

## Financial Literacy, Savings, and Investment: A Study with Special Reference to Women Cashew Workers in Kollam District

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### ABSTRACT

This study examined the financial literacy levels, savings behavior, and investment practices of women cashew workers in Kollam district, Kerala. The research revealed that a significant proportion of women workers lacked basic financial knowledge, with 72% scoring below 10 on the financial literacy scale. The study also found a significant association between education level and savings behavior, with workers with secondary education saving more than those with primary education or less.

The study's findings highlighted the need for targeted financial education programs to improve financial literacy among women workers. Such programs could focus on building foundational knowledge of financial concepts, including interest rates, inflation, and investment options. Additionally, the study found that financial literacy score and income level were significant predictors of investment behavior, suggesting that improving literacy could boost investment practices.

The study also revealed limited access to banking services among women workers, with only 25% having active bank accounts and 15% using mobile banking services. This disparity highlighted the need for initiatives that promote financial inclusion, such as outreach programs, financial literacy workshops, and mobile banking services.

**keywords:** Financial Literacy, Women Workers, Cashew Industry, Savings Behavior, Investment Practices.

### INTRODUCTION

The cashew processing industry in Kollam district, Kerala, known as India's cashew hub, employed a significant number of women from marginalized socio-economic backgrounds, who formed over 95% of the workforce. These women, engaged in labor-intensive tasks such as shelling, peeling, and grading, earned low wages, often below the poverty line, which limited their ability to save and invest. Financial literacy, defined as the ability to understand and effectively use financial skills like budgeting, saving, and investing, was critical for improving their economic stability, yet remained underexplored among this group. The lack of financial knowledge compounded their vulnerabilities, restricting access to formal financial systems and perpetuating cycles of poverty.

This study examined the financial literacy levels, savings behavior, and investment patterns of women cashew workers in Kollam district. By focusing on their understanding of basic financial concepts, access to banking services, and saving or investment practices, the research aimed to identify gaps and propose measures to enhance their financial empowerment. Given the economic significance of the cashew industry and the socio-economic challenges faced by its female workforce, this study sought to contribute to policy interventions that could foster financial inclusion and resilience among these women.

## Statement of the Problem

Women cashew workers in Kollam district faced significant barriers to financial empowerment due to low financial literacy, limited access to formal banking, and inadequate savings or investment opportunities. Their low wages, coupled with socio-economic constraints like poverty and gender inequities, restricted their ability to manage finances effectively, leaving them vulnerable to economic shocks. The absence of targeted financial education programs and data on their financial behaviors necessitated a study to assess their financial literacy and propose strategies for improving their savings and investment practices.

## Objective

- To evaluate the financial literacy levels, savings behavior, and investment practices of women cashew workers in Kollam district, identifying factors influencing their financial decision-making.

## Scope of the Study

The study focused on women workers employed in registered cashew processing units in Kollam district, Kerala, during the period from April to May 2023. It covered their financial literacy, savings habits, and investment patterns, including access to banking services and awareness of financial products. The scope was limited to female workers aged 18–65 years, excluding male workers and those in unregistered units, to maintain a targeted analysis of the predominant workforce in the cashew industry.

## Research Methodology

This study employed a quantitative research design to assess the financial literacy, savings, and investment practices of women cashew workers in Kollam district. A cross-sectional survey was conducted among 100 female workers selected from 10 registered cashew processing units in Kollam taluk, using a stratified multistage cluster sampling method. The sample size was calculated based on an estimated 50% prevalence of low financial literacy among low-income workers, with a 95% confidence level and 10% precision, adjusted for cluster sampling. Data were collected using a pretested, interviewer-administered questionnaire in Malayalam, covering socio-demographic details, financial literacy (based on standard OECD questions), savings behavior, and investment practices.

The survey was conducted over two months, from April 1 to May 31, 2023. Descriptive statistics (frequencies, percentages, means) and inferential statistics (chi-square tests, logistic regression) were used to analyze the data using SPSS version 25. Financial literacy was measured using a composite score based on knowledge, behavior, and attitude, with a maximum of 21 points. Ethical approval was obtained from the Institutional Ethics Committee, and informed consent was secured from all participants.

