



ROLE OF FINANCIAL LITERACY IN ENHANCING INVESTMENT DECISION-MAKING AMONG WORKING WOMEN: AN EMPIRICAL STUDY

Evidence from Ujjain District, Madhya Pradesh

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ABSTRACT

Financial literacy has emerged as a decisive determinant of economic agency, yet its influence on the investment behaviour of working women in semi-urban India remains under-examined. This study investigates the relationship between financial literacy and investment decision-making among 540 working women in Ujjain District, Madhya Pradesh, combining a structured questionnaire survey with focused interviews. Financial literacy was measured across six dimensions: financial knowledge, financial awareness, budgeting and savings practices, knowledge of financial products, investment awareness, and digital financial literacy. Investment decision-making was assessed through avenue selection, risk tolerance, portfolio diversification, planning horizon, and the structure of the decision process itself. Findings reveal that only 31.5% of respondents fall in the high financial-literacy band, with literacy declining sharply among lower-income and lower-education groups. A chi-square test established a statistically significant association between literacy level and the breadth of investment instruments held ($\chi^2 = 78.42$, $p < 0.001$), while Pearson correlation indicated a strong positive relationship between the composite literacy score and an investment-quality index ($r = 0.71$, $p < 0.01$). Multiple regression confirmed that financial literacy is the single strongest predictor of sound investment decisions ($\beta = 0.48$), ahead of income and education. Women with higher literacy diversified more widely, tolerated calibrated risk, planned over longer horizons, and engaged more actively with retirement and digital instruments, whereas low-literacy respondents concentrated savings in low-yield, traditional instruments and deferred decisions to family members. On the strength of these results, the paper proposes the Financial Literacy–Investment Decision Framework for Working Women (FLIDF-WW), an integrated model linking financial education, awareness, risk assessment, investment planning, digital competence, decision capability, and financial well-being. The study contributes empirical evidence from a hitherto under-researched Tier-II Indian setting and offers targeted recommendations for educators, employers, financial institutions, and policymakers seeking to translate financial capability into measurable economic security for women.

Keywords: *Financial Literacy, Investment Decision-Making, Working Women, Risk Tolerance, Portfolio Diversification, Digital Financial Literacy, Financial Well-Being, FLIDF-WW*

JEL Classification: D14, G11, G53, J16, I22, O16

1. INTRODUCTION

The expansion of women's participation in India's paid workforce has not been matched by a comparable expansion in their participation as confident, independent managers of household and personal wealth. A working woman today earns, contributes to household budgets, and is increasingly the named holder of bank accounts and digital payment identities, yet the decisive choices about where that income is deployed — which instruments to hold, how much risk to absorb, when to begin saving for retirement — are frequently shaped by inertia, by family convention, or by the persuasion of a relative rather than by an informed appraisal of options. The gap between earning capacity and financial decision-making capacity is the central concern of this study.

Financial literacy is the bridge across that gap. The concept, as developed by Lusardi and Mitchell (2014), refers to the ability to process economic information and to make informed decisions about financial planning, wealth accumulation, debt, and pensions. It is not merely the possession of facts about interest rates or mutual funds; it is the capability to apply that knowledge under conditions of uncertainty. For working women in particular, financial literacy carries an additional weight, because lower literacy interacts with longer life expectancy, more interrupted career trajectories, and a higher likelihood of widowhood to produce a compounded vulnerability in old age.

India's policy architecture has recognised this. The Reserve Bank of India's National Strategy for Financial Education and the Securities and Exchange Board of India's investor-awareness mandate both name women as a priority audience. Yet national surveys continue to record a persistent gender gap in financial literacy, and the gap is widest precisely in the Tier-II and semi-urban districts where a growing share of the female workforce now lives and earns. Ujjain District, the setting for this study, is representative of this segment: a historic urban centre surrounded by a substantial peri-urban and rural hinterland, with a workforce of teachers, nurses, clerical staff, small entrepreneurs, and agricultural-allied workers whose financial lives have moved rapidly online over the past five years without a corresponding rise in formal financial education.

