

**THE DETERMINANTS OF FINANCIAL LITERACY AND THE EFFECT ON
INDIAN WOMEN ENTREPRENEURS' A FINANCIAL BEHAVIOUR**

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Abstract

Due to its connection to economic growth, financial literacy is extremely significant. Entrepreneurship and financial literacy are two sides of the same coin that are directly tied to the nation's economic growth. The capacity and aptitude of business owners to be financially literate in managing the financial matters has been linked to the success of any recently launched business. The purpose of this essay is to examine how financial literacy affects female entrepreneurs. According to the sixth economic census published by the Ministry of Statistics and Program Implementation, women account for roughly 14% of all Indian businesses. Women who start businesses today come from all walks of life and all regions of the country, not just from families with long histories in business or from the wealthier segments of society.

Introduction

In order to achieve financial security, self-reliance is a key component of financial literacy. To make wise financial decisions and ultimately succeed, it takes a mix of awareness, knowledge, skill, attitude, and behaviour. personal financial security Additionally, financial literacy necessitates deep understanding of financial theories such as compound interest, financial planning, and credit card terms card, smart ways to save money, consumer rights, and the temporal value of money.

Empirical research from various developed nations indicates that households with little financial literacy are more likely to have under- or ineffective stock market participation, under-diversified portfolios, lax portfolio management, excessive debt, and a preference for unofficial borrowing sources.

Financial Behaviour

Financial behaviour includes how a person handles managing their finances. It can be seen by looking at a person's varied financial decision-making skills. Numerous studies contend that people manage their financial resources to succeed financially by engaging in certain financial behaviours. The assessment of the affordability of goods and expenditures, the prompt payment of bills, the planning and monitoring of the household budget, active saving habits, and propensity to borrow are all examples of how they manage money in their daily life.

Entrepreneurship Financial Literacy

Entrepreneurship is a type of economic activity that can be carried out by one person or a group of people. Entrepreneurship can be defined as the process of creating a "new combination" out of pre-existing elements and forces. Innovations created by entrepreneurs are different from inventions in that they are temporary; an individual is only an entrepreneur while engaging in an inventive activity.

Financial Literacy of Women Entrepreneurs

Due to their limited economic and financial prospects, women face obstacles to full financial inclusion. To handle their household and personal money, as well as to create and run their own businesses, women need to be financially literate and have the necessary abilities. Women need to be financially literate to manage the higher financial risks they confront because they outlive males on average, work fewer years in paid employment, and make less money overall. For their economic empowerment, they must be aware of the financial services and products that are available to them and which ones are suitable for them.

Review of Literature

Grover (2015), financial literacy's impact on investors' investment behaviour and the mediating function of investors' attitudes were explored, and it was discovered that there is a relationship between all three constructs: Investment behaviour, mindset, and financial literacy.

Fisk (2015), Women typically have far less personal finance knowledge than men, which might increase the risk to their financial stability. This gender gap in financial literacy was discovered across women of various ages, educational levels, and other socioeconomic criteria, and it is present in many industrialised countries.

Sharma et. al (2019), carried out study to find out how financially literate working women are, and to describe asset allocation as well as time and profit in investment. According to the qualitative descriptive study, the characteristics of the respondents affect their decision regarding investments because investments are linked to risk factors. The study's concluding finding was encouraging: working women exhibit good financial literacy, as shown by their investment discipline. They make plans and investments with their extra cash in the hope of making a profit.

Kenton (2020), Financial literacy is the capacity to comprehend and use a range of financial competencies, such as investing, budgeting, and personal financial management. A mix of awareness, knowledge, skill, attitude, and behaviour are required to make solid financial decisions and ultimately achieve individual financial progress. Financial literacy helps people become self-reliant in order to attain financial stability.

Objectives

- To the role of financial literacy of Indian women entrepreneurs
- To evaluate the determinants of financial literacy of the Indian women financial behaviour

Method of the Study

Secondary data was collected from the review of different literature based on entrepreneurship, financial literacy, and financial behaviours. It also involved the study from various publications like industrial source, articles, magazines and different web sources.

Statement of the Study

Financial literacy refers to the ability to know and comprehend how money functions. A person's awareness of numerous options, abilities, and investment decisions can be revealed by their level of financial literacy. Investments are made for the sake of the future, this study attempts to look into working women's financial literacy, awareness of available investment options, preferred options, and factors influencing their choice of investments.

Results and Discussion

The results were made by regression analysis in financial literacy of Indian women in entrepreneurship on financial behaviour of the study given below.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.568	0.325	0.325	0.5689

Coefficients

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.443	0.173		2.560	0.011
	Entrepreneur skill	0.071	0.042	0.084	1.713	0.088
	Simplicity	0.145	0.036	0.221	4.075	0.000
	Knowledge	0.080	0.043	0.091	1.864	0.063

Awareness	0.026	0.039	0.334	6.693	0.000
Resource	0.086	0.052	0.088	1.645	0.101
Inclusions	0.237	0.042	0.285	5.652	0.000

The linear regression was calculated to predict ‘beneficiary’s financial independence’ based on women entrepreneur’s inclusion, knowledge’, ‘entrepreneurial skill’, ‘resource, social awareness’ and simplicity. The significant regression equation was observed F (beneficiary’s financial independence) inclusion, knowledge, entrepreneurial skill, resource, awareness and simplicity with an observed R of 0. 568. The reported empirical observations point towards the degree of freedom as 1 and equation was found.

(F), $P < 0.000$) with an R of 0. 588. The participating women respondents predicted the weight as equal to $0.443 + 0.071$ (skill) + 0.071 (simplicity) - 0.045 (knowledge’) + 0.080 (awareness) - 0.026 (resource) + 0.086 (inclusion). 0.237 The R (multiple correlation coefficient) is regarded as a reliable measure of the quality of the prediction of the dependent variable (beneficiary’s financial independence across rural areas in this case). The R^2 (coefficient of determination) represents the proportion of variance in the dependent variable as reported by the constituent independent variables. The observed R^2 of 0.325 depicts the 34 per cent variance in dependent on account of independent variables in determining the beneficiary’s financial independence across rural areas. The value of 0.663 is a satisfactory measure of the multiple correlations.

Regression equation involving beneficiary’s financial independence across rural areas = $0.443 + 0.071$ (skill) + 0.145 (simplicity) 0.080 (knowledge) 0.261 (awareness) 0.086 (resource) 0.237 (inclusion)

Conclusion

Different indicators of financial literacy were taken into account since there was no comprehensive list of factors that determine financial literacy. In order to determine the effect of financial literacy on the financial behaviour of Indian women entrepreneurs, a multivariate analysis was conducted. It was discovered that even while female business owners had access to financial education programmes and had a thorough understanding of financial products and services, they were not taking advantage of investment opportunities. Additionally, it was observed that they do not choose their investments on their own.

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