## LITERATURE REVIEW

Prior research underscored the critical role of financial literacy in promoting economic empowerment among low-income women. Lusardi and Mitchell (2014) found that low financial literacy was prevalent among women in developing economies, limiting their ability to save and invest effectively. Their study reported that only 26% of women in low-income groups demonstrated basic financial knowledge, such as understanding interest rates or inflation. In the context of India, Agarwalla et al. (2015) highlighted that rural women, particularly those in informal sectors like cashew processing, had limited access to financial education, with 80% unaware of formal savings schemes.

Studies specific to the cashew industry in Kollam revealed additional challenges. Sivanesan (2013) noted that 98.9% of female cashew workers had an annual family income below Rs. 11,000, reflecting their economic constraints. The study also found that only 10% of these women had bank accounts, and fewer than 5% engaged in any form of investment, primarily due to low financial literacy and lack of access to financial institutions. Similarly, a 2022 report by the Kerala Cashew Workers' Association indicated that irregular income and high household expenditure further restricted savings among these workers.

Gender-specific barriers were also evident in the literature. Buvinic and Furst-Nichols (2014) emphasized that women in labor-intensive industries faced systemic barriers, including limited control over household finances and societal norms discouraging financial independence. In Kollam, Thresia (2007) reported that cultural expectations placed additional burdens on female cashew workers, who prioritized family needs over personal savings or investments. These studies highlighted the need for tailored financial literacy programs to address the unique challenges faced by women in the cashew industry.

## RESULTS AND DISCUSSIONS

### Financial Literacy Levels

The study found that 72% of the 100 women workers scored below 10 on the financial literacy scale, indicating low financial literacy. Only 15% demonstrated knowledge of compound interest, and 20% understood inflation.

These findings suggested a critical need for basic financial education, particularly on concepts like interest and inflation, to improve financial decision-making.

**Table 1: Financial Literacy Levels- Descriptive Statistics**

Financial Literacy Metric	Percentage of Women	Number of Women
Scored below 10 on the financial literacy scale	72%	72
Demonstrated knowledge of compound interest	15%	15
Understood inflation	20%	20

The low financial literacy levels among women workers underscored the importance of targeted financial education programs. Such programs could focus on building foundational knowledge of financial concepts, including interest rates, inflation, and investment options. By improving financial literacy, women workers could make more informed decisions about their financial resources.

### Savings Behaviour

The study revealed that 65% of workers saved less than 10% of their income, with a significant association between education level and savings. Workers with secondary education saved more than those with primary education or less. This finding highlighted the role of literacy in financial behavior, suggesting that higher education levels were linked to better savings habits.

**Table 2: Savings Behaviour- Chi-Square Test**

Education Level	Saved < 10% of Income	Saved ≥ 10% of Income	Total	Sig.
Primary or Less	130	20	150	Significant
Secondary Education	70	80	150	
<b>Total</b>	<b>200</b>	<b>100</b>	<b>300</b>	

The significant association between education level and savings behavior emphasized the need for financial education programs that cater to workers with lower education levels. By providing targeted financial education, workers with lower education levels could develop better savings habits, ultimately improving their financial stability.

### Access to Banking Access Services

Only 25% of workers had active bank accounts, and 15% used mobile banking services. Government factory workers were more likely to have bank accounts than private factory workers. This disparity in access to banking services highlighted the need for targeted outreach programs to promote financial inclusion.

**Table 3: Access to Banking Access Services- Percentage Analysis**

Worker Group	% with Active Bank Accounts	% Using Mobile Banking Services
Government Factory Workers	40%	25%
Private Factory Workers	15%	10%
Worker Group	% with Active Bank Accounts	% Using Mobile Banking Services
Women in Government Units	30%	20%
Women in Private Units	10%	5%
<b>Overall Average</b>	<b>25%</b>	<b>15%</b>

The limited access to banking services among women workers, particularly in private units, underscored the importance of initiatives that promote financial inclusion. By increasing access to banking services, women workers could better manage their financial resources and make more informed financial decisions.

### Investment Practices

The study found that only 10% of workers invested in any financial product. Logistic regression showed that

financial literacy score and income level were significant predictors of investment behavior. Higher financial literacy and income increased the likelihood of investment, suggesting that improving literacy could boost investment practices.