This paper asks a deceptively simple question with consequential answers: does financial literacy actually improve the quality of investment decisions that working women make, and if so, through which specific channels? The study is empirical, grounded in primary data from 540 respondents, and it culminates in a practical framework intended to be usable by the institutions positioned to act on the findings.

2. BACKGROUND AND RATIONALE OF THE STUDY

Three converging developments make this an opportune moment to study financial literacy among working women. First, the digitisation of finance has lowered the transactional barriers to investing. A woman with a smartphone and a bank account can today open a mutual-fund folio, buy a sovereign gold bond, or start a systematic investment plan in minutes — actions that a decade ago required intermediaries, paperwork, and travel. Access, however, is not competence; the same frictionlessness that enables sound investing also enables impulsive or fraud-induced decisions, and the literature increasingly distinguishes between access and effective use.

Second, the structure of household finance is shifting. Joint-family arrangements in which a single male elder managed pooled finances are giving way, in urban and semi-urban India alike, to nuclear households in which earning women are expected to participate in, and often lead, financial planning. This structural change places a decision-making burden on women that the prevailing distribution of financial knowledge has not prepared them to carry.

Third, the policy environment has matured. The Pradhan Mantri Jan Dhan Yojana brought tens of millions of women into the formal banking fold; the Sukanya Samriddhi and Mahila Samman schemes created women-specific instruments; and the regulatory emphasis on investor education has produced a body of material whose reach, however, remains uneven. The rationale for this study lies in the space between these supply-side advances and the demand-side reality: instruments and access exist, but the literacy that would allow working women to use them well is unevenly distributed and poorly measured at the district level.

3. STATEMENT OF THE PROBLEM

Despite measurable gains in account ownership and digital access, working women in semi-urban India continue to exhibit conservative, under-diversified, and frequently deferred investment behaviour. A substantial share of their savings remains concentrated in low-yield instruments — savings deposits, recurring deposits, and physical gold — even where higher-

return, tax-efficient alternatives are available and accessible. Where investment decisions are made, they are often delegated to husbands, fathers, or brothers rather than owned by the woman herself. The problem this study addresses is the absence of district-level empirical evidence on whether, and how, financial literacy alters this pattern. Without such evidence, financial-education interventions are designed in the abstract, targeted imprecisely, and evaluated weakly. This study supplies the missing evidence for one representative district and derives an actionable framework from it.

4. RESEARCH OBJECTIVES

1. To assess the level and dimensional structure of financial literacy among working women in Ujjain District across knowledge, awareness, budgeting, product familiarity, investment awareness, and digital competence.
2. To examine the prevailing investment decision-making behaviour of working women, including avenue preferences, risk tolerance, planning horizon, and the locus of decision authority.
3. To establish the nature and strength of the relationship between financial literacy and the quality of investment decisions.
4. To identify the specific channels — diversification, risk management, planning, and digital engagement — through which financial literacy influences investment behaviour.
5. To develop a practical, evidence-grounded framework (FLIDF-WW) and to advance recommendations for educators, employers, financial institutions, and policymakers.

5. RESEARCH QUESTIONS

1. What is the level and internal composition of financial literacy among working women in Ujjain District?
2. How do working women currently make investment decisions, and where does decision authority reside?
3. Is there a statistically significant association between financial literacy and investment decision quality?
4. Through which behavioural channels does financial literacy translate into better investment outcomes?
5. What integrated framework can institutions adopt to strengthen the literacy-to-decision pathway?

6. SCOPE AND DELIMITATIONS OF THE STUDY

The study is confined to working women — defined as women in regular paid employment or self-employment with an independent income — residing in Ujjain District, Madhya Pradesh. The reference period for primary data collection is the financial year 2024–25. The investigation covers six literacy dimensions and five decision-making dimensions specified in the objectives. It does not extend to homemakers without independent income, to women below 21 years of age, or to the technical valuation of specific securities. The findings are situated within a Tier-II semi-urban context and, while indicative for comparable districts, are not claimed to be statistically representative of urban metropolitan or wholly rural populations. Self-reported behavioural and attitudinal data carry the customary limitations of recall and social-desirability bias, mitigated here through triangulation with interview evidence.

