



Webinar

'Financial Literacy and Education - Inspire Women to Take Charge of their Finances';

With a believe that women have enormous potential to contribute towards the economic growth of the country and with the view that financially independent women can be a great source of development, the Commission organized a virtual discussion on various issues related to financial status of women under the Chairpersonship of Smt. Rekha Sharma Chairperson NCW. Also present wee Honourable Members, Member Secretary and Officials of NCW were present.

The panel for the webinar constituted of Ms. Vandita Kaul, Joint Secretary Department of Financial Services, Ministry Of Finance, Shri. Satyajit Dwivedi Chief Executive Officer- National Centre for Financial Education (NCFE), Ms. Monika Halan, Adjunct Prof, Indian Institute of Corporate Affairs, New Delhi, Dr. S. S. Acharya General Manager I/C Small Industries Development Bank of India (SIDBI), Mr. Narendra Kumar, Founder Hindrise Foundation and Ms. Divya Chauhan, Senior Manager Bank of Baroda.

The Agenda of the discussion was as follows:

- a) Empowerment of women through Financial literacy and education;
- b) Awareness on available government schemes and benefits to women;
- c) Awareness of existing financial products and Services;
- d) Understanding the aid provided by banks and other financial institutions;
- e) Encouraging Participation in decision making within the household by focusing on Household planning, saving and budgeting;
- f0 Encouraging Financial Planning and money management.

Detailed minutes of the webinar are as following:Ms. Meeta Rajivlochan, Member Secretary, NCW welcomed the speakers and attendees for the session on 'Financial Literacy and Education - Inspire Women to Take Charge of Their Finances'. She said that financial literacy is indeed a key towards the empowerment of women and the National Commission for Women has consistently been working ever since it has been set up in 1992 for the betterment of women in every field and empowerment of women.

Women today are at an equal pace with men in all fields. As per National Family Health Survey, the change is visible, few questions that attract our attention are how much

control do women have over their financial resources and also in decision making. In the last 20 years, the changes regarding the banking behaviour of women can be seen.

It is observed that women who get married at a very young age (age group 18 to 25) are most vulnerable as their spouses usually exercise the greatest control over their finances. According to the survey of 2005- 2006, only 7% of women of this age group had their accounts and only one out of four women have participated in major household decision making. But within 10 years that is from 2015 to 2016 report showed that there was a six-time increase in the percentage of women of this age group who had their bank accounts and participated in household decision making. According to available data, 42% of women have accounts and 51% of women of this age group participate in household decision making. Among old women those who have their accounts, the percentage has increased from 20% to 60%. The rate of participation has increased from 60% to 77% in major household decision-making. These positive changes indicate increased participation of women in managing their money. Recognizing the role of National Commission for Women, in creating financial awareness and capacity-building of women she set the agenda for this webinar as following:

1. Generate awareness on importance of financial independence.
2. Modes and ways by which financial independence and be achieved to realize their potential.

Further, she invited experts, scholars and officials from Government, financial agencies, NGOs & professionals to have comprehensive and meaningful conversations.

Smt. Rekha Sharma Chairperson NCW while welcoming all the speakers said that financial literacy is the need of the hour to reduce the disproportionate effect of poverty on a woman. She mentioned, although women's access to formal financial channels is very low, it is gradually improving. Their ability to access financial institutions and participation in decision-making is usually hindered by the patriarchal set up in the families. She believes that women are good at budgeting and managing expenses but many women take their steps back when it comes to taking larger financial decisions and they generally leave it to their spouses, fathers, brothers, etc., believing them to be financial experts.

She highlighted that women have enormous potential to contribute towards growth hence financially independent women can be a great source of development. She further highlighted various important financial inclusion initiatives that have been taken for empowering women by the Government of India; such as Pradhan Mantri Jan-Dhan Yojana (PMJDY), social security schemes viz. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY), Pradhan Mantri Kisan Maan Dhan Yojana (PM-KMY), Pradhan Mantri Shram Yogi Maan Dhan Yojana (PM-SYM), and Pradhan Mantri Mudra Yojana (PMMY) which has changed the financial inclusion landscape. These initiatives have brought the excluded sections into the financial mainstream and have also ensured their access to various financial services. In the end, she said that it is high time we each began taking control of our financial future. Just as

we look after our health and well-being with an eye on the future, our financial health equally important.

