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Financial Planning by Working Women in India: Needs and Challenges

Vipasha Choudhary[1], Kavita Mittal[2], Purnima Gupta[3]
[1]*Research Scholar, Department of Commerce, Banasthali Vidyapith, Banasthali, Rajasthan,India*
[2]*Professor, Faculty of Education, Banasthali Vidyapith, Banasthali,Rajasthan, India*
[3]*Professor, Principal,DDR College of Education,Gurgaon, Haryana, India*

Abstract : *The present paper explores one of the most important aspects related to new dimensions where women are competing neck to neck with her male companions. Increase in women's literacy rates, their exposure to better educational and job opportunities, and changing government policies towards women empowerment have enabled them to realize the importance of financial independence. Women's contributions in the social and political sectors are expanding. Due to number of variables such as delayed marriageable age, rising divorce rates, women bearing greater financial responsibility for financially supporting children, and the growing requirement for two-income homes, the burden of financial stress is increasingly falling on women. Thus, women need to plan their finances at every stage of her life so that she is equipped to handle any contingency of their life alone. Therefore, women needs to be financially literate and actively participate in all the financial planning so that, at the time of difficulty, she can manage the finances confidently. The purpose of the present paper is to identify various needs and factors affecting financial planning of women.*

Key Word: *Women Empowerment, financial litracy, financial planning.*

1.INTRODUCTION

According to Moxiefuture.com (2018) when it comes to investing, women today want more than just good financial returns. They also want their money to be invested in a way that matches their values and ideals. Not only are women growing more economically powerful and controlling a larger share of the world's wealth, but they are also becoming more concerned about the social and environmental consequences of their investments. Moxie Future feels that the financial industry does not sufficiently understand or cater to women. We believe that women want their money to be put to work, not just for financial returns but to bring broader benefits – for society, for the environment, and for the world we live in. And this is what we heard from the women that Moxie Future surveyed. Among the women we polled for this analysis, 83 percent are concerned about where their money is invested, 69 percent feel compelled to invest ethically, and 63 percent are driven to do so. Women are more likely to be engaged in responsible investment and motivated to act if their income level and financial confidence are higher.

Quoting the words of executive vice-president and Head of Marketing Department (2014) of DSP Black Rock Investment Managers Pvt. Ltd.; Aditi Kothari, ***"Women are inclined towards safety while investing and hence put more money in instruments that yield fixed returns."*** In cases where women live separately from their husbands, they suffer a lot of hardship in matters of divisions of financial assets Despite the numerous options available, making judgments can be difficult at times. Women are soaring higher in every sphere, including careers, women's workforce, inheritance, and so on, increasing their contribution to global wealth. Women are expected to own $72 trillion, or 32% of all wealth worldwide, by 2020, up from $ 51 trillion in 2015. Financial planning industry is also refocusing its marketing strategies towards women and for a good reason. Marketers are also trying to rebuild messages around what women investors want rather than what they do wrong. The whole perspective of financial planning is changing due to the unique needs of women concerning their finances.

2.NEED FOR FINANCIAL PLANNING FOR EDUCATED YOUNG WOMEN

Women do far more work than men throughout their lives, but the financial incentives they receive are often insignificant or non-existent. Despite juggling job and home responsibilities, women are financially reliant on family members. Women not only live longer (in India, they outlast men by 2 to 3 years), but they are also frequently observed caring for their husbands as they age. According to the 2011 census, women have a birth expectancy of 68 years, while men have a birth expectancy of 66 years. In addition, women in the 65-year-old age category exceed men by 3.40 million to 3.08 million. According to the statistics above, women endure far greater obstacles in their later years than males. There are other factors also which disturb their working life such as, moving with the husband to a different location for a job or abroad on a dependent visa, orthodox family values, etc.

Women, on the other hand, have a low level of financial confidence. Despite earning well and managing all aspects of their lives admirably, they lack the confidence to manage their finances and delegate all financial decisions to their male counterparts. They have a limited understanding of current financial goods and investment options. They don't invest aggressively when it's needed if they invest at all. The conditional barrier of not being able to consider themselves as financially savvy causes them to avoid all possible financial decisions, which serves as a foundation for male exploitation of women. However, it is more often seen that women need to independently handle financial decisions later in life. Therefore, they need more careful planning for their old age, which includes retirement planning, healthcare insurance and pension planning etc.

When it comes to money, women continue to struggle to achieve parity in terms of a salary commensurate with their abilities and performance. They are paid significantly less than men, and they bear a larger duty to maximize the value of every dollar. As a result, they are more likely to obtain solid financial advice at all levels. Women can be financially independent only if they can make financial decisions independently. This is possible with the help of proper financial planning techniques Women's financial independence is becoming increasingly significant in today's society. Consequently, regardless of age, a woman should begin making her own financial decisions at every stage of her life to ensure a secure future and a stable lifestyle.