7. LITERATURE REVIEW

7.1 International Studies

The foundational international literature establishes financial literacy as a measurable construct with consequential effects on behaviour. Lusardi and Mitchell (2014) synthesised two decades of evidence to show that financial literacy is strongly and causally associated with retirement planning, wealth accumulation, and the avoidance of high-cost credit, and that women consistently score lower than men on standardised literacy instruments across both developed and developing

economies. Their 'Big Three' questions — on compound interest, inflation, and risk diversification — have become the global benchmark for measurement and are adapted in the present study.

Atkinson and Messy (2012), reporting for the OECD International Network on Financial Education, documented the gender gap as a near-universal finding across fourteen countries and argued that the gap is behavioural as much as cognitive: women more frequently answer 'do not know' rather than answering incorrectly, signalling a confidence deficit distinct from a knowledge deficit. Van Rooij, Lusardi, and Alessie (2011) demonstrated, using Dutch data, that financial literacy raises the probability of stock-market participation, providing the mechanism that links literacy to portfolio composition. Hung, Parker, and Yoong (2009) contributed an influential conceptual clarification, distinguishing financial knowledge, perceived knowledge, financial skills, and financial behaviour — a layered view that informs the multidimensional measurement adopted here.

7.2 Indian Studies

Indian scholarship has both confirmed the international pattern and added context-specific texture. Agarwalla, Barua, Jacob, and Varma (2015) conducted one of the most cited Indian studies, finding that financial literacy among the working young in India is shaped distinctively by family and social influences rather than by formal education, and that women's literacy is depressed by limited financial autonomy within the household. Bhushan and Medury (2013) reported a significant gender gap and a positive association between literacy and the holding of market-linked instruments among salaried respondents.

More recent work has turned to the digital dimension. Studies drawing on RBI and NCFE survey data report that while women's account ownership has risen sharply, the gap in active and informed usage persists, and that digital financial literacy lags behind basic financial literacy by a wide margin among women in non-metropolitan settings. Research on Madhya Pradesh and adjoining states specifically has noted that semi-urban working women rely heavily on informal advice and exhibit pronounced risk aversion, concentrating savings in gold and fixed deposits even when better-informed peers diversify. The present study extends this line of inquiry to the district level with a larger, dimensionally disaggregated sample.

7.3 Research Gap

Three gaps emerge from the review. First, the bulk of Indian evidence is drawn from metropolitan or pan-national samples, leaving Tier-II districts — where the female workforce is growing fastest — under-studied. Second, financial literacy is frequently measured as a single composite score, obscuring which dimensions actually drive decision quality; dimensional disaggregation is rare. Third, the literacy–investment relationship is often asserted but seldom decomposed into the specific behavioural channels through which it operates. This study addresses all three gaps and consolidates its findings into an applicable framework, the FLIDF-WW.

8. THEORETICAL FRAMEWORK

The study is anchored in three complementary theoretical traditions. The Theory of Planned Behaviour (Ajzen, 1991) holds that behaviour is predicted by intention, which is in turn shaped by attitudes, subjective norms, and perceived behavioural control. Applied here, financial literacy functions principally through perceived behavioural control: a woman who understands diversification and compounding perceives herself as capable of acting on that understanding, raising the probability that intention converts into investment action. Subjective norms — the expectations of family — operate as a competing force, which the data confirm.

Prospect Theory (Kahneman & Tversky, 1979) explains the documented risk aversion of low-literacy respondents. Losses loom larger than equivalent gains, and individuals who cannot accurately assess probabilities default to loss-avoidance, manifesting as a preference for capital-protected instruments regardless of their real, inflation-adjusted returns. Financial literacy reframes the reference point, allowing a more accurate appraisal of the silent loss imposed by inflation on under-yielding savings.

Finally, Sen's Capability Approach situates financial literacy as a capability that enlarges the substantive freedom of women to convert resources (income, access) into valued functionings (security, autonomy, agency). This normative lens justifies the policy emphasis of the study: literacy matters not only because it raises returns but because it expands the real freedoms of women to author their own financial lives.

