



Role of Financial Literacy in Promoting Women's Empowerment: A Study in the Context of Sustainable Development Goals in Bihar

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ABSTRACT

This Paper explores the role of financial literacy in enhancing women's empowerment in the context of Sustainable Development Goals (SDGs) in Bihar. Financial literacy equips women with the ability to manage financial resources effectively, make informed decisions, and improve their socio-economic status. It plays a significant role in achieving several SDGs, such as poverty reduction, gender equality, quality education, and inclusive economic growth. Despite various initiatives aimed at promoting financial inclusion, a large number of women in Bihar continue to face challenges in accessing and effectively utilizing financial services. The study is based on secondary data collected from government reports and academic sources, and it analyzes how financial knowledge contributes to women's independence and economic stability. The findings indicate that financially literate women are more confident, self-reliant, and economically secure, which ultimately leads to an improved standard of living and broader community development. The study concludes that strengthening financial literacy among women is crucial for achieving sustainable empowerment and long-term development in Bihar.

KEY WORDS

Financial Literacy, Women's Empowerment, Sustainable Development Goals, Financial Inclusion, Socio-Economic Development.

INTRODUCTION

Financial literacy is now recognized as one of the key ingredients for achieving financial stability and independence. It represents the ability to understand and manage aspects of personal finance such as saving, budgeting, and investing effectively. However, building financial awareness remains a major challenge in many

parts of the world. In an era marked by complex financial systems and digital transactions, lack of financial knowledge can weaken both personal and national economic security. To make sound financial choices, individuals must strengthen their understanding of financial principles. Studies have consistently shown that low financial literacy leads to poor credit management, weak saving habits, and a lack of financial planning.

Women's empowerment has become a foundation for sustainable development in the 21st century. Understanding how to manage money not only helps women in their personal lives but also increases their participation in economic activities and decision-making. Financial literacy, therefore, is not only an economic tool—it is a transformative force that advances social and developmental progress. Globally, empowering women has been central to achieving the United Nations Sustainable Development Goals (SDGs), especially those related to eradicating poverty, promoting education, ensuring gender equality, encouraging decent work, and reducing inequalities. When women gain financial knowledge and control over resources, they improve family welfare, strengthen the economy, and foster inclusive growth.

In India, particularly in Bihar, limited financial literacy among women continues to be a serious concern. Although several government programs promote financial inclusion, many women either lack access to formal financial institutions or the awareness to use them effectively. This gap limits their ability to participate in the financial system and hinders progress toward the SDGs. The present study aims to examine how financial literacy can empower women in Bihar and act as a driver of sustainable development. Through a case study approach, it highlights how knowledge of financial management fosters independence, confidence, and decision-making power. The research also provides insights for policymakers, educators, and development organizations working toward gender equality and sustainable growth.

Research Objectives

1. To examine the level of financial literacy among women belonging to different demographic groups in Bihar.
2. To analyze the role of financial literacy in empowering women and contributing to the achievement of selected Sustainable Development Goals in Bihar.

Literature Review

Neha et al. (2022) studied ways to enhance financial literacy in India and observed that despite several government programs, the overall level of awareness remains low. Arofah and Maharani (2021) examined the relationship between demographics, financial literacy, and behavior among women in the manufacturing industry, finding that higher literacy levels lead to better financial habits. Binod (2019) compared urban and rural women in Kerala and discovered notable differences in financial awareness influenced by socio-demographic factors.

Roy and Jain (2018) investigated financial literacy among working women in Jaipur and reported that most participants had limited understanding of financial products and budgeting. Similarly, Haque and Zulfiqar (2016) emphasized that financial knowledge is a key driver of women's economic empowerment and overall well-being.

More recent studies have expanded this discussion. Kumari (2024) analyzed rural women in Bihar and found low awareness of budgeting and digital finance, suggesting that stronger financial education can reduce poverty and promote empowerment. Aryan (2024) examined the role of self-help groups (SHGs) and digital finance in Bhagalpur and found that digital tools improved women's independence, though challenges like poor connectivity persist. Gupta (2024) studied how financial literacy programs influence women's savings and decision-making, noting that urban women benefit more than rural ones. Showkat et al. (2025) conducted a national-level study linking financial literacy and digital finance with improved saving behavior and business growth among women.

Overall, these studies underline that while financial literacy is improving, significant regional and social gaps remain. There is limited empirical work focusing specifically on how women's financial literacy in Bihar contributes to achieving the Sustainable Development Goals, which is the gap this study seeks to address.

