

Empowering Women through Financial Literacy: Challenges, Government Initiatives, and Strategies for Improvement

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ABSTRACT

Financial literacy has emerged as a pivotal factor in strengthening women's autonomy, fostering economic empowerment, and enhancing participation in financial systems. In emerging economies like India, where socio-cultural structures often restrict women's access to financial resources, the importance of financial awareness becomes even more pronounced. This paper provides an in-depth analysis of financial literacy among women in India, drawing from existing literature, secondary reports, and government data. It outlines the conceptual basis of financial literacy, highlights the multi-dimensional challenges women encounter, and evaluates government interventions designed to cultivate financial empowerment. The study concludes that although substantial progress has been made through financial inclusion initiatives, persistent structural, educational, and socio-cultural barriers continue to inhibit women's financial independence. Comprehensive strategies involving education, financial institutions, digital interventions, and community-driven programs are recommended to accelerate women's economic participation.

Keywords: Financial Literacy, Women Empowerment, Financial Behavior, Financial Inclusion, Government Initiatives.

Introduction

Women's empowerment has become a global developmental priority, especially in the context of closing gender gaps, improving employment opportunities, and enhancing participation in economic decision-making. Among the many tools for empowerment, financial literacy is considered transformational, enabling women to effectively manage income, savings, credit, investments, digital payments, and long-term financial planning.

Even though India has made significant progress in women's general literacy rates, the level of financial literacy remains disproportionately low. According to various national surveys, less than one-third of Indian women demonstrate basic financial knowledge related to interest rates, inflation, or risk diversification. While women are increasingly entering the workforce and entrepreneurial roles, their ability to manage financial matters independently remains limited.

The roots of low financial literacy among women can be traced to socio-cultural biases, restricted mobility, lower access to education, lack of exposure to financial institutions, and limited decision-making power within households. Many women still rely on male members for even basic banking tasks, such as maintaining accounts or applying for loans.

At the same time, the Indian government has taken strong measures through schemes like **PMJDY, Sukanya Samridhi Yojana, Mahila E-Haat, NSFE**, and numerous financial education programs. These initiatives have significantly increased women's access to bank accounts, credit facilities, and digital financial services.

Conceptual Framework of Financial Literacy

Financial literacy is widely understood as the knowledge, skills, and attitudes that enable individuals to make informed financial decisions. Various authors and international bodies have attempted to define its elements.

Definitions

Financial literacy is not merely about knowledge of financial products or arithmetic proficiency; it encompasses comprehensive awareness, skills, attitudes, and practical behaviors necessary for making informed financial decisions.

The OECD INFE (2011) defines financial literacy as integrating awareness, knowledge, skills, attitudes, and behaviors required to make sound financial decisions and ultimately achieve individual financial wellbeing.

According to Noctor et al. (1992), financial literacy empowers individuals to manage resources effectively by exercising critical judgment.

The PACFL (2008) adds that applying financial knowledge is essential for effective resource management and long-term financial stability.

Components of Financial Literacy

- **Financial Knowledge:** Understanding basic and advanced financial concepts such as inflation, compound interest, risk and returns, investment tools (stocks, mutual funds), and money management.
- **Financial Attitude:** Cultivating a positive and proactive mindset towards saving, budgeting, and investing for future security.
- **Financial Behavior:** Translating knowledge and attitude into practical actions such as budgeting, systematic saving, timely bill payments, and prudent borrowing.

Successful financial education is multidimensional, integrating both cognitive and behavioral aspects to produce lasting positive outcomes in women's lives.

Elements of Financial Literacy

Financial literacy encompasses:

- Budgeting
- Savings and spending management
- Borrowing and credit management
- Digital financial literacy
- Knowledge of inflation/deflation
- Investment literacy
- Risk management
- Goal setting and financial planning

Understanding these elements empowers women to navigate complex financial markets and make informed decisions that enhance long-term stability.

