



K.R. MANGALAM UNIVERSITY
THE COMPLETE WORLD OF EDUCATION

"Sensitization towards Micro-Finance and Financial Literacy among Women in Ghangola Village"

SCHOOL OF HUMANITIES

K.R. MANGALAM UNIVERSITY, GURUGRAM ACKNOWLEDGEMENT

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INTRODUCTION

Despite India's recent successes in the global economy, some sections of the population — the poor, especially those- living in rural areas — remain unaffected by this success, because they are unable to access financial institutions and therefore cannot take part in banking, borrowing, and saving. This phenomenon is known as financial exclusion.

Financial Inclusion & Financial Literacy:

Financial inclusion is an important step in development, as access to finances can help the poor build money and lift them out of poverty. In many parts of the developing world, and especially in India, microfinance is seen as a new approach to fighting poverty by bringing financial services, including low-interest loans, to the poor so that they can afford to start a business or invest and eventually gain self-sufficiency. Financial literacy is particularly crucial for women, who face exclusion from financial services and entrepreneurship due to social and cultural constraints. Lack of financial literacy among Women in villages is one of many factors leading to financial exclusion, for an understanding of finances is necessary to the utilization of financial services. Therefore, financial literacy initiatives that train women in good financial practices and to make good financial decisions may offer a remedy to the shortcomings of microfinance. There is a gender gap between men and women in almost every country in case of financial literacy as well. According to RBI's National Strategy for Financial Inclusion, financial inclusion has the potential to tackle income inequality, reduce poverty and, in turn, improve overall economic output at a national level.

Micro—Finance: Micro-finance, also known as 'inclusive finance' is a provision of financial service for low income group families, especially those who are living below the poverty line (BPL), without any tangible assets. It is the new hope for the millions of women in India who have the capacity to work hard. It has the potential to enhance women's capabilities and enable them to provide a better life to their families. Microfinance through self help groups

(SHG) has been recognised internationally as the modern means to combat poverty and rural unemployment, especially among women. It has been accepted that microfinance plays a vital role in reducing poverty since it paves

the way for employment which leads to economic development. The most effective tool for assessing the benefits of microfinance is the measurement of its impact on the poor in terms of employment, income, consumption, assets, nutrition, children's schooling, fertility and use of contraceptives. The objective of microfinance is to help the poor to build their productive capacity, become self-employed and improve their quality of life.

OBJECTIVES OF THE STUDY

1. Assessing Current Knowledge Levels:
 - i. Evaluate the baseline financial literacy levels among women in rural areas.
 - ii. Understand the existing awareness and perception of micro-finance within the target population.
2. Identifying Barriers:
 - i. Identify cultural, social, economic, or institutional barriers that may hinder women's access to and understanding of financial services.
3. Measuring the Impact of Sensitization Programs:
 - i. Assess the effectiveness of existing sensitization programs in improving financial literacy.
 - ii. Measure changes in behavior and financial decision-making among women who have undergone sensitization.

Methodology

The project consists of various expert sessions and training sessions given to women. In the sessions, training programmes, women learned important skills needed to start an enterprise, save and manage money, and effectively run a business, various ways to micro-finance and which increased their financial literacy. However, since I was interested in observing the effects of financial literacy and financial education on the success of women's entrepreneurship using microfinance and self-help groups, and given my limited time, we have created Self-Help Group (SHG) so that collectively they can grow financially.

1 . Preliminary Surveys and Interviews:

- Conduct preliminary surveys and interviews to gather baseline data on financial literacy levels, existing financial practices, and awareness of microfinance among women in the target area.

from the very popular SHG and cooperative to the adapted models like Grameen Bank and for-profit corporate models. But at present, there are two main models of microfinance delivery in India, viz., the SHG-BLP model and MFI model. Out of these two models, the SHG-BLP model has emerged as the more dominant one, due to its adoption by formal financial institutions like commercial banks, RRBs and cooperative banks (Karmakar, [2010]).