Research Gap

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Research Methodology

The present study uses a case study approach to analyze how financial literacy empowers women in Bihar and contributes to the achievement of specific Sustainable Development Goals (SDGs). It relies entirely on secondary data obtained from credible sources such as government publications, academic journals, and reports by NGOs. The study applies descriptive and analytical methods to identify patterns, trends, and linkages between women’s financial awareness and empowerment.

A comparative review of various programs and initiatives was conducted to understand their outcomes and effectiveness in promoting financial literacy. The research focuses on Bihar and covers SDG 1 (No Poverty), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities). The findings are synthesized to provide a clearer understanding of how financial knowledge helps women achieve economic stability, social inclusion, and long-term sustainability.

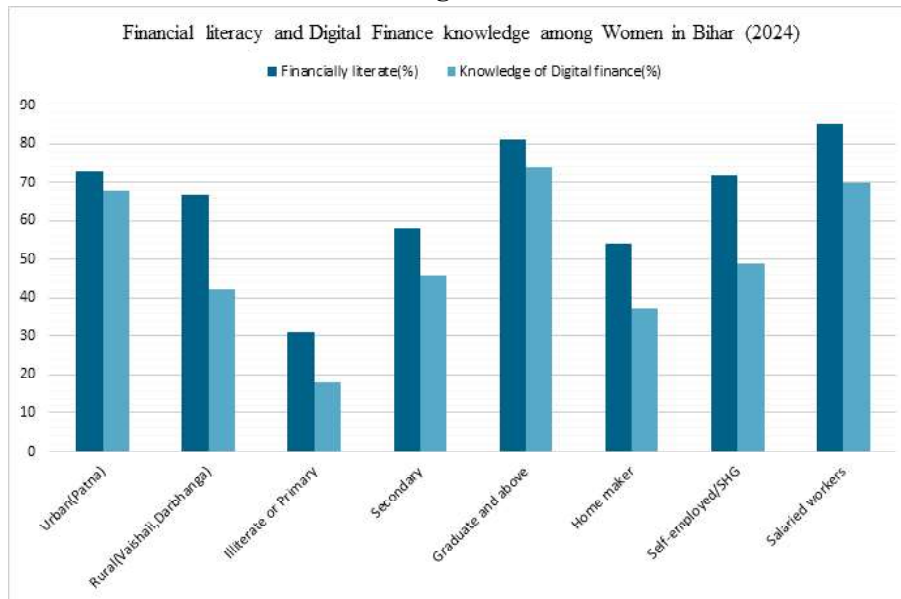
Data Analysis and Interpretation

Table 1: Level of Financial Literacy among women across Demographic groups in Bihar (2024)

Demographic Variable	Category	Financially literate (%)	Knowledge of Digital Finance (%)	Remarks
Location	Urban (Patna)	73%	68%	Higher literacy due to education and employment exposure.
	Rural (Vaishali, Darbhanga)	67%	42%	Limited digital awareness and poor access to banking agents
Education	Illiterate or Primary	31%	18%	Depending mainly on cash and informal credit
	Secondary	58%	46%	Partial knowledge of savings accounts and SHG credit
	Graduate and above	81%	74%	Awareness of insurance, pensions, and digital wallets
Occupation	Home maker	54%	37%	Engage in SHG-led group savings but low digital use
	Self-employed/SHG	72%	49%	Use micro-credit and group insurance schemes
	Salaried workers	85%	70%	Confident financial planners with strong financial attitudes

[Source: From NCFE-NISM Financial literacy Report (2023), Ministry of Finance Annual Report (2024-25), Sakshamaa-C3 India Report on Women’s Empowerment in Bihar (2024), and Bihar economy survey (2024-25)]

Figure.1



[Source: From NCFE-NISM Financial literacy Report (2023), Ministry of Finance Annual Report (2024-25), Sakshamaa-C3 India Report on Women’s Empowerment in Bihar (2024), and Bihar economy survey (2024-25)]

Interpretation

The analysis of Table 1 and accompanying chart indicates that financial literacy and digital finance knowledge among women in Bihar changes with their demographic variables such as location, education, and occupation. Women living in urban areas like Patna, 73% women are financially literate and 68% have knowledge of digital finance, while in rural areas such as Vaishali and Darbhanga, these figures fall to 67% and 42% respectively. Education shows a strong impact – only 31% of illiterate or primary- educated women are financially literate compared to 81% among graduates. Similarly, salaried women (85%) and self-employed or SHG members (72%) have higher literacy levels than homemakers (54%). Overall, women who are educated, employed, and living in urban regions exhibit stronger financial and digital awareness than those in rural or less educated groups.