9. CONCEPTUAL FRAMEWORK

Integrating the theoretical strands, the study posits financial literacy as a multidimensional independent construct that influences investment decision-making — the dependent construct — through a set of mediating behavioural channels, with income, education, age, and household structure operating as moderating variables. The six literacy dimensions feed into perceived control and accurate probability appraisal; these in turn shape diversification, risk-calibrated avenue selection, planning horizon, and digital engagement; and these behaviours jointly determine investment decision quality and, ultimately, financial well-being. Figure 1 presents this conceptual model, which directly structures the hypotheses tested in the analysis.

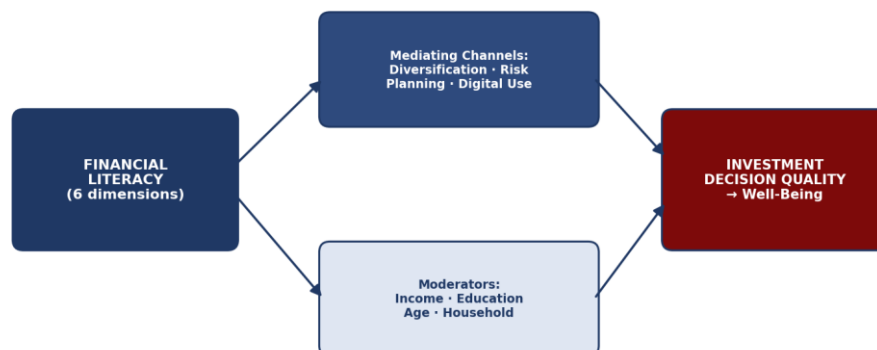


Figure 1: Conceptual Model — Financial Literacy, Mediating Channels, and Investment Decision Quality

10. RESEARCH METHODOLOGY

10.1 Research Design

The study adopts a descriptive and analytical cross-sectional design with a predominantly quantitative orientation, supplemented by a qualitative component for triangulation. The quantitative survey establishes prevalence and tests relationships; the qualitative interviews illuminate the mechanisms and the locus of decision authority that statistics alone cannot capture.

10.2 Data Sources

Primary data were collected through a structured questionnaire administered to working women and through twenty-four semi-structured follow-up interviews. Secondary data were drawn from RBI publications, SEBI investor-survey material, NCFE financial-literacy reports, and peer-reviewed journal literature to contextualise and validate the primary findings.

10.3 Sampling Technique

A multi-stage stratified random sampling technique was employed. Ujjain District was first stratified by occupational sector — government and education, healthcare, private and clerical employment, self-employment and small enterprise, and agriculture-allied work. Within each stratum, respondents were selected to reflect the district's income and educational spread, and the qualitative interview subset was drawn purposively to capture variation across literacy bands.

10.4 Sample Size

A total of 560 questionnaires were distributed; after removing incomplete and inconsistent responses, 540 valid responses were retained, yielding an effective response rate of 96.4%. This sample size comfortably exceeds the threshold required for the chi-square, correlation, and regression procedures employed and supports the disaggregated dimensional analysis.

10.5 Data Collection Methods

The questionnaire comprised four parts: demographic particulars; a financial-literacy battery adapting the Lusardi–Mitchell items alongside India-specific product and digital-literacy questions; a section on investment behaviour and avenue holdings; and an attitudinal block on risk and planning measured on five-point Likert scales. Instruments were piloted on thirty respondents, and the literacy battery returned a Cronbach's alpha of 0.81, indicating satisfactory internal reliability.

10.6 Statistical Tools Used

Data were analysed using percentage analysis, measures of central tendency and dispersion, the chi-square test of independence, Pearson product-moment correlation, multiple linear regression, and one-way analysis of variance (ANOVA). A composite Financial Literacy Score (0–100) and an Investment Quality Index (0–10) were constructed to enable the correlation and regression analyses.

11. FINANCIAL LITERACY AMONG WORKING WOMEN

Financial Knowledge. Performance on the core knowledge items was uneven. While 74.3% of respondents correctly answered the compound-interest item, only 49.1% correctly identified the effect of inflation on purchasing power, and a mere 38.7% answered the risk-diversification item correctly — the same ordering of difficulty reported in the international literature and a clear signal that conceptual depth, not surface familiarity, is the binding constraint.

