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Financial Awareness For Women - A Critical Bedrock!

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Why is it so important for women to be in charge of their finances and be financially independent?



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16 April, 2018
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In today's competitive world, where the range and complexity of financial products are widening the scope of entire market, it is becoming crucial for individuals to develop a thorough understanding of the world of finance so as to make better choices that are aligned to their financial goals. The constantly evolving integrated global financial market and the ever changing financial objectives of individuals has increased their responsibilities to manage own finances and secure a financial future. However, it is not an easy task to take financial decisions. Several factors influence the ability to make sound financial decisions among the individuals and one such perceived factor is 'Gender'. Gender has always been a very perilous factor that has led to a dichotomy when it comes to taking charge of one's finances.

The Organisation for Economic Co-operation and Development (OECD) in a paper titled 'Addressing women's needs for financial education' mentions that women often have less financial knowledge and lower access to formal financial products than men. As far as India is concerned, there have been numerous debates about gender over the years. Mainly such debates are related to women's position in society, their education, health, economic position, amongst many more such topics. In other words, women in India have always held a certain paradoxical position. Although in the modern society, women have slowly started recognizing their true potential and men have started becoming more considerate. This has led to women flying high in every field; be it politics, sports, entertainment, literature, technology and many others. From being CEOs in the corporate world to safely ferrying passengers in flights, women are defying stereotypes. One could find supermoms in every neighbourhood as many women multitask from raising children to running households and having full time careers. There are certain areas where women are still visibly lagging behind men and one such area is 'Personal Financial Planning'. It has been observed that women have inherently been better money managers on a small scale as far as their household expenses and savings are concerned, yet many women, including working women, seem to be comfortable in leaving their long-term finances and retirement planning to their fathers or husbands or other male members of their families. In other words, the efficiency they exhibit in managing home finances does not get extended to their personal financial front.

Why is it so important for women to be in charge of their finances and be financially independent? Why is it so imperative to focus on making women financially literate and thereby financially independent? The primary reasons could be as follows:

- Effective Management of Expenses and Income:** Women are generally the managers of the household expenses but men take a step forward when it comes to managing the surplus. Making women financial literate ensures that they are aware of both the expenses and how the investments are being managed. It thus ensures that they have a complete control over the finances of the home and are able to manage it effectively.
- Helping in the overall Economic growth:** Education of women is a very important step towards nation building. Financially



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have scaled to new highs in their professional lives too.

iii. **Em-power-ment:** Gender inequality has always been a problem in hampering harmony amongst men and women. Providing women with the requisite financial literacy helps overcome this disparity and ensure the women are confident and empowered to take the right choices with the complete information being made available to them.

iv. **Retirement planning:** This is an area which impacts both the genders, but more so the women when they don't pursue their careers, but plays the critical role of a housewife. By imparting financial knowledge to women and providing the right tools in their hands, this segment of the population can play a decisive role in ensuring a proper retirement plan which takes care of both the husband and the wife.

v. **Exigencies:** Emergency or exigent situations arise in every household. The best of preparations is tossed to the wind when such situations arise. In such a case, where the husband and wife, the father and the daughter, the brother and the sister are both financially literate, the risk is mitigated and there are multiple pairs of hands to contribute to managing the situation better.

One of the first avenues women can look to in order to be financially independent are Mutual Funds. Due to their simple nature, Mutual Funds are one of the most suitable investment avenues that offer a wide range of products to invest in. Mutual funds score over other modes of investments due to their simplicity, versatility, diversity, and accessibility. These funds are professionally managed at a relatively low cost and hence stand out to be one of the simplest ways to diversify one's portfolio.

Most women investors might have the knowledge but lack time or confidence or resources to build their own portfolio of stocks and bonds. Buying units of a mutual fund scheme enables them to indirectly invest in stocks or bonds that the mutual fund has invested in. Mutual funds are professionally managed, which means women who are not inclined towards understanding financial concept also could invest in. What else works good for women investors is that they can start investing and building a corpus by as low as 500 INR. The monthly savings that housewives save can be channelized into investments by taking the mutual fund route. Other value added services like SIP, SWP, STP, intermittent dividends, short-term savings, long-term savings, and nearly limitless investment strategies make mutual funds one of the best overall investment type for both beginners and advanced investors and women are no exception.

The necessity of making the women of our society financially literate and thereby making them decision makers in the true spirit cannot be ignored. Mutual funds are playing their part to provide a platform to uplift the confidence in women thereby empowering them. More and more awareness by means of Investor Awareness Programmes should be conducted about such simple yet powerful investment avenue to reach the masses at large. An effort in this direction shall have a positive impact on individual families and the economy as a whole.

We all should remember that if we educate a man, we end up educating a person, but if we educate a woman, then we not only educate her family in which she is born but also the family where she gets married.

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