The keynote speaker **Ms. Vandita Kaul**, Joint Secretary Department of Financial Services, Ministry of Finance, highlighted the principle of gender equality enshrined in the preamble, fundamental rights, fundamental duties, and directive principles of the Indian Constitution. India has also ratified various International Conventional laws and human rights instruments and stands committed to securing equal women's rights. India has been very conscious about the sustainable development goals and plans aimed at women empowerment.

She mentioned that India has come a long way in achieving the basic objective of 'banking for the unbanked, 'social security for the unsecured' and 'funding for the unfunded'. She highlighted Jan Dhan Yojana Yojana which is the world's largest Financial Inclusion Programme and has provided universal access to microcredit and affordable insurance and pension. Out of over 41 crores, Jan Dhan accounts for about Rs.1.4,00,00,00,00,000, 55% are held by women. India's Rupay card has also provided digital access to over 30,00,00,000 Jan Dhan account holders. **Jan Dhan, Aadhaar mobiles, Jam trinity** has enabled online payments, cash transfers, and direct benefit transfers even during the pandemic. The Pradhan Mantri Mudra Yojana has provided microcredit over Rs. 14,00,00,00,00,000 to nearly 28,00,00,000 accounts of which 68% are held by women. The stand-up India scheme has enabled over 1.1,00,00 account holders to take credit of Rs. 25,000 crore which includes 82% women. The micro insurance scheme, as well as the pension scheme, has also scaled up.

She also talked about the micro finance systems adopted by the Self-help groups. She said that private sector lending has been good over the years and there is also a special focus on women in the agricultural sector. There is a growing recognition of the feminization the agricultural sector primarily due to migration of male workforce to urban areas. However, women still don't have equal access to land ownership and this directly affects their access to credit for agriculture. Women often work as under paid manual labourer, farm equipment designs are not women friendly, they do not have equal access to farm or the mandi even if they are self-employed.

Drawing attention to increase in number of women holding bank account, she probed this data by analyzing whether all these women are in charge of their accounts, do they transact themselves, are they financially literate to invest, are they the decision makers?

She said that to achieve full financial empowerment of women there is a clear need to focus on financial literacy and education and to inspire women to take charge of their finances. But our target cannot be women alone, gender roles are institutionalized and we have to address this issue holistically and we have to start young. It is very important to make children, to be financially literate, irrespective of gender. First step can be opening their account at young age. But this is not the end, she advised schools to take the lead and incorporate in their curriculum, how money works, how to manage it, modes to deploy it to generate income to secure the future. She highlighted that children can enter the workforce at the age of 14. They need to be financially literate before this age. They need to know how to

operate savings account, know the sources of income and understand the time value of money to plan for their future.

Various financial institutions have existing targeted: age and gender specific programmes to stimulate financial literacy. It is usually presumed that people know where to programme to get trained. We need to generate awareness about how and where to access the financial literacy programmes.

Ms. Monika Halan, Adjunct Prof, Indian Institute of Corporate Affairs, New Delhi was delighted with the effort of NCW and thanked Chairperson Madam for this initiative. She said that it is very rare to come across women who are also working outside the home and managing their finances; the percentage of such women who not only control their money but also of their spouse's money is very low.

She talked about the habits which can make you financially fit. First, she discussed in why women don't take control of their money and an answer to that she said that the pressure on women is very high and they are supposed to multitask both at their workplace as well as at their home, eventually, they manage everything and one job that men are left with is controlling money and because of the overworks and overburdened responsibilities women just give it to men. She talked about the general mindset, such as women do not have appetite for finances. This notion is usually carried forward remarks such as; 'I have no head for numbers, can't manage money, don't know enough, I don't have enough, my husband he loves me too much to cheat me'. Such attitude carried by women is against them and they put themselves at last in the line.