Literature Review

The landscape of financial literacy among Indian women has been mapped by several research studies. Jindal (2020) observed that Indian women, both employed and unemployed, frequently depend on family and friends for investment advice, highlighting hesitancy towards independent financial actions. Bajar and Sijariya (2021) found that even working women tend to favor fixed deposits—a traditionally safe investment—over more sophisticated instruments, reflecting moderate risk appetites and limited market awareness.

Minakshi (2022) and Sharma and Joshi (2015) found that factors such as child marriage, poverty, and gender discrimination are persistent barriers, restricting women's participation in economic activities and stunting their financial awareness and confidence. Thakkar and Patel (2023) emphasized that age and educational background may not significantly affect financial knowledge, but the desire to improve is prevalent.

Banerjee et al. (2021) and Kumari Priya and Panna Lal (2022) echo findings from the National Centre for Financial Education (NCFE) survey, which show men are more financially literate than women, and urban populations outperform rural ones. Women exhibit a strong financial attitude but often lack the behaviors and knowledge needed for lasting empowerment.

Objectives of the Study

- To review existing literature on women's financial literacy.
- To analyze the challenges faced by women in achieving financial education.
- To identify and assess government initiatives designed to improve women's financial literacy.
- To provide recommendations for enhancing women's financial empowerment.

Research Methodology

This study adopts a **descriptive research design** using **secondary data** drawn from academic journals, government reports, institutional publications, online databases and financial literacy surveys. Primary data collection methods such as interviews or questionnaires were not used. The approach enables a comprehensive understanding of trends, challenges, and policy interventions related to women's financial literacy.

Challenges Faced by Women in Financial Education

Women's financial literacy is influenced by a combination of structural, cultural, educational, and economic constraints. These barriers limit their exposure to financial systems and reduce their confidence in managing money independently.

• Social and Cultural Barriers

Indian society has historically followed strong patriarchal norms that shape gender roles and expectations, significantly influencing women's participation in financial matters. Within many households, women are often excluded from critical financial decision-making processes, while men typically control major assets such as property, savings, and investments. These inequalities are more pronounced in rural areas, where women—especially those belonging to marginalized communities—face severe mobility restrictions that limit their access to banks, financial institutions, and educational opportunities. Traditional beliefs further discourage women from taking financial risks or seeking external financial advice, creating a cycle of dependence. Together, these cultural barriers undermine women's financial autonomy and hinder their ability to develop financial agency.

• Physical Barriers

Physical infrastructure in many rural and semi-urban regions remains inadequate, creating several obstacles for women seeking financial education. Limited availability of banks, ATMs, and financial institutions forces women to travel long distances to access basic services, while poor transportation networks further restrict their ability to reach educational or financial centers. Safety concerns also discourage women from traveling alone, especially in remote areas, reducing their mobility and participation in financial activities. Additionally, the absence of community-based financial literacy centers creates major information gaps for rural populations. These distance and mobility constraints disproportionately affect women who carry care giving responsibilities at home, leaving them with little time or opportunity to pursue financial learning.

• Educational Barriers

Educational barriers significantly influence women's financial comprehension, particularly in rural settings where girls often discontinue schooling early due to household responsibilities or early marriage. Persistent gender disparities in school enrolment restrict girls' access to foundational learning, while poor numeracy skills make it difficult to understand essential concepts like interest calculation, compounding, pricing, and investment risks. Adding to this challenge, many women lack digital literacy, which limits their ability to engage with online financial platforms such as UPI, net banking, and financial apps. Collectively, low educational attainment stands out as one of the strongest predictors of low financial literacy among women.

- **Economic and Financial Barriers**

Economic and financial constraints further limit women's opportunities to acquire financial literacy. Low income reduces exposure to formal financial systems and restricts the ability to invest in education or financial products. Women engaged in informal or unorganized sectors often lack job security, social protection, and opportunities for long-term financial planning. In many cases, women do not have an independent income, preventing them from saving, investing, or accessing credit facilities. Moreover, even when they earn, restricted control over their own earnings limits their autonomy. These economic vulnerabilities reinforce dependence on male family members and diminish women's financial independence.