Men and women are conditioned differently, and as a result, they have different perspectives on risks, savings, and investments, among other things. Women are actively involved in non-financial and financial parts of preparing the future for themselves and their families, regardless of whether or not they work. However, ladies are at a loss when it comes to taking over all decisions because they are accustomed to men making these decisions for them. There are other reasons why a woman must have financial freedom and control of resources, in addition to monetary gains and independence. Women need to take charge when they are faced with unusual situations, like single working women, single parents, loss of a partner, divorce/ separation, etc. As such also women are paid less, on the contrary, they live longer than men so they need to be more prepared for the future than men. A working person should have the proper plan developed for allocating the funds injudicious use. Financial planning is necessary for women due to the following reasons:

i. **Women workforce in business**

   "There is an upward tendency in the participation of women candidates in business organizations in both urban and rural areas," according to the NSO (Government of India). If the woman of the house works, it is her responsibility to carefully handle her earnings.

ii. Divorce and Alimony

Divorce is becoming more common in India every day. As a result, a woman must arrange her money so that she can handle her income, finances, children, alimony, and expenses on her own. Although emotional outbursts are natural in such situations, financial preparation can assist to alleviate stress related to financial concerns.

iii. Less Remuneration

A man is paid more for doing the same job as a woman, especially at higher levels of the company. This disparity, combined with the fact that India has over 74 million unmarrieds, divorced, or widowed women, far outnumbers men at any moment. As a result, individuals require greater financial flexibility and independence, which can be enhanced by smart financial counsel. They are also the carers for the next generation, whose financial prudence will determine their destiny.

iv. Career Breaks

Due to different stages of their life, women are biologically prone to go slow and fast in their professional graphs. As a result, not only do these breaks have a significant impact on the roles they play in businesses, but they also have a significant financial impact. They must carefully manage their life so that these interruptions do not jeopardize their retirement or other long-term goals.

v. Women are conservative

Women are risk-averse by nature and seek long-term, stable investments. It's not that males are more successful because they take risks, but a perfect balance of risk and safe investments can help a family build meaningful wealth. Women require more guidance in this area because they are more prone to safer bits, which implies more security for them.

vi. Higher Life Expectancy

Women are living longer than males over the world, and they have a larger retirement fund to support them throughout their lives. This also implies that later-life contingencies, such as health, hospitalization, and support activities, must be planned. The average life expectancy of women is estimated to be 5 years longer than that of males. In addition, women are typically 3-5 years younger than their partners when they marry. This indicates that a woman lives 8-10 years longer than a male. As a result, she will have to manage nearly ten years of her life on her own.

vii. Inheritance

The Hindu Succession Act gives women the right to inherit their parents' and spouses' wealth, businesses, investments, and insurance policies, among other things. As a result, women must have a solid financial plan to manage all of this.

viii. Life style

When it comes to travel, shopping, and spending money, women are no different than men. As a result, proper financial planning is required to attain one's goals without having to worry about money. Women are thriving in every sector, and trends are changing her mental process as well, but she must recognize the need of participating in the financial processes that surround her sooner rather than later.

3. USEFULNESS OF WOMEN IN FINANCIAL ROLES

The secret to multitasking is that it isn't multitasking. It's just extreme focus and organization. By Joss Whedon

For centuries, a woman's responsibility has been to be able to handle multiple tasks and do them well. She accomplishes it effortlessly because she is born with multitasking abilities, which provides her an advantage over men. Women are very task-oriented but after a lot of calculation and planning. This orientation is an edge that the financial industry desperately needs in its task force to succeed. The farsightedness and precision of reading economic markers which were believed to be men's areas of expertise are emerging to be a far better forte of women in most areas of work. Financial planners are including women in household investments and long-term objectives because it broadens the perspective and adds value in terms of experiential learning for giving shape to the desired goals for managing the family's hard-earned finances. Companies are finding themselves at a loss if they did not involve women team workers in the budgetary planning at senior levels. Women are great at getting into someone else's shoes and that makes them better at understanding the goals emotionally and objectively to suggest balanced financial plans.

It has been proven that having more women in the financial sector increases bank stability, resulting in higher returns for investors and employees (according to a 2018 study by the world economic forum). According to this study, having women on board from both the client and the company side made the banking industry more stable since they are more resistant to stress, have greater capital buffers, and had lower non-performing loan proportions.

4. FACTORS AFFECTING FINANCIAL PLANNING

Every corporate organization, household, and even an individual relies heavily on financial planning to stay afloat. Any unit's financial success is determined by how strong its financial strategy is, how well it is implemented, and how well it is controlled. As a result, proper financial planning is the first step toward sound financial success. A well-integrated financial plan, which keeps into account short-term as well as long-term requirements and finds ways and means to meet the same can have a very good long-term impact.

