH METHODOLOGY:

Research design- The research design is descriptive
Types and source of data- Both primary and secondary data have been used the primary data are collected from the respondents using a schedule while the secondary data have been collected from host of websites and journals.
Sampling technique - Convenient sampling technique has been adopted.
Sampling size and unit- The sampling size is 100 and the sampling unit is the working women of the unorganised sector of Guwahati city.
Data analysis tool- chi square test is applied to study the association of the different socio economic variable with financial literacy. The various socio economic variables

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[1] https:www.businesstoday.in/sectors/jobs/labourlaws-reforms-no-one-knows-actual-size-india-informal-workforce-not-even-govt/story/364361.html

used in this study are age, education, income, occupation and marital status.

While to evaluate the level of financial literacy of the respondents, awareness of different financial terms, saving and investment decisions and financial planning are considered.

Framing Of hypothesis- the hypotheses are framed considering the objectives of the research.

H01: There is no significant association between age and financial literacy.

HO2: There is no significant association between education and financial literacy.

HO3: There is no significant association between income and financial literacy.

HO4: There is no significant association between occupation and financial literacy.

HO5: There is no significant association between marital status and financial literacy.

IV.   DATA ANALYSIS AND INTERPRETATION:

Table 1: Table showing awareness of the different factors

Factors	Aware	Neutral	Not aware	Total
Awareness of different financial terms	25	10	65	100
Savings and investment decisions	45	6	49	100
Financial planning	30	15	55	100
Total	100	31	169	300

Source: Field study

Interpretation: The table shows awareness of the different factors for determining financial literacy. 25% are aware of different financial terms while 65% are not aware. On part of saving and investment decision 49% are not aware against 45% being aware. In case of financial planning 55% are not aware while 30% are aware. Overall 33.33% are aware and 56.33% are not aware and thus less awareness of financial literacy.

The following tables i.e. Table no. 2, 3, 4, 5 and 6 will be prepared combining considering the tick marks against the options 'Aware', 'Neutral' and 'Not aware' for all the three factors – awareness of different financial terms, saving and investment decisions and financial planning.

Table 2: Table showing association of age on financial literacy

Age bands	No. of respondents	Aware	Neutral	Not aware	Total
Up to 35 years	43	72 (43)	17 (13.33)	40 (72.67)	129
36 – 50 years	35	13 (35)	6 (10.85)	86 (59.15)	105
51 years & above	22	15 (22)	8 (6.82)	43 (37.18)	66
Total		100	31	169	300

Source: Field study

(The figures between the brackets are the expected frequency)

To test the hypothesis H01: There is no significant association of age on financial literacy, chi square test is adopted by applying the formula –

$$x^2 = \sum (O - E)^2/E$$

Where, x^2 = Chi square
O = Observed frequency
E = Expected frequency

$x^2 = \sum (O1 - E1)^2/E1 + \sum (O2 - E2)^2/E2 + \sum (O3 - E3)^2/E3 + \sum (O4 - E4)^2/E4 + \sum (O5 - E5)^2/E5 + \sum$ $(O6 - E6)^2/E6 + \sum (O7 - E7)^2/E7 + \sum (O8 - E8)^2/E8 + \sum (O9 - E9)^2/E9$

Where, O1 = Observed frequency of cell 1 and E1 = Expected frequency of cell 1 and so on

$x^2 = \sum \{19.56 + 1.01 + 14.69 + 13.83 + 2.17 + 11.80 + 2.22 + 0.20 + 0.91\}$
$x^2 = 66.39$

Interpretation:

At 5% level of significance with 4 degrees of freedom the critical value of chi square is 9.49. the computed value is 66.39 which is way greater than the critical value. Hence, the null hypothesis will be rejected and conclude that there is significant association between age and financial literacy.

Table 3: Table showing association between education and financial literacy

Education level	No. of respondents	Aware	Neutral	Not aware	Total
No formal education	26	21 (26)	10 (8.06)	47 (43.94)	78
Up to Primary level	35	37 (35)	12 (10.85)	56 (59.15)	105
Above Primary level	39	42 (39)	9 (12.09)	66 (65.91)	117
Total	100	100	31	169	300

Source: Field study

(The figures between the brackets are the expected frequency)

To test the hypothesis H02: There is no significant association between education and financial literacy, chi square test is adopted by applying the formula –

$$x^2 = \sum (O - E)^2/E$$

Where, x^2 = Chi square
O = Observed frequency
E = Expected frequency

$x^2 = \sum (O1 - E1)^2/E1 + \sum (O2 - E2)^2/E2 + \sum (O3 - E3)2/E3 + \sum (O4 - E4)2/E4 + \sum (O5 - E5)2/E5 +$

$\sum (O6 - E6)^2/E6 + \sum (O7 - E7)^2/E7 + \sum (O8 - E8)^2/E8 + \sum (O9 - E9)^2/E9$