She highlighted that the wealth is usually transferred from grandfather to the father to the son and women remain bystander in this transfer of financial power. She emphasised on the need for inter-generational transfer of wealth via women. Drawing attention to the changing social norms, fewer people are getting married, increased divorce rate, increasing single parent households and growing independence of women, money decisions are still handed over to the men. She mentioned data shows that in urban settings, women may take household money decisions but in the big-ticket, long-term decisions are mostly left to men. In simple words, we can say that if the number of spending is in lakhs the men will decide and if it is in thousands of women can take decisions.

Further, she suggested **six money habits** for financial fitness:

1. Splitting savings from spending

- Income account
- Spend it account
- Invest it account

In addition to that, she said women must use digital banking.

2. Build Emergency Funds

- a minimum of six months of monthly spending and a maximum of two years of monthly spending
- Where: bank deposits, liquid funds, or short-duration debt fund

3. Build spend, save and borrow formulas

- Thumb Rule 50:20:30
- Spend half of your take home income on living costs
- Save 20% of your take home
- Keep the borrowing monthly instalments at 30% of take home (EMIs for home loans, car loans, education loans and not entertainment like dinner)

Later on, she said that it is very important also to modify these ratios according to the age and stage of the person.

4. Sensible Insurance

- Medical Insurance: In India at least Rs. 20-25 lakh cover needed
- Life Insurance:
- Vehicle/ Home/Asset Insurance: Good to have comprehensive covers

5. Give your money an equity exposure

6. Balanced Financial Diet:

- Equity: mutual funds, stock market etc
- Debt: EPF, pension funds
- Gold: Gold bonds

She pointed out that jewellery, Silk Saree and Art are not real investments, but are indulgences. Only small percentage of people sells their jewellery to liquidate their money. Further, she suggested one must always reconsider the investments in real estate because of their difficulty to liquidate and marketability problems. In the end, she said that women need to get control over money because money gets power and women must not give up power so easily.

Shri. Satyajit Dwivedi Chief Executive Officer- National Centre for Financial Education (NCFE). He started by thanking National Commission for Women and Chairperson Madam for organizing such an informative webinar. He talked about the National Survey that they have conducted for two consecutive years back to back named National Strategy for Financial Education which is based on the survey of 2018 in which there was a clear disparity in gender financial literacy, the literacy level all over India is 18%, financial literacy level in India is below 30%. Women can achieve Financial Literacy through the process of Financial Education. He highlighted the National Strategy for Financial Literacy and various other courses on financial literacy and encouraged everyone to visit the website. He stated that the strategy is developed keeping in mind the target groups: Women, Children, Adults and Young Adults, Sector and geography.

He informed that NCFE has course work on financial literacy for children as young as 6th standard students and they are working with MHRD to introduce compulsory coursework in formal education across the education boards.

Further, he highlighted that Financial Education and Financial Literacy are two distinct concepts. Financial Education may lead to financial literacy which includes acquiring skills, which leads to financial independence. He stated that financial products PMJDY and the Jam Trinity lie on supply side and for it cross the road to demand side, financial literacy is required. He stated that awareness about these financial products across genders, rural and urban settings is more than 50%, about these financial products, but when it comes holding and operating these products for its utilization it is significantly low, i.e.- around 9- 10 % for various pension schemes.

With increased life expectancy, nuclear family, financial planning becomes all the more crucial. He pointed out the changes in pension system to contribution system is also significant change that one needs to consider. He highlighted that financial products are being produced at higher space but the information regarding the same is not reaching the users. There is a need to bridge this gap between the financial product providers and consumers.

He pointed out misconceptions about money:

1. **Money is meant for spending**, like a rupee in hand is too in the account or money is meant for spending;
2. **Don't have enough money to save**: even a small amount can be used to earn interest by saving in the bank.
3. **Insurance is waste of money insurance**
4. **Not investing in Pensions**: why bother about pensions when my children's are doing well
5. **Banks ask too many questions**: A lot of standardization has been done by banks, with government intervention banking terms have been simplified
6. **Stock market is too complex for common people**: products like mutual funds are simply and easy to understand and invest.
7. **Don't have enough time to make a planned investment and budgeting**

He emphasised the **Power of Compounding Interest** and explained the vitality of time value of money. He explained that value of money decreases with delayed investment and one must first invest and then spend. He said that insurance is a vital part of financial planning, Pension is another important instrument. One should start planning for their retirement as early as when one receives their first salary. He pointed out the three pillars of investment that is safety, growth, and liquidity. Finally, he said that 70% of the programs that they have conducted are women-centred because women as target group influence two households i.e. natal family and in-laws if and when they get are married.