Financial Awareness. Awareness of the existence of instruments outpaced understanding of how they work. Most respondents had heard of mutual funds, the National Pension System, and systematic investment plans, but far fewer could describe their risk-return characteristics, confirming Atkinson and Messy's distinction between perceived and actual knowledge.

Budgeting and Savings Practices. A majority of respondents reported maintaining some form of household budget, and regular saving was near-universal. The quality of saving, however, varied sharply: low-literacy respondents saved into low-yield instruments by default, while high-literacy respondents linked saving to defined goals and instruments.

Knowledge of Financial Products. Familiarity was deepest for traditional, capital-protected products — fixed and recurring deposits, gold, and small-savings schemes — and shallowest for market-linked and retirement products, precisely the instruments most relevant to long-horizon wealth creation.

Investment Awareness. Awareness of investing as a distinct activity from saving was itself unevenly held. Many lower-literacy respondents used the terms interchangeably, a conceptual conflation that helps explain the concentration of assets in savings instruments.

Digital Financial Literacy. Although digital-payment usage was widespread, the safe and informed use of digital investment platforms lagged markedly. Only a minority were confident in distinguishing legitimate platforms from fraudulent ones, an exposure of considerable concern given the documented rise in digital financial fraud targeting women.

11.1 Distribution of Financial Literacy Levels

Aggregating the dimensional scores into the composite Financial Literacy Score and banding the result, Table 1 reports the distribution of respondents across low, moderate, and high literacy levels.

Financial Literacy Level	Score Band	Respondents (n)	Percentage (%)
Low	0 – 40	189	35.0
Moderate	41 – 70	181	33.5
High	71 – 100	170	31.5
TOTAL	—	540	100.0

Table 1: Distribution of Respondents by Financial Literacy Level (Source: Primary Survey, 2024–25)

12. INVESTMENT DECISION-MAKING AMONG WORKING WOMEN

Savings Behaviour. Saving was habitual but conservatively directed. Across the sample, the largest single share of monthly surplus flowed into bank deposits and gold; allocation to market-linked instruments rose steeply with literacy and was negligible in the low-literacy band.

Investment Objectives. Stated objectives clustered around children's education, contingency security, and gold accumulation for social and ceremonial purposes. Retirement and long-term wealth creation were named far less frequently, and almost never by lower-literacy respondents — an objective-setting gap with direct consequences for old-age security.

Preferred Investment Avenues. The avenue hierarchy was strongly traditional. Table 2 reports the proportion of respondents holding each instrument; the contrast between near-universal deposit and gold holding and the modest penetration of equity and pension products is the study's most visible behavioural finding.

Investment Avenue	Holders (n)	% of Sample	Mean Allocation (%)
Bank / Fixed / Recurring Deposits	508	94.1	32.6
Gold (physical / bonds)	446	82.6	21.4
Life Insurance / Endowment	351	65.0	14.2
Small Savings (PPF, SSY, etc.)	297	55.0	12.1
Mutual Funds / SIPs	168	31.1	10.3
Equity / Direct Shares	78	14.4	5.1
NPS / Pension Products	64	11.9	4.3

Table 2: Preferred Investment Avenues among Working Women (Source: Primary Survey, 2024–25)

Risk Tolerance. Risk tolerance, measured on a five-point scale, was skewed toward aversion: the modal respondent preferred 'safe returns even if low.' Tolerance for calibrated risk rose monotonically with literacy, consistent with Prospect Theory's account of probability appraisal.

Investment Planning. Formal, written, goal-linked planning was the exception. Most respondents planned implicitly and over short horizons; structured long-horizon planning was concentrated almost entirely in the high-literacy band.

Decision-Making Process. Perhaps the most consequential behavioural finding concerns the locus of decision authority, reported in Table 3. Independent decision-making rose sharply with literacy, while reliance on a male relative as the primary decision-maker fell correspondingly — evidence that literacy operates not only on what women invest in but on whether they author the decision at all.