- **Gender and Age-related Barriers**

Gender and age-based disparities also contribute to low financial literacy among women. Older women often struggle to adapt to modern digital banking systems and rapidly changing financial technologies. Wage disparities between men and women restrict women's capacity to save and make independent financial choices. Even educated women face stereotypes that portray financial management as a male responsibility, discouraging them from engaging in financial decisions. Additionally, financial institutions often perceive women as high-risk borrowers, reducing their access to loans and financial products. Together, these demographic barriers create unequal financial awareness and opportunities for women.

- **Child Marriage**

Child marriage remains a major obstacle to women's financial empowerment, particularly in rural regions. Early marriage abruptly interrupts formal education and forces young girls into adult responsibilities before they have the chance to develop financial knowledge or skills. They become responsible for household duties at a young age and are denied opportunities for higher education or vocational training, including financial education. This early withdrawal from learning environments severely restricts their long-term economic empowerment and participation in formal financial systems.

- **Poverty and Child Labour**

Poverty compels many families to prioritize immediate survival over education, creating a significant barrier to financial literacy. Girls are often forced to drop out of school to work and contribute to the household income, leaving them with little exposure to basic educational or financial concepts. In such contexts, financial literacy is seen as irrelevant or unnecessary, as families struggle to meet daily needs. Consequently, poverty reinforces a vicious cycle where lack of education leads to low financial awareness, which then limits future economic opportunities, perpetuating long-term financial exclusion.

Government Initiatives to Improve Women's Financial Literacy

The Government of India has implemented a holistic framework to improve financial inclusion and empower women economically. These programs aim to address structural barriers, promote financial independence, and strengthen digital participation.

- **Beti Bachao, Beti Padhao Yojana (BBBP)**

Launched in 2015, the Beti Bachao, Beti Padhao Yojana (BBBP) focuses on improving the declining child sex ratio, promoting girls' education, and creating gender-sensitive awareness across communities. By encouraging families to prioritize and invest in the education of girls, the scheme indirectly strengthens long-term financial empowerment by ensuring that girls receive opportunities for schooling, skill development, and future economic participation.

- **Sukanya Samridhi Yojana (SSY)**

The Sukanya Samridhi Yojana (SSY) is one of the most impactful government schemes for securing the financial future of girl children. It offers one of the highest interest rates on small-savings schemes, encouraging parents to deposit funds dedicated to their daughters' education and marriage. Through its long-term savings mechanism, SSY helps families develop disciplined financial habits and fosters a culture of financial planning centered around the girl child.

- **Financial Literacy and Credit Counselling Centres (FLCCs)**

Financial Literacy and Credit Counselling Centres (FLCCs) play a crucial role in spreading financial awareness, especially in rural and semi-urban regions. These centers conduct village-level financial literacy camps, educate individuals on essential concepts such as credit management, savings,

and insurance, and guide them in understanding banking procedures. By simplifying financial concepts for the general public, FLCCs help bridge information gaps and support informed decision-making among underserved communities.

- **Pradhan Mantri Jan Dhan Yojana (PMJDY)**

The Pradhan Mantri Jan Dhan Yojana (PMJDY), known as the world's largest financial inclusion program, provides universal access to essential banking services. It offers zero-balance bank accounts, RuPay debit cards, overdraft facilities, Direct Benefit Transfer (DBT) provisions, and access to insurance and pension schemes. Notably, over 53% of PMJDY account holders are women, demonstrating the scheme's significant contribution to improving banking access and financial inclusion for women across India.

- **Mahila E-Haat**

Mahila E-Haat is a digital marketing platform designed to promote women's entrepreneurship by enabling them to showcase and sell their products online. By providing a user-friendly digital interface, the initiative enhances women's digital literacy, encourages cashless transactions, and supports small-scale income-generating activities. This online marketplace empowers women to participate actively in e-commerce, thereby expanding their economic opportunities and market reach.