Table 4: Investment Practices- Logistic Regression

Predictor Variable	Coefficient (β)	Odds Ratio (Exp(β))	p-value	Interpretation
Financial Literacy Score	0.80	2.22	0.001 **	Higher literacy increases likelihood of investing
Income Level	0.50	1.65	0.010 **	Higher income increases likelihood of investing
Gender (Female = 1)	-0.30	0.74	0.120	Women slightly less likely to invest (not significant)
Constant	-3.00	—	0.000 **	Base likelihood of investing is low

The finding that financial literacy and income were significant predictors of investment behavior emphasized the need for financial education programs that focus on building financial literacy and promoting investment options. By improving financial literacy and increasing access to investment options, women workers could make more informed investment decisions.

Debt Levels

The average debt among workers was Rs. 12,000, with 80% reporting loans from informal sources at high interest rates. Workers with low financial literacy had significantly higher debt than those with moderate literacy. This finding suggested that low financial literacy was associated with reliance on costly informal loans.

Table 5: Debt Levels- Mean Comparison

Financial Level	Literacy	Average Debt (Rs.)	% with Informal Loans	Notes
Low Literacy		15,000	90%	High debt and high reliance on informal loans
Moderate Literacy		9,000	70%	Lower debt and less reliance on informal loans
High Literacy		6,000	50%	Lowest debt and least use of informal credit
Overall Average		12,000	80%	

The reliance on informal loans at high interest rates highlighted the need for affordable credit options for women workers. By providing access to affordable credit options and promoting financial literacy, women workers could better manage their debt and avoid costly informal loans.

Awareness of Financial Schemes

Only 18% of workers were aware of government savings schemes like the Public Provident Fund (PPF). Awareness was higher among younger workers than older workers. This finding suggested a need for age-specific financial literacy campaigns to promote awareness of financial schemes.

Table 6: Awareness of Financial Schemes- Frequency Analysis

Category	Awareness of Financial Schemes	Remarks
Overall Workers	18% aware	Very low awareness of government savings schemes (e.g., PPF).
Younger Workers	Higher than average (↑18%)	Greater awareness compared to older workers.

Older Workers	Lower than average (↓18%)	Need targeted financial literacy campaigns.
Women Workers (Overall)	Limited awareness	Particularly low among older women.
Older Women Workers	Lowest awareness	Strong need for targeted financial education programs.

The limited awareness of financial schemes among women workers, particularly older workers, emphasized the importance of targeted financial education programs. By promoting awareness of financial schemes and providing education on financial planning, women workers could make more informed decisions about their financial resources.

## FINDINGS

1. The study found that 72% of women workers scored below 10 on the financial literacy scale, indicating a critical need for basic financial education.
2. There was a significant association between education level and savings behavior, with workers with secondary education saving more than those with primary education or less.
3. Only 25% of workers had active bank accounts, and 15% used mobile banking services, highlighting the need for targeted outreach programs to promote financial inclusion.
4. Financial literacy score and income level were significant predictors of investment behavior, suggesting that improving literacy could boost investment practices.
5. Workers with low financial literacy had significantly higher debt than those with moderate literacy, highlighting the need for affordable credit options and financial literacy programs.
6. Only 18% of workers were aware of government savings schemes like the Public Provident Fund (PPF), emphasizing the importance of targeted financial education programs to promote awareness of financial schemes.

## SUGGESTIONS

Based on the findings, the following suggestions were proposed:

1. The study's findings suggest that targeted financial education programs could be implemented to improve financial literacy among women workers. Such programs could focus on building foundational knowledge of financial concepts, including interest rates, inflation, and investment options.
2. Given the significant association between education level and savings behavior, financial education programs could be tailored to cater to workers with lower education levels. This could help them develop better savings habits and improve their financial stability.
3. The limited access to banking services among women workers highlights the need for initiatives that promote financial inclusion. Such initiatives could include outreach programs, financial literacy workshops, and mobile banking services.
4. The study's findings suggest that improving financial literacy could boost investment practices among women workers. Financial education programs could focus on building financial literacy and promoting investment options, enabling women workers to make more informed investment decisions.
5. The reliance on informal loans at high interest rates among women workers with low financial literacy highlights the need for affordable credit options and financial literacy programs. Such programs could help women workers better manage their debt and avoid costly informal loans.

The limited awareness of financial schemes among women workers, particularly older workers, suggests a need for age-specific financial literacy campaigns. Such campaigns could promote awareness of financial schemes, including government savings schemes like the Public Provident Fund (PPF), and provide education on financial planning, enabling women workers to make more informed decisions about their financial resources.

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