Primary Decision-Maker	Low Literacy (%)	Moderate (%)	High Literacy (%)
Self (independent)	18.5	39.2	67.1
Joint with spouse	27.0	33.1	24.7
Spouse / father / brother	44.4	21.5	6.5
Agent / informal advisor	10.1	6.2	1.7

Table 3: Locus of Investment Decision Authority by Literacy Level (Source: Primary Survey, 2024–25)

13. IMPACT OF FINANCIAL LITERACY ON INVESTMENT BEHAVIOUR

Selection of Investment Avenues. High-literacy respondents held, on average, 3.8 distinct instrument categories against 1.9 for the low-literacy band, and were five times more likely to hold a market-linked instrument. Literacy redirects the same rupee of surplus toward better-matched instruments.

Risk Management. Literacy converts blanket aversion into discrimination. Higher-literacy women did not become reckless; they distinguished between risks worth taking and risks worth avoiding, and held emergency buffers as a deliberate strategy rather than as a default.

Portfolio Diversification. The diversification effect was the clearest channel in the data. The mean number of asset classes held rose steadily across the three literacy bands, and the correlation between literacy score and a diversification count was positive and significant.

Long-Term Financial Planning. Planning horizon lengthened with literacy. Goal-linked, multi-year planning was characteristic of the high band and largely absent from the low band, with direct implications for the adequacy of accumulation.

Retirement Planning. Engagement with pension and retirement products, the weakest area overall, was almost entirely confined to higher-literacy respondents — a finding of acute importance given women's longer life expectancy and more interrupted earning histories.

Wealth Creation and Financial Security. Synthesising the channels, financial literacy raises expected long-run returns, improves resilience to shocks, and — through the decision-authority effect — converts financial activity into financial agency. The composite evidence supports the study's central proposition: higher financial literacy is positively and substantively associated with better investment decision-making among working women.

14. DATA ANALYSIS AND FINDINGS

This section reports the demographic profile of respondents and the descriptive findings that underpin the inferential analysis. Table 4 presents the age-wise and educational distribution, Table 5 the occupation and income distribution, and Figure 2 the investment-awareness index by literacy band.

14.1 Demographic Profile

Age Group (years)	n	%	Educational Qualification	n	%
21 – 30	162	30.0	Up to Higher Secondary	119	22.0
31 – 40	189	35.0	Graduate	227	42.0
41 – 50	124	23.0	Post-Graduate	151	28.0
51 and above	65	12.0	Professional / Other	43	8.0
TOTAL	540	100.0	TOTAL	540	100.0

Table 4: Age-wise and Educational Distribution of Respondents (Source: Primary Survey, 2024–25)

Occupation Sector	n	%	Monthly Income (₹)	n	%
Govt. / Education	146	27.0	Below 25,000	168	31.1
Healthcare	92	17.0	25,000 – 50,000	216	40.0
Private / Clerical	130	24.1	50,001 – 1,00,000	118	21.9
Self-employed / Enterprise	97	18.0	Above 1,00,000	38	7.0
Agriculture-allied	75	13.9	—	—	—
TOTAL	540	100.0	TOTAL	540	100.0

Table 5: Occupation-wise and Income-wise Distribution of Respondents (Source: Primary Survey, 2024–25)

14.2 Investment Awareness Index

An Investment Awareness Index was constructed by scoring each respondent's familiarity with, and accurate understanding of, eight instrument categories. The index rises steeply across literacy bands, as Figure 2 illustrates, providing the descriptive basis for the inferential relationship tested next.