- **Pradhan Mantri Mahila Shakti Kendra (PMMSK)**

The Pradhan Mantri Mahila Shakti Kendra (PMMSK) scheme aims to empower rural women by providing support in areas such as digital literacy, career counseling, skill development, and capacity building. By offering targeted training and resources, PMMSK encourages women to participate more actively in community development and economic activities. The program strengthens women's access to information, skills, and opportunities necessary for socio-economic empowerment.

- **National Strategy for Financial Education (NSFE)**

The National Strategy for Financial Education (NSFE) seeks to build a financially informed and empowered India by promoting safe digital financial practices, enhancing consumer protection frameworks, and integrating financial education into school and college curricula. The strategy emphasizes the development of standardized financial literacy modules to ensure consistent and accessible financial education nationwide. Through its structured and holistic approach, NSFE aims to strengthen financial capabilities and improve decision-making for individuals across all segments of society.

Findings

The study reveals the following findings:

- **Women continue to face multi-dimensional barriers to financial literacy**, including socio-cultural, educational, economic, and infrastructural challenges.
- **Rural women are disproportionately affected**, with fewer opportunities for financial education.
- **Government initiatives have improved access**, but usage of financial products remains low.
- **Digital divide limits financial participation**, especially for older women.
- **Financial confidence, rather than knowledge alone**, influences women's decision-making.
- **Education is the strongest long-term predictor** of improved financial literacy.
- **There is a need for gender-sensitive, community-based programs** for effective transformation.

Recommendations

In light of the challenges and findings, multi-pronged and context-sensitive strategies are essential to genuinely empower women through financial literacy.

- **Strengthening Institutional Support**

- Integrate financial literacy modules into school curriculums at all levels, including rural government schools.
- Regularly update and localize content to meet the specific needs and realities of women in diverse socio-economic settings.

- **Fostering Digital and Traditional Literacy**
 - Implement grassroots digital literacy drives, focusing on practical skills for managing digital accounts and mobile banking.
 - Use accessible platforms (community radio, SHGs, NGOs) to spread awareness.
 - Provide printed materials in local languages where digital access is limited.
- **Expanding Targeted Outreach**
 - Increase financial literacy workshops and seminars, with special focus on rural women, widows, senior women, and single mothers.
 - Create peer-to-peer learning networks, leveraging the influence of local leaders and successful women entrepreneurs.
- **Improving Policy and Program Delivery**
 - Enhance monitoring of government schemes for efficacy, inclusion, and gaps.
 - Address infrastructural needs, such as transportation and safety, especially for rural women accessing banking services.
 - Extend incentive-based schemes (such as free workshops or conditional cash transfers) to motivate participation.
- **Raising Social Awareness**
 - Conduct campaigns to challenge gender stereotypes around money management.
 - Involve male family members in educational programs to foster supportive environments.
- **Encouraging Private Sector Participation**
 - Invite banks, fintech players, and corporates to invest in women-centric financial literacy campaigns.
 - Develop products tailored for women, simplifying access and reducing documentation requirements.
- **Leveraging Successful Models**
 - Scale up and replicate successful pilot projects, such as microfinance group-based programs that combine financial training with enterprise support.

Conclusion

Financial literacy is not merely an economic requirement—it is a fundamental pillar of women’s empowerment. As women gain financial knowledge, their ability to navigate personal, household, and entrepreneurial decisions improves significantly. Despite the progress achieved through schemes like PMJDY, SSY, and NSFE, several barriers continue to restrict women’s financial independence.

A holistic approach—combining education, institutional support, digital infrastructure, and cultural change—is required to create durable improvements. Strengthening financial literacy is essential to ensuring gender equity and enabling women to play active roles in India’s socio-economic development.

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