Table 2: Role of Financial literacy in Women’s Empowerment and Contribution to SDGs in Bihar

Dimensions of Empowerment	Financial literacy Indicator	Related SDG(s)	Impact level	Key Observations
Economic Empowerment	Access to formal credit/savings and income generating activities	SDG-1(No Poverty) SDG-8 (decent work & economic growth)	High	Women with higher financial literacy show improved saving habits and financial independence
Decision-Making Power	Budgeting, Investment awareness, control over household expenditure	SDG-5 (Gender equality)	Moderate	Financially literate women participate more in family and financial decisions
Social Inclusions	Participation in SHG and Community programs	SDG-10 (Reduced inequalities)	Moderate	Literacy enhances confidence and participation in SHG- led initiatives
Digital & Financial Access	Use of digital payment system, insurance and banking apps	SDG-9 (Industry, Innovation, Infrastructure)	Moderate	Financial education improves access to digital financial services, especially among Urban Women
Well-being and Resilience	Savings for health, education & emergencies	SDG-3(Good health), SDG-4 (quality education)	High	Women with financial awareness better manage crises and invest in health and education

[Source: Compiled from secondary data-(Reports of RBI, NABARD, UN Women, and NITI Aayog, 2020-24)]

Interpretation

The above chart (table 2) demonstrates how financial literacy plays a major role in empowering women in Bihar in number of ways. Higher economic independence (SDGs 1& 8) and more control over household finances (SDG 5) are demonstrated by women with increased financial literacy. Additionally, it improves digital financial access (SDG-9) and fosters social inclusion through SHG involvement (SDG-10), but there is still a rural-urban divide. By promoting savings for health and education, financial literacy enhances resilience and well-being (SDG- 3&4). In general, attaining gender equality and sustainable development depends heavily on financial literacy. Financial literacy enables women to make significant contributions to the attainment of SDGs in Bihar by empowering them economically, socially, and digitally.

Findings

The study reveals that financial literacy has a strong and positive impact on women's empowerment and the realization of Sustainable Development Goals (SDGs) in Bihar.

- 1. Differences across demographics:** The level of financial literacy among women varies widely depending on their education, occupation, and location. Educated and salaried women in urban areas like Patna show greater awareness of banking, saving, and digital finance compared to those in rural districts such as Vaishali and Darbhanga.
- 2. Economic empowerment:** Women who possess better financial knowledge are more likely to engage in income-generating activities, maintain savings, and access formal credit systems. This directly supports SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth).
- 3. Decision-making and independence:** Financially literate women participate more actively in household and community-level financial decisions, which strengthens their sense of independence and aligns with SDG 5 (Gender Equality).
- 4. Digital inclusion:** Awareness and use of digital finance platforms such as UPI, mobile banking, and online payments are still limited in rural areas. Expanding digital literacy programs is essential to bridge this gap and promote inclusivity.
- 5. Social inclusion and resilience:** Participation in Self-Help Groups (SHGs) and community savings initiatives helps women gain confidence and collective decision-making power. Financial literacy also enables them to plan for essential needs such as health and education, improving overall family well-being (SDG 3 and SDG 4).
- 6. Existing challenges:** Despite encouraging progress, clear disparities remain between urban and rural areas and among different education levels. These gaps restrict many women from fully benefiting from financial literacy initiatives, limiting their potential for empowerment in Bihar.

The study found that financial literacy significantly influences women's empowerment and the achievement of Sustainable Development Goals (SDGs) in Bihar.

CONCLUSION

The research concludes that financial literacy acts as a catalyst for women's empowerment and sustainable development in Bihar. By improving knowledge of savings, budgeting, investment, and digital tools, women gain greater economic independence, social confidence, and control over financial decisions. These changes contribute directly to poverty reduction, gender equality, and inclusive growth.

However, disparities in education, income, and rural access remain major challenges. Bridging these gaps requires coordinated efforts from government agencies, educational institutions, and community organizations. Integrating financial education into school curricula, strengthening Self-Help Groups, and expanding digital literacy initiatives can ensure that women across all regions benefit equally.

In essence, empowering women through financial literacy is not just a matter of economic inclusion—it is a strategic step toward achieving the Sustainable Development Goals and building a more equitable and resilient Bihar.

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