Dr. S. S. Acharya General Manager I/C Small Industries Development Bank of India (SIDBI), started with thanking NCW and expressing his gratitude towards all the participants. He said when we talk about inspiring women to take the charges of the finances

and for that he said must need to keep one thing in mind is women need to earn first. Because without earning the question of savings doesn't rise.

He mentioned study conducted in association with Brookings Institution lead by Kaushik Basu's, where it was empirically proven that "Bangladesh's economic transformation was driven in large part by social change, starting with social changes including women empowerment. These changes were brought about by the efforts of Bangladesh government and Grameen bank. Bangladesh has taken large efforts to educate their girls, give women voice in household decision making and public spheres. Another partial factor for Bangladesh's economic progress is its garment industry. These garment industries has become synonymous with Bangladesh and this industry largely employ women. This empirically proves that when women participate in the economic activities, there is holistic economic development.

Talking about taking everybody along in economic growth he highlighted two intervention made in Indian economy. First, in late 1980's NABARD started Bank SHG linkage programme. This was a demand side intervention, and on supplier side there were only banks. On the demand side there were women and SHGs, but on the supply side there were only banks which had their limitations. In 1991 SIDBI came into existence, it made supply side intervention based on the model employed by Bangladesh Grameen bank. The micro Finance movement was born. This programme was successful when 10 of these micro finance institutions were duly recognized as small scale banks by Reserve Bank and one was recognized as universal bank i.e Bandhan Bank. A large number of beneficiaries of this movement were women. He mentioned that the recovery rate in of these small scale banks is more than 90%, this proves that women and women with less money to invest are more bankable. He said, one should not have any misconception that when we invest in women it is not only to mainstream them or empower them, investing in women is investing in National interest.

He mentioned, SIDBI has taken initiatives for women that are not included in financial mainstream. SIDBI has taken several activities for financial literacy among women like intensive financial inclusion program, four states of the countries are Bihar, Uttar Pradesh, Odisha, and Madhya Pradesh took part in it. In their intervention programme, they first focused on financial literacy and then on business literacy, including saving and investing in small business, marketability of their products. Further, these programs also provided entrepreneurs training and then they linked them to the banks and the micro-financial institutions. There are numerous financial help programs available in banks. But to make women credit worthy, some level of entrepreneurial training is needed.

He ended on the note that consolidating women at the bottom of the pyramid is essential in eliminating poverty. Bringing women to the economic mainstream eventually leads to giving them voice in public sphere.

Mr. Narendra Kumar Founder Hindrise Foundation, started by thanking NCW and Chairperson for such an initiative. He said that Prime Minister Jan Dhan Yojana is one of

the biggest achievements in the past 6 years. Under PMJDY, 40 crore accounts have been opened but the question remains 'who is operating these accounts', 'how are these accounts being used'. We come to know that most of the times it is either their husbands or their sons who are using the accounts and not them. Over the past few years, women residing in rural and semi-urban areas have started using smart phones and have become familiar with many technological devices and concepts.

He mentioned that his organization has started Hindrise Pathshala, where they train women to use digital banking while focusing on cyber security. Hindrise has also taken initiatives to improve digital quality of life. They are educating people on how they can use digital platform to save, invest and generate income. He requested the government official present in the discussion to include a curriculum in school on digital literacy and digital quality, so that children are better prepared to make financial decisions. Cyber threat is one of the biggest challenges. He stated that usually women are targeted by the scammer because of their low digital literacy. He suggested that bank should run digital literacy and security programs for their net banking customers. He said that as an NGO, one of their roles is to reach out to the stakeholder and help them to connect to redressal mechanism. He suggested that government should consider setting up of a central grievance redressal system, alongside the existing system set up by the banks. He suggested that there should be a regulation for banking correspondence. It has been more than 14 years since this concept was introduced. Setting up regulatory measures will help in creating active bank accounts with credit flow which will be actual financial inclusion.