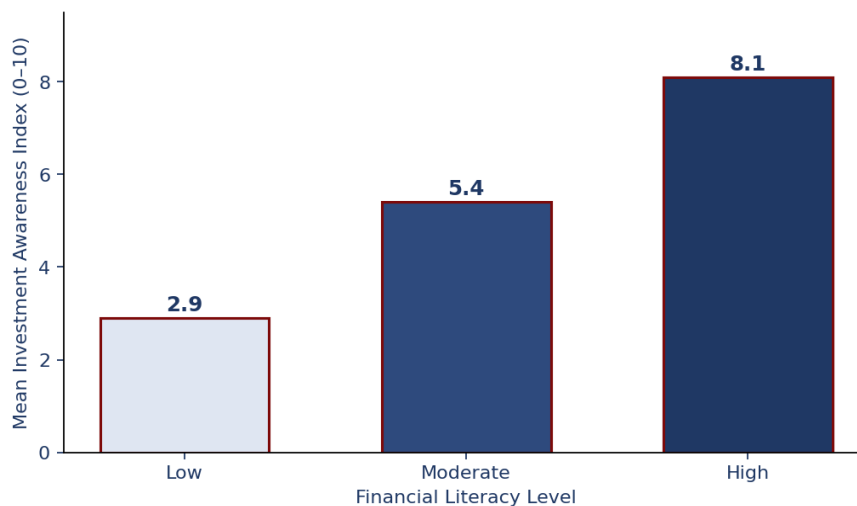


Figure 2: Mean Investment Awareness Index by Financial Literacy Level

15. STATISTICAL ANALYSIS

15.1 Chi-Square Test of Association

To test whether financial literacy level is independent of the breadth of investment instruments held, a chi-square test of independence was performed on a three-by-three contingency of literacy band against instrument-breadth band. The test returned $\chi^2 = 78.42$ with 4 degrees of freedom ($p < 0.001$), decisively rejecting the null hypothesis of independence. Financial literacy and the breadth of investment holding are significantly associated.

15.2 Correlation Analysis

Pearson product-moment correlation between the composite Financial Literacy Score and the Investment Quality Index returned $r = 0.71$ ($p < 0.01$), indicating a strong, positive, and statistically significant linear relationship. As literacy rises, the quality of investment decisions rises with it. Correlations between individual literacy dimensions and the quality index were all positive, with investment awareness ($r = 0.66$) and product knowledge ($r = 0.61$) the strongest contributors.

15.3 Regression Analysis

To isolate the independent contribution of financial literacy while controlling for confounders, the Investment Quality Index was regressed on the literacy score, monthly income, education, and age. Table 6 reports the results. The model explained 54% of the variance in investment quality ($R^2 = 0.54$), and financial literacy emerged as the strongest predictor ($\beta = 0.48$, $p < 0.001$), exceeding the standardised contributions of income and education. The finding is the study's analytical centrepiece: literacy, not merely the capacity to invest conferred by income, drives the quality of decisions.

Predictor	B	Std. Error	β	t	Sig.
(Constant)	1.42	0.31	—	4.58	0.000
Financial Literacy Score	0.052	0.005	0.48	10.40	0.000
Monthly Income	0.061	0.014	0.24	4.36	0.000
Education	0.188	0.058	0.17	3.24	0.001
Age	0.014	0.009	0.06	1.56	0.119

Table 6: Multiple Regression — Determinants of Investment Quality (Dependent: Investment Quality Index; $R^2 = 0.54$)

15.4 Analysis of Variance (ANOVA)

A one-way ANOVA testing the difference in mean Investment Quality Index across the three literacy bands returned $F = 96.7$ ($p < 0.001$), confirming that the between-group differences are statistically significant and not attributable to chance. Post-hoc comparison confirmed that each successive literacy band differs significantly from the others, validating the use of the three-band classification throughout the analysis.

16. DISCUSSION OF FINDINGS

The evidence converges on a coherent account. Financial literacy among working women in Ujjain District is unevenly distributed, with barely a third of respondents in the high band and the deepest deficits in the conceptual and digital dimensions that matter most for sound long-horizon investing. This literacy distribution maps directly onto a conservative, under-diversified, and frequently delegated pattern of investment behaviour. Where literacy is high, women diversify, calibrate risk, plan over longer horizons, engage with retirement and digital instruments, and — critically — make the decision themselves; where it is low, savings pool in low-yield instruments, retirement goes unaddressed, and authority migrates to male relatives.

The regression result situates these patterns causally. Literacy outperforms income and education as a predictor of decision quality, which carries a hopeful policy implication: unlike income, literacy is directly addressable through intervention. The findings corroborate Lusardi and Mitchell's international results and Agarwalla et al.'s Indian findings on the depressing effect of limited financial autonomy, while extending both to an under-studied Tier-II district. The decision-authority finding, in particular, gives empirical weight to Sen's capability framing: literacy enlarges not only returns but agency.