Every person who earns money has financial objectives and expectations that he or she wishes to achieve with their earnings. Such objectives are included in a smart financial strategy. Financial planning guarantees that the inflow and outflow of funds are properly balanced. Anyone who creates a sound financial plan considers present needs, anticipated future needs, and unanticipated circumstances. A person who makes a sound financial plan can meet uncertainty as well as planned future expenditure without any hassle. Such sound financial planning leads to adequate liquidity throughout the year. Since financial planning involves parking the funds into the best available options, a sound financial plan always covers the cost of investment and will ensure that the cost of investment is less vis-à-vis the benefits reaped from the investment Financial planning entails not only putting spare funds into the right options but also a continuous evaluation of previous decisions and corrective actions so that, in the long run, the individual's financial situation improves and benefits continue to flow in from previously made decisions. Following are the factors affecting financial planning:

i. **Political issues** It is commonly stated that a country with a stable political environment prospers economically. Political parties have an indirect impact on financial goods and stock performance.

ii. **Economic growth** It is self-evident that a country with favorable economic growth will benefit the growth of a company operating there. It will result in a rise in stock values as well as a reduction in inflation and interest rates. When a country's economic development slows, stock values fall and inflation and interest rates rise.

iii. **Inflation**: It is a phrase used to describe a price increase. If inflation and interest rates are both high, there will be fewer returns, which will eventually lead to a drop in stock values. As a result, inflation and returns have an inverse relationship. In the case of long-term planning, however, inflation has a direct impact on returns. For example, if there is currently substantial inflation, the cost of achieving a goal in the future will be higher, affecting financial planning.

iv. **Interest Rates** Interest rates, like inflation, have an indirect relationship with a company's profits. It is the rate at which a company borrows from and lends to banks and other financial organizations.

v. **Global issues** The country's economy is being impacted by many global challenges. For example, if oil prices rise internationally, this will have an impact on India's fuel prices. It will eventually lead to an increase in inflation rates. Any changes in the economic conditions of a foreign country will have a direct impact on the investment made by Indian investors because of cross-border investments. As a result, it may be stated that the status of a business enterprise in India is also determined by its foreign status.

5. EMERGING ROLE OF WOMEN IN FINANCIAL PLANNING

Women are still regarded as incompetent to handle the function of financial planners for the house or any organization, as has been the case for centuries. When opposed to males, their soft side is seen to make their decisions less challenging or risky. Women now make as much as males in most households, but they have less input in how the finances are handled, which they only get in the house. It has been proven time and time again that women manage household finances far better than males because they have the patience and perseverance to manage to spend even when funds are few. Women are better suited to make decisions about retirement and financial planning because they are the ones in charge of household budgets. She is well aware of the day-to-day routine expenses. That is why, she can forecast the future demands and contingency funds, which will help in planning for the future too. They also possess an eye for detail in squeezing in ways to save expenditure which is unnecessary However, because of the programming of their minds or the minds of their male counterparts, they find themselves unable of handling the larger picture of overall finances of a household or organization. However, if a woman takes an active role in financial planning, she can effectively manage the family's total finances. Women must realize how important is their role in supporting the financial structure of any household or organization. Men also, while playing the role of a financial planner take important inputs from women because of their strength of meticulously and intuitively managing funds in extremely important areas. Yet when it comes to giving them powers to run the financial show there is a bias or ego which withholds them According to research, 58 percent of women delegate financial decisions to men (UBS Global Wealth Management, 6th March 2019). Women between the ages of 20 and 34 defer their financial decisions to their dads or spouses, whereas women over 51 years look up to their male counterparts in making financial decisions. On the other hand, if the male and females worked on their financial goals together it turned out to be a winner as per the UBS study. Females emerged to be more confident and less hassled when dealing with money alone.

Thus, it can be said that financial planning opens the gateways for the accomplishment of one’s dreams and desires. Women’s involvement will secure the finances of the family throughout life in the best way. In today’s world, having an insurance plan is not enough to secure prospects. Qualified financial planning advisors can also help in assessing a good financial plan.

6. CHALLENGES FACED BY WOMEN REGARDING FINANCIAL PLANNING

Women face many challenges in achieving a secure financial future such as these:

i. Despite positive indicators that the wage gap is narrowing, women still earn less than men on average.

ii. When a woman's husband's career necessitates her to relocate, she frequently quits her job and starts a new one in the new place, often at a reduced salary.

iii. Women frequently leave the workforce to care for their children. Even if people return to work later, they save less money and, as a result, their pensions and social security benefits decrease over time.

iv. Women live seven years longer on average than males. This equates to an additional seven years of expenses, meals, clothing, and other necessities. If a spouse is five years older than his wife, she will be a widow for an average of twelve years.

v. Eighty to ninety percent of women will be exclusively responsible for their finances at some point in their lives, typically due to death and divorce.

vi. Over 40% of women in married families with more than $1 million in investable assets are unaware of their financial situation.

vii. Sometimes women don't receive the right guidance from family members, spouses, friends regarding where to invest.

7. CONCLUSION

Financial planning is necessary for women due to various reasons like women workforce in business, divorce and alimony, less remuneration, career breaks, women being conservative, higher life expectancy, inheritance, lifestyle, etc. Various factors are affecting financial planning like political issues, economic growth, inflation, interest rates, global issues, etc. Women face many challenges in achieving a secure financial future such as don't have proper knowledge regarding where to invest the money, male-dominated family, having less salary in the workplace, being solely responsible for their finances, primarily through death and divorce, etc.

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