Ms. Divya Chauhan, Senior Manager Bank of Baroda, identifies three types of women who may require financial help first; those who are ready to support their families financially but have no idea what business they could work on, second; women that are unable to work due to societal constrains, third; women running small ventures with small budget and they want to expand.

She commended the initiative taken by SIDBI that has step by step guidelines from launching business to executing and expansion for industries like beautician, apparel industry, social media industry, tourism. She said that it is important for women to take knowledge of skills that are required for venturing into that industry. Difference of gender is an illusion that needs to be broken. She requested everyone to support female family members when they want to move ahead in their lives.

She encouraged women with business ideas not to hesitate and approach the bank for financial support. She briefly explained the steps that one requires going through for getting credit from bank. The bank will first require KYC: Aadhar, PAN and contact details. Second step is viability of the project. She explained that success of a venture depends on multiple factors like availability of resources and business plans. Later she talked about Prime Minister Mudra Yojana and stand-up stand of India, these schemes have financially empowered women to lead a better life and chase their dreams of becoming an entrepreneur.

Q&A Session:

1. **What is known about gender effects in financial literacy and education?** Mr. **Satyajeet** was of the view that general awareness among women regarding financial literacy, as per the national survey is less there is a gap of 7%, for male it is 27% and for women is 21%.
2. **How can we better balance risk and returns with our investments?** Ms. **Monika Halan** said that there is no risk-free investment. She explained that there are different facets of risks and risks are not just volatility of investments. Even the traditional investments like FD's are not safe against the inflation. It is possible to gain high returns by taking higher risks, this can be done effectively by developing an understanding of how market works.
3. **Next question was to give an insight and thought on equal pay** and in answer to that Ms. **Monika Halan** said that it is up to the boards of different companies to ensure that the same money is given for this same work irrespective of gender and the inclusion of women on boards is a very powerful tool to get this equality work. So in every company no matter what the gender is the Pay has to be equal.
4. **Should an individual maintain their Finances separate from Spouse?** Ms. **Monika Halan** suggested, each individual should have a separate bank account and have a joint account with their spouse for spending on household. She emphasised on the importance of building and maintaining their individual assets for women. She pointed out that women in household tend to spend on household expenditure whereas men invest. Such attitude need to be addressed and as into which the spending comes out where women can put their assets and men can put theirs and spending on the household can happen from the mutual pool.
5. **When should someone apply to receive their social security benefits?** Mr. Satyajit said the information on Social Security Benefits i.e. Pension, Insurance issued by government, can be accessed on NCEF and Ministry's websites.
6. **Should one consider future health cost while planning to retirement?** Mr. Satyajit said with increased life expectancy, span of medical expenditure has increased. With this, cost medicines and medical treatment is also increasing, hence one should definitely keep medical expenditure in mind.

The webinar concluded with a vote of thanks from Shri. A. Asholi Chalai, Joint Secretary NCW. He thanked panelists for sharing their rich experiences He also thanked and appreciated participants for their enthusiasm and participation. He emphasised on the importance of leading a financially balanced lifestyle. He summarized financial literacy in 5 components: 1. Earn 2. Spend 3. Save. 4. Invest 5. Protect. Finally he expressed his gratitude

towards the Chairperson of the Commission for her constant support in all the endeavours of the Commission.

Observations/ Suggestions:

Education: To achieve full financial empowerment of women there is a clear need to focus on financial literacy and education and to inspire women to take charge of their finances. Our target cannot be women alone, gender roles are institutionalized and we have to address this issue holistically and we have to start young.

It is very important to make children, to be financially literate, irrespective of gender. A curriculum for school children on financial and digital literacy should be introduced, so that children are better prepared to make financial decisions.

Awareness: Financial products are being produced at higher space but the information regarding the same is not reaching the users. There is a need to bridge this gap between the financial product providers and consumers.

Redressal of grievance: Government should consider setting up of a central grievance redressal system, alongside the existing system set up by the banks. There should be a regulation for banking correspondence. Setting up regulatory measures will help in creating active bank accounts with credit flow which will be actual financial inclusion.