Where, O1 = Observed frequency of cell 1 and E1 = Expected frequency of cell 1 and so on

$x^2 = \sum \{0.96 + 0.24 + 0.21 + 0.11 + 0.12 + 0.16 + 0.23 + 0.79 + 0.000027\}$

$x^2 = 2.82$

Interpretation:

The above table shows 26% have no formal education, 35% have studied till primary level and 39% are above primary

level. Basically they are educated marginally. For all the three factors i.e. awareness of different financial terms, saving and investment decision and financial planning, the respondents are not much aware. To prove it statistically chi square test at 5% level of significance with 4 degrees of freedom is applied. The critical value is 9.49 and computed value is 2.82 which allow the researcher to accept the null hypothesis and conclude that there is no significant association of education on financial literacy.

Table 4: Table showing association of income and financial literacy

Income band	No. of respondents	Aware	Neutral	Not aware	Total
Below 8,000	22	20 (22)	8 (6.82)	38 (37.18)	66
8,001–15,000	36	24 (36)	13 (11.16)	71 (60.84)	108
Above 15,000	42	56 (42)	10 (13.02)	60 (72.67)	126
Total	100	100	31	169	300

Source: Field study

(The figures in the brackets are the expected frequency)

To test the hypothesis H03: there is no significant association between income and financial literacy, chi square test is adopted by applying the formula –

$$x^2 = \sum (O - E)^2/E$$

Where, x^2 = Chi square
O = Observed frequency
E = Expected frequency

$x^2 = \sum (O1 - E1)^2/E1 + \sum (O2 - E2)^2/E2 + \sum (O3 - E3)2/E3 + \sum (O4-E4)2/E4 + \sum (O5-E5)2/E5 + \sum (O6 - E6)^2/E6 + \sum (O7 - E7)^2/E7 + \sum (O8 - E8)^2/E8 + \sum (O9 - E9)^2/E9$

Where, O1 = Observed frequency of cell 1 and E1 = Expected frequency of cell 1 and so on

$x^2 = \sum \{0.18 + 0.20 + 0.02 + 4 + 0.18 + 1.70 + 4.67 + 0.70 + 2.21\}$

$x^2 = 13.86$

Interpretation:

The above table shows that 42% of respondents have income above Rs. 15,000, 36% have income ranging between Rs. 8,000 to Rs. 15,000 and 22% have income less than Rs. 8,000. To test it statistically chi square test at 5% level of significance and 4 degrees of freedom is applied the critical value is 9.49 while the computed value is 13.86 and therefore the null hypothesis is rejected to conclude that there is significant association between income and financial literacy.

Table 5: Table showing association of occupation on financial literacy

Occupation	No. of respondents	Aware	Neutral	Not aware	Total
Part time maid	35	32 (35)	9 (10.85)	64 (59.15)	105
Full time servants	25	28 (25)	8 (7.75)	39 (42.25)	75
Street vendors	22	22 (22)	6 (6.82)	38 (37.18)	66
Daily wage labourers	18	18 (18)	8 (5.58)	28 (30.42)	54
Total	100	100	31	169	300

Source: Field study

(The figures in the brackets are the expected frequency)

To test the hypothesis H04: there is no significant association between occupation and financial literacy, chi square test is adopted by applying the formula –

$$x^2 = \sum (O - E)^2/E$$

Where, x^2 = Chi square
O = Observed frequency
E = Expected frequency

$x^2 = \sum (O1 - E1)^2/E1 + \sum (O2 - E2)^2/E2 + \sum (O3 - E3)2/E3 + \sum (O4-E4)2/E4 + \sum (O5-E5)2/E5 + \sum (O6 - E6)^2/E6 + \sum (O7 - E7)^2/E7 + \sum (O8 - E8)^2/E8 + \sum (O9 - E9)^2/E9 + \sum (O10 - E10)^2/E10 + \sum (O11 - E11)2/E11 + \sum (O12-E12)2/E12$

Where, O1 = Observed frequency of cell 1 and E1 = Expected frequency of cell 1 and so on

$x^2 = \sum \{0.26 + 0.32 + 0.40 + 0.36 + 0.008 + 0.25 + 0 + 0.099 + 0.02 + 0 + 1.05 + 0.193\}$

$x^2 = 2.96$

Interpretation:

Testing the hypothesis using chi square at 5% level of significance with 6 degrees of freedom, the computed value is 2.96 which is lesser than the critical value of 12.59. Therefore the null hypothesis is accepted concluding that there is no significant association between occupation and financial literacy.