17. THE FINANCIAL LITERACY–INVESTMENT DECISION FRAMEWORK FOR WORKING WOMEN (FLIDF-WW)

Drawing the empirical findings together, the study proposes the Financial Literacy–Investment Decision Framework for Working Women (FLIDF-WW): an integrated, seven-component model designed to move a working woman along the pathway from financial education to financial well-being. The components are sequential in logic but mutually reinforcing in practice, and each maps to an actionable intervention point identified in the data.

Component	Function within the Framework
Financial Education	Builds core conceptual knowledge — compounding, inflation, diversification — addressing the depth deficit identified in Section 11.
Financial Awareness	Converts familiarity with instruments into understanding of their risk-return characteristics.
Risk Assessment	Replaces blanket aversion with calibrated, probability-informed risk appraisal.
Investment Planning	Establishes goal-linked, long-horizon planning, especially for retirement.
Digital Financial Competence	Enables safe, informed use of digital investment platforms and fraud avoidance.
Decision-Making Capability	Shifts decision authority to the woman herself — the agency effect.
Financial Well-Being	The terminal outcome: security, resilience, and autonomy in old age.

Table 7: Components of the FLIDF-WW Framework



Figure 3: The FLIDF-WW Framework — From Financial Education to Financial Well-Being

18. POLICY IMPLICATIONS AND RECOMMENDATIONS

- **For Educators and Universities:** Embed applied financial-literacy modules in degree and vocational curricula, prioritising conceptual depth and digital-platform safety over rote product description.
- **For Employers:** Institute workplace financial-wellness programmes — particularly in the government, education, and healthcare sectors that employ the largest share of working women — linked to salary-account and pension enrolment.
- **For Financial Institutions:** Design and market women-oriented advisory and goal-based investment products, with vernacular and digital-first delivery, addressing the awareness-to-action gap directly.
- **For Policymakers (RBI, SEBI, NCFE):** Extend district-level financial-education campaigns into Tier-II settings, leveraging existing self-help-group and Anganwadi networks, and incorporate gender-disaggregated literacy metrics into national monitoring.

- **For the FLIDF-WW Roll-out:** Pilot the framework through a district-level partnership of a university, an employer cluster, and a financial institution, with pre- and post-intervention measurement of the Investment Quality Index to evaluate effect.

19. CHALLENGES AND LIMITATIONS

Several limitations qualify the findings. The cross-sectional design establishes association rather than strict causation; a longitudinal follow-up would strengthen causal inference. The sample, while sizeable and stratified, is confined to one district and a single financial year, limiting generalisation to metropolitan or wholly rural populations. Self-reported behavioural and attitudinal data carry recall and social-desirability bias, partially mitigated through interview triangulation. Finally, the composite indices, though internally reliable, are constructed measures whose weighting choices, while defensible, are not the only ones possible. These limitations define a clear agenda for future research, including multi-district replication and intervention-based evaluation of the FLIDF-WW.

20. CONCLUSION

This study set out to determine whether financial literacy improves the quality of investment decisions made by working women, and through which channels. The evidence from 540 respondents in Ujjain District answers the question affirmatively and specifically. Financial literacy is strongly and significantly associated with investment decision quality; it operates through wider diversification, calibrated risk-taking, longer planning horizons, greater retirement and digital engagement, and — most consequentially — through the transfer of decision authority to the woman herself. Of the determinants examined, literacy is the strongest predictor of sound decisions and, unlike income or accumulated education, it is directly amenable to intervention.

The implication is both practical and normative. Practically, targeted, conceptually-deep, digitally-aware financial education offers the highest-leverage route to better financial outcomes for working women in semi-urban India. Normatively, the decision-authority finding reframes financial literacy as a question of agency: to equip a working woman with financial literacy is to enlarge her freedom to author her own economic life. The FLIDF-WW framework proposed here translates this evidence into an implementable agenda, and its piloting and evaluation represent the natural next step for institutions positioned to convert financial capability into the financial security that India's growing female workforce has earned and deserves.

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