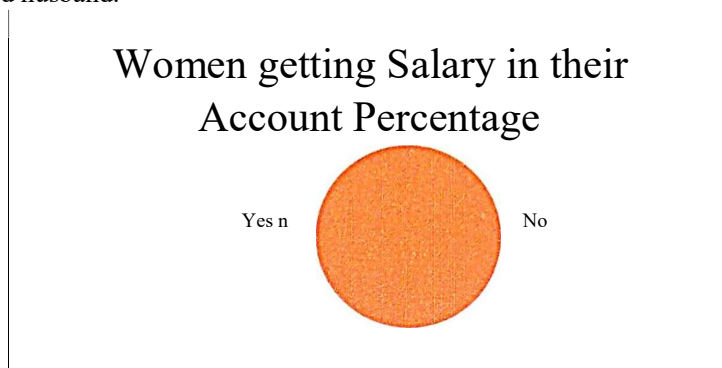
Duflo and Udry's seminal work highlights the impact of financial literacy on women's decision-making and economic empowerment. The study emphasizes the importance of tailored financial education programs in rural contexts, arguing that informed decisionmaking contributes to improved household welfare Empowering Women through Financial Literacy (Duflo and Udry, 2004).

A survey conducted by the (World Bank in [1999]) for the mid-term review of poverty alleviation and microfinance project among 675 microcredit borrowers in Bangladesh showed that there had been positive change in the economic and social status of the surveyed borrowers. The improvements had been mainly achieved due to the increased level of selfemployment of women participants. In Bangladesh, (Khandker et al., [1998]) find that program participation has positive impacts on household income, production, and employment, particularly in the rural non-farm sector and that the growth in self-employment was achieved at the expense of wage employment which implies an increase in rural wages. Similarly, (Borbora and Mahanta, [2001]) examined the role of microcredit in the generation of income for the poor and assessed the role of SHGs in promoting the savings habit among them.

A considerable increase in annual income of the self help group (SHG) members was found by (Dahiya et al., [2001]) in the post-SHG period. The overall increase in annual income was 94.3% in the post-linkage period. The social impact was deep in the form of empowerment of women, educational development of children, and emancipation from social evils like drunkenness of male household members. Puhazehdhi and Sai ([2001]) found that the involvement of the rural poor in SHGs significantly contributed to their social empowerment, as measured by improvement in their confidence, their position within the family, improved communication skills and other behavioral changes. They found that SHG, as an institutional arrangement, could positively contribute to the economic as well as social empowerment of

No. of Respondents: 20

2. Women Getting Salary in their Account: No women Get salary in their account as they aren't working or doing job. Instead the money in their account comes from gifts from relatives and husband.



3. Frequency of Using Banking Services and its purpose: Most of the women use their banking services when they deposit and withdraw money (3-4 times in a year). No other type of transactions is done by them. Knowledge regarding operating the ATM, NetBanking is very low.
4. Account opened under Jan Dhan Yojna: Most of the females opened their account under the Jan Dhan Yojna with zero deposits.

5. Financial Decision Making:

Category	Percentage
Own	5 %
Spouse	75%
Joint (Spouse+In-Laws)	20%

Apart from the above questions, females do recognise the need of financial literacy and financial inclusion and knowledge related to micro-finance to take independent financial decisions, budget planning and for self-employment.

SESSIONS ORGANISED UNDER THIS PROGRAMMES

1. Financial Literacy and Financial Inclusion among women in Ghanghola village: Financial literacy is a fundamental skill that empowers individuals to make informed financial decisions and achieve financial security. Recognizing the importance, an Extension and Outreach Program on Financial Literacy and Financial Inclusion among Women in Ghanghola Village was conducted by School of Humanities, K.R. Mangalam University on 04th September 2023 at the village library where around 40 females (Age group 15-50) attended the program. The outreach program was aimed to educate women about financial management, encourage savings, and aware them to access microloans to start or expand their small businesses. The event was coordinated by Ms. Rohini Kumari, Mr. Rajiv Ranjan, Mr. Amit Yadav, Ms. Sheetal Gehlot, Assistant Professor, (SOHS).

The students and faculties of School of Humanities interacted with women and girl students aged above 15 years and disseminated the information about financial concepts, including budgeting, saving, debt management, and the importance of financial planning. Furthermore, they also explained about the various local financial institutions like local rural banks, and commercial banks which provide low-interest microloans to women who were interested in starting or expanding their businesses. The participants received guidance on how to use the loans effectively for income generation. The attendees demonstrated a strong interest in financial literacy and microloans. The positive response and feedback from participants underscore the importance of continuing such programs to further enhance financial literacy and financial well-being in the community.

