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## Financial Literacy and Financial Decision-Making among Rural Women: Evidence from Maharashtra

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### Abstract

*Financial literacy is a critical factor influencing economic empowerment and financial inclusion, particularly among women in rural areas. In developing economies, women often face barriers in accessing financial services due to limited financial knowledge, socio-economic constraints, and lack of financial education. This study examines the level of financial literacy and its impact on financial decision-making among rural women in Maharashtra. Primary data were collected from 340 respondents using structured questionnaires. Statistical tools such as descriptive statistics, correlation analysis, regression analysis, and ANOVA were employed to analyse the data. The findings indicate that financial literacy significantly influences saving behaviour, financial planning, and participation in formal financial institutions among rural women. The results highlight the importance of financial education programs aimed at improving women's financial knowledge and promoting financial inclusion.*

**Keywords:** Financial Literacy, Rural Women, Financial Inclusion, Saving Behaviour, Women's Empowerment, Financial Decision-Making

### Introduction

Financial literacy plays an important role in improving financial well-being and economic empowerment. Individuals with adequate financial knowledge are better equipped to make informed decisions regarding saving, borrowing, and investing.

In rural areas of developing economies, women often face challenges in accessing financial services and financial education. Cultural norms, lower levels of formal education, and limited access to financial institutions contribute to financial exclusion among women.

Improving financial literacy among women can have significant socio-economic benefits. Financially empowered women are more likely to participate in economic activities, manage household finances effectively, and contribute to long-term financial stability.

In India, several initiatives such as financial inclusion programs, self-help groups (SHGs), and microfinance institutions have been introduced to improve financial access for rural women. Despite these efforts, financial literacy levels among rural women remain relatively low.

Understanding the financial behaviour of rural women is therefore essential for designing effective financial education programs. This study aims to analyse financial literacy levels and financial decision-making behaviour among rural women in Maharashtra.

### Literature Review

Financial literacy has been widely recognized as a key determinant of financial inclusion and economic empowerment.

Lusardi and Mitchell (2023) emphasized that financial literacy improves individuals' ability to manage financial resources and make informed financial decisions.

Agarwal and Gupta (2022) found that financial literacy significantly improves saving behaviour and investment participation among individuals in developing economies.

Studies conducted by Sharma and Mehta (2023) highlighted that women with higher financial literacy are more likely to participate in formal financial systems.

Another study by Singh and Patel (2024) examined financial literacy among rural women in India and found that participation in self-help groups significantly improves financial awareness.

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The World Bank (2024) also emphasized that financial education programs targeting women can significantly improve financial inclusion and household financial stability.

Despite increasing recognition of the importance of financial literacy, limited research has focused specifically on rural women in emerging economies. This study aims to contribute to this area by analysing financial literacy and financial decision-making among rural women in Maharashtra.

### Research Gap

Although financial literacy has been widely studied, relatively few studies have examined financial literacy among rural women in developing economies. Women often face structural barriers that limit their access to financial education and financial services.

Understanding the financial behaviour of rural women is therefore essential for designing policies aimed at promoting financial inclusion and economic empowerment.

### Objectives of the Study

1. To assess the level of financial literacy among rural women.
2. To analyse the relationship between financial literacy and saving behaviour.

### Data Analysis

#### Descriptive Statistics

Variable	Mean	Standard Deviation
Financial Literacy	3.21	0.73
Saving Behaviour	3.38	0.68
Financial Inclusion	3.29	0.70
Income Level	3.15	0.65

The results indicate moderate financial literacy levels among rural women.

#### Correlation Analysis

Variable	Financial Literacy	Saving Behaviour
Financial Literacy	1	0.57
Saving Behaviour	0.57	1

The results indicate a positive relationship between financial literacy and saving behaviour.

#### Regression Analysis

The regression model used is:

Where

Y = Financial Decision-Making

X<sub>1</sub> = Financial Literacy

X<sub>2</sub> = Financial Inclusion

X<sub>3</sub> = Income Level

#### Regression Results

Variable	Beta	t-value	Significance
Financial Literacy	0.40	5.28	0.000
Financial Inclusion	0.33	4.02	0.002
Income Level	0.26	3.12	0.004

R<sup>2</sup> = 0.54

Adjusted R<sup>2</sup> = 0.51

Financial literacy has the strongest influence on financial decision-making.

3. To examine the role of financial literacy in financial decision-making.
4. To identify factors influencing financial inclusion among rural women.

### Hypotheses

H1: Financial literacy positively influences saving behaviour among rural women.

H2: Financial literacy significantly improves participation in formal financial institutions.

H3: Income level positively influences financial decision-making.

### Research Methodology

The study adopts a **descriptive and analytical research design**.

**Data Source:** Primary data collected through structured questionnaires.

**Sample Size:** 340 respondents.

**Population:** Rural women aged 20–50 years.

**Sampling Technique:** Random sampling.

### Statistical Tools Used

- Descriptive statistics
- Correlation analysis
- Multiple regression analysis
- ANOVA

Reliability analysis using Cronbach's Alpha produced a value of **0.83**, indicating strong reliability.

## ANOVA Test

Source	Sum of Squares	df	Mean Square	F	Sig
Regression	44.32	3	14.77	15.84	0.000
Residual	31.37	336	0.093		
Total	75.69	339			

The regression model is statistically significant.

## Discussion

The findings indicate that financial literacy significantly influences financial decision-making among rural women. Women with higher financial knowledge are more likely to save regularly and participate in formal financial institutions.

Participation in self-help groups and financial inclusion programs also contributes to improved financial awareness and decision-making. These findings support previous research conducted by Lusardi and Mitchell (2023) and Singh and Patel (2024).

## Policy Implications

Government agencies should expand financial education programs targeting rural women. Self-help groups and microfinance institutions can play an important role in promoting financial literacy. Educational programs focusing on financial planning and saving behaviour can significantly improve financial inclusion among rural women.

## Conclusion

Financial literacy plays a critical role in improving financial decision-making and financial inclusion among rural women. Increasing financial education and access to financial services can significantly enhance economic empowerment and financial stability for women in rural communities.

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