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Table 6: Table showing association between marital statuses on financial literacy

Marital status	No. of respondents	Aware	Neutral	Not aware	Total
Married	34	32 (34)	6 (10.54)	64 (57.46)	102
Unmarried	26	40 (26)	7 (8.06)	31 (43.94)	78
idow	22	18 (22)	8 (6.82)	40 (37.18)	66
Divorce	18	10 (18)	10 (5.58)	34 (30.42)	54
Total	100	100	31	169	300

Source: Field study

(The figures in the brackets are the expected frequency)

To test the hypothesis H05: there is no significant association between marital status and financial literacy, chi square test is adopted by applying the formula –

$$x^2 = \sum (O - E)^2/E$$

Where, x^2 = Chi square
O = Observed frequency
E = Expected frequency

$x^2 = \sum (O1 - E1)^2/E1 + \sum (O2 - E2)^2/E2 + \sum (O3 - E3)2/E3 + \sum (O4 - E4)2/E4 + \sum (O5 - E5)2/E5 + \sum (O6 - E6)^2/E6 + \sum (O7 - E7)^2/E7 + \sum (O8 - E8)^2/E8 + \sum (O9 - E9)^2/E9 + \sum (O10 - E10)^2/E10 + \sum (O11 - E11)2/E11 + \sum (O12 - E12)2/E12$

Where, O1 = Observed frequency of cell 1 and E1 = Expected frequency of cell 1 and so on

$x^2 = \sum \{0.118 + 1.956 + 0.744 + 6.5 + 0.139 + 3.810 + 0.727 + 0.204 + 0.214 + 3.556 + 0.421 + 3.501\}$
$x^2 = 21.89$

Interpretation:
The critical value at 5% level of significance with 6 degrees of freedom is 12.59. the computed value for the chi square with the information from the respondents is 21.89 which is greater than the critical value. Therefore the null hypothesis is rejected and concludes that there is significant association between marital status and financial literacy.

V. FINDINGS:

- The working women of the unorganised sector are not financially literate. Awareness of different components of financial literacy is fairly low. They have a propensity to save, to invest however are not aware of most of the financial avenues. They do not resort to any financial planning for emergencies or education or any major purchases. Their planning is to achieve short term goals. Their savings are mostly in banks and in ponzi schemes. There is no participation from them in financial securities and financial products like Mutual Funds. They even lack clarity between savings, investment and insurance.
- Age has a significant effect on financial literacy. The young generation has greater awareness than compared to the middle aged and senior citizen. This is because the young generation has more access to gadgets which can broadened their thinking and knowledge.
- Education has little role to play on financial literacy. Financial literacy is not in proportion to education. Many educated people may not have awareness and this leads to conclusion that education has little say on financial literacy.
- Income can be related to financial literacy. Higher the income higher is the awareness. Higher income makes it possible for the respondents to save more after spending. Availability of resources to save makes them aware of new financial instruments where they can save.
- Occupation has got no bearing on financial literacy. Awareness of financial instruments knowledge and skill to take good financial decision has got no influence by occupation as highlighted in this study.
- There is association between marital status and financial literacy. Married couples than compared to unmarried or widow or divorcee have greater awareness of financial aspects.

VI. SUGGESTIONS:

The government no doubt has been actively working for creating financial awareness. However, special schemes for the under privileged and informal sector should be taken up. Moreover monitoring cell should be created so that the reach of these promotional schemes can be monitored. Workshops and seminars to impart banking and financial knowledge are very much helpful in creating financial awareness. But the unorganised working women can not attend such programmes practically. So, different initiatives should be thought upon so that the targeted participants are the working women mainly in the unorganised sector. Schemes particularly for the unorganised sector should be framed. Other stakeholders like banking institutions, NGOs should also come front foot for creating awareness and imparting financial knowledge.

VII. CONCLUSION:

From the study conducted, it has been revealed that the women who are engaged in the various fields of the unorganised sector do not possess much financial knowledge. They are aware of saving and have propensity to save but it is again restricted when it comes to planning and managing money. Demographic and socio economic variables such as age, income, marital status affects financial literacy but education and occupation barely has any effect on financial literacy. Overall it can be concluded that the working women of the unorganised sector are not aware and financial literacy level is very low. Government's lone effort is not enough.

More combined effort is required from all the spheres of the society for overall growth of the economy and building up the nation as a super power.

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AUTHOR'S PROFILE

Mrs. Alimpiya Bordoloi, daughter of Late Amio Kumar Bordoloi and wife of Mr. Sudipta Nayan Bhardwaj, is a resident of Beltola, Guwahati-28, Assam. She did her Master of Commerce under Gauhati University in 2011 and is currently pursuing her Ph.D work under the guidance of Dr. Ashima Sarma, Associate Professor, K.C. Das Commerce College. She had work as an Assistant Professor in the Department of Accountancy, Gauhati Commerce College for 6 years and is currently working in NEF College in the same position. She has published 8 research papers in various reputed International and National journals including in SCOPUS as well. She has also presented 7 seminar papers in various International and National seminars held at different cities of India.