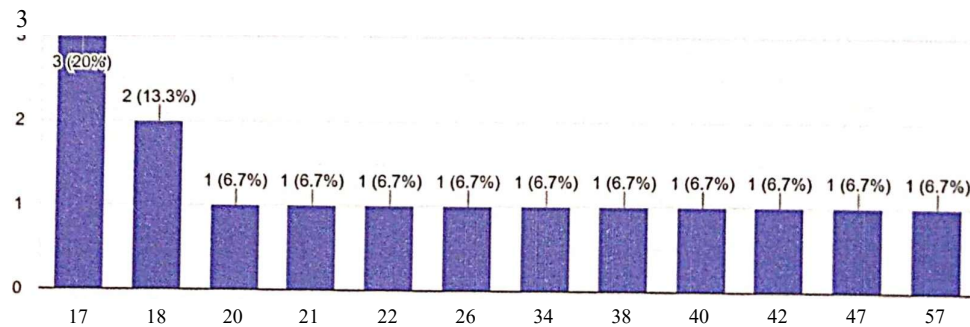
Basic financial and money-related concerns must be discussed among families, particularly with female children, so that they comprehend the fundamentals and its importance in their future thus helping them understanding the actual meaning of empowerment since their childhood.

- Women must develop the habit of financial planning as soon as they begin working and must be clear about their long-term financial goals so that they can more effectively use their earned money to ensure their future and after retirement, so assisting them in reaching their financial goals.
- Women should keep a financial diary in which they can record their weekly or monthly spending and attempt to regulate or spend wisely so that they can maintain regular savings, which will ultimately benefit them and their family in the event of unforeseen future expenses.

Feedback Analysis Post Interventions (A'tvareness Session/Seminar/Expert Session)

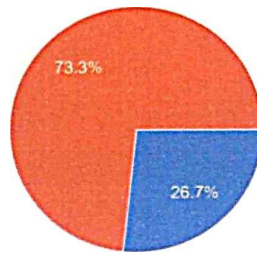
Age

15 responses



Have you been able to apply any of the financial literacy concepts learned in your daily life or business?

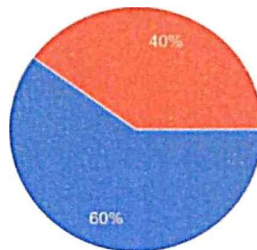
15 responses



☐ No
☒ Yes

How would you rate your understanding of microfinance before and after the sessions?

15 responses

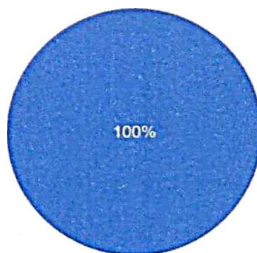


☐ Improved significantly
☐ Improved moderately

☐ No change
☐ Decreased

Would you recommend these sessions to other women in your community?

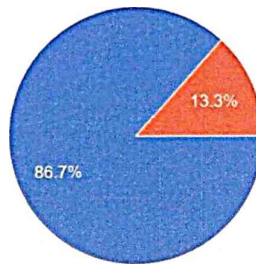
15 responses



☐ Yes
☐ No

Do you think Creation of Self-Help Groups will be helpful?
15 responses

☐ Yes
☐ No



Limitations & Barriers Observed during Study:

1. Supply Side Barriers:

There are several different levels to financial inclusion, debated by many scholars, but it is generally agreed that financial inclusion refers to extending access to financial products and services — such as bank accounts, loans, and savings accounts — to the poor. There are several barriers that exclude the poor from accessing these financial products, such as: the failure of financial institutions to offer services appropriate for low-income groups, such as a minimum balance requirements to open and maintain a bank account; lack of banks and ATMs at a convenient distance to potential borrowers, especially in rural areas; and documentation requirements, such as identity proof or proof of address, that many rural poor are unable to meet. This is true especially in case of Ghanghola, where banks tend not to penetrate because it is less profitable to operate in less populated areas. For example, banks sometimes have minimum balance requirements for bank accounts, requiring customers to keep at least a certain amount of money in their bank accounts at all times. Small saving by the SHGs and Households create lack of confidence in banks to provide loans to the people. All of these obstacles are considered "supply side barriers" barriers created by financial institutions' failure to supply products appropriate for poor and rural.

2. Demand Side Barriers:

There also exist demand side barriers to financial institutions obstacles to financial inclusion that come from the poor's lack of understanding of financial products. Many of India's poor lack basic understanding of financial concepts, money management, and market functions, and harbour strong mistrust toward banks and other moneylenders. ¹⁰ This lack of awareness is known as financial illiteracy. Financial literacy is defined as "the ability of individuals to assimilate and process financial information to make informed personal financial decisions." Without proper knowledge of finances, borrowers are extremely vulnerable to dishonest banks and IvFFIs and more likely to engage in risky behaviours like overborrowing, both of which can lead to great debt. Most of the females living in Ghanghola Village have very less or low literacy level of financial products which they can utilize if they have knowledge about it. Thus, Financial literacy is particularly crucial for women, who face exclusion from financial services and entrepreneurship due to social and cultural constraints.

Outcome of the Study:

Economic Empowerment: By imparting financial literacy and introducing micro-finance concepts, the program can empower women to make informed financial decisions. This newfound knowledge may lead to entrepreneurial ventures, improved income-generating activities, and overall economic self-sufficiency.

Increased Financial Inclusion: The program has the potential to increase women's access to formal financial services, fostering financial inclusion. By understanding banking systems, savings, and credit facilities, women may become more integrated into the formal financial sector, providing a secure platform for savings and investments.

Poverty Alleviation: As women gain the skills to manage their finances effectively, they may be better equipped to lift themselves and their families out of poverty. Micro-finance initiatives, in particular, can provide small loans for income-generating activities, contributing to poverty alleviation at the household level.

Enhanced Entrepreneurship: Financial literacy can stimulate entrepreneurial spirit among women, leading to the establishment of small businesses. This, in turn, can contribute to local economic development, job creation, and a more vibrant community economy.

Improved Household Welfare: As women become more financially savvy, the benefits extend to the entire household. Improved financial management can positively impact children's education, healthcare, and overall well-being, creating a ripple effect of positive change.

Women's Empowerment: Beyond economic aspects, the program can foster a sense of empowerment among women. Knowledge about financial matters can boost confidence, decision-making abilities, and participation in community affairs, challenging traditional gender roles and contributing to broader social change.

Long-Term Sustainability: By building a foundation of financial literacy, the program has the potential to create sustainable change. Women who acquire financial skills can pass on this knowledge to future generations, creating a lasting impact on the community.

Creation of Self-Help Group: With the help of NABARD Agent Ms. Manju, two self-help groups were created with ten members namely Sri Ram SHG and Shri Ganesh Mahila SelfHelp Group. These groups were created but not registered with the NRLM. One of the SelfHelp Group namely Sri Ganesh Mahila Self-Help Group (SHG) also applied for the micro loans and all procedures have been completed with the help of Ms. Manju (NABARD Agent for creating SHGs). They will be entitled to disbursed loans after the completion of six months.

Conclusion:

From the data collected, it can be seen that financial literacy contributes to financial inclusion among the women living in Ghanghola however, even this project cannot address all of the issues that contribute to financial exclusion in rural areas. Self-help groups created to address supply-side barriers where banks and microfinance institutions fail; they penetrate into areas that are not reached by financial institutions and provide financial services that are more accommodating to and appropriate for poor borrowers. In addition, low literacy and education levels along with lack of exposure to market functions in rural areas renders some women unable to grasp the concepts of financial education presented by us. In this case, the

training may require adjustments to make the concepts more accessible to the targeted population. Some of the participants, however, showed adequate understanding of the concepts and were able to apply these concepts to their real life, so it seems that the methods used did succeed in contributing to financial inclusion among a portion of the targeted population. It would be interesting to observe the long-term effects of these changes on the financial inclusion of these women; perhaps, in time, women's empowerment through selfhelp groups may facilitate the equalizing of gender roles, thereby eliminating some of the barriers.

Way Forward: Recommendations for Further Study

- In the future, I would suggest a further study of this project in Ghanghola through setting up a Micro Enterprise by funding through the institution. Micro Loans would be available through banks for SHGs when they complete 6 months of tenure. Females in future can be trained to particular skills such as handicraft product or any type of product with the help of experts and further through the collaboration it can be sold to the online platform.
- Study can be further extended to incubate the startup with the SHG members and students of KR Mangalam University.

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