

Women's Financial Inclusion in India: A Review of Equity Investment and Literacy Initiatives

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Abstract: *Women remain less involved as compared to men in India's equity markets even though their education levels have improved and retail investing has expanded rapidly. This review analyses Indian and international studies published between Jan 2013 and Dec 2024 to understand how financial literacy education affects women's participation in mutual funds and direct equity. Studies from academic research, national surveys and reports points to three main trends. Financial literacy has a stronger impact on women's investment participation than on men's, showing the importance of targeted education. However, women's involvement in direct equity is limited by low confidence, higher fear of risk and decision-making constraints within households, which leads many to prefer mutual funds. Digital skills further strengthen the link between financial knowledge and market participation. Overall, the review suggests that increasing women's equity participation requires moving beyond basic financial inclusion towards confidence-building and digitally enabled financial education that supports long-term and inclusive capital-market growth.*

Keywords: Financial literacy, women investors, equity markets, mutual funds, India

1. Introduction

Financial literacy education is the process of building the knowledge, skills, attitudes, and confidence needed for individuals to make sound financial decisions (OECD/INFE, 2023). In India, the equity culture has grown at a compound annual growth rate of 22% over the past decade. The number of unique demat accounts increased from 14 million in March 2012 to 154 million in March 2024 (SEBI, 2024a). Mutual fund folios surpassed 173 million (AMFI, 2024), and daily retail turnover on the NSE now exceeds Rs 55000 crore (NSE, 2024). However, women are significantly under-represented. Only 28% of demat accounts and 24% of mutual fund folios are held by women (SEBI, 2024b). Since equity ownership is a key driver for long-term wealth creation, low participation contributes to the existing gender wealth gap (Goyal & Kumar, 2023). This review aims to summarize the evidence on how financial literacy education impacts Indian women's equity investment behavior and to highlight policy lessons that can boost their participation.

Financial literacy is especially important for equity participation because investing in shares and mutual funds requires the ability to assess volatility, read financial statements, and manage short-term capital fluctuations. These skills are more complex than what is needed for fixed deposits or postal savings (Rao & Sharma, 2021). Emerging evidence shows that each one-point increase in financial literacy raises the probability of female equity participation by 6.2%, which is double the male coefficient (Barua, Raghunathan & Sharma, 2021). In contrast, low literacy increases risk misperception. Women tend to believe there is a 30% higher chance of "losing half the capital," even when historical volatility is provided (Prasad & Sivaraman, 2023). Beyond gaps in knowledge, social norms, family decision-making structures, and limited digital access further hinder women's participation in equities (Bandyopadhyay, 2023).

Considering these facts, this review gathers observed suggestion on how both formal and informal financial literacy

education impacts Indian women's equity investment behavior. The aim is twin: first, to summarize what is known about the scale, nature and causes of the gender gap and second, to identify teaching methods and policy strategies that can promote inclusive participation in India's capital markets.

2. Financial Literacy and Equity Investment

Recent study shows that financial literacy is not only about knowledge, skills and attitudes, it also includes self-efficacy or a person's belief that they can successfully carry out an investment task (Lusardi & Mitchell, 2023). This logic of confidence plays a key role in turning financial knowledge into actual investment behaviour. In the context of equity markets, self-efficacy involves practical actions such as opening a demat account, placing buy or sell orders, and understanding basic valuation indicators like price earnings ratios. Studies show that women score lower than men on these practical confidence measures, even when their level of financial knowledge is similar (Barua et al., 2021). Because of this, recent international frameworks recommend measuring confidence in stock market decision-making separately rather than treating it as general self-confidence (OECD/INFE, 2023).

Education affects investment choices through two main pathways. First, education helps people to understand and process the financial information more easily. Concepts such as riskreturn trade-offs, diversification and valuation models allow investors to assess uncertain outcomes with less effort (Kumar & Mitra, 2022). Second, education reduces psychological barriers. Evidence from studies shows that even short training sessions focused on probability and risk can reduce fear and uncertainty among women and encourage greater allocation to equities (González & Rojas, 2021). However, the benefits of education are not unlimited. Beyond a certain level, usually after graduation, additional formal education does not significantly increase equity participation unless it is combined with specific financial or investment-related training (Dharmarajan & Swaminathan, 2022).

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Equity investment requires a higher level of financial understanding than fixed-return products because investors must evaluate market fluctuations, company performance, and broader economic conditions at the same time (Rao & Sharma, 2021). Survey evidence from India shows that a relatively small share of women are able to correctly assess risk-adjusted returns compared to men (Prasad & Sivaraman, 2023). This gap helps explain why women are more likely to choose mutual funds over direct stock investments. Mutual funds allow professional managers to make investment decisions on their behalf, reducing the need for direct involvement in complex equity analysis. This tendency is often described as a preference for delegation (Kumar & Mitra, 2022).

Finally, digital skills play an important for supporting role in equity participation. Women who are able to independently use investment apps, complete online documentation and manage security features are more likely to invest in equities, even after accounting for their level of financial knowledge (IAMAI, 2023). As a result, recent conceptual models emphasise digital capability as an essential factor that strengthens the impact of financial literacy on women's participation in equity markets.

3. Status of Women's Equity Investment in India

Recent national data further underline the structural and educational constraints shaping women's equity participation in India. According to SEBI (2024b), women account for only about 18% of active retail investors in direct equities, while a higher proportion around 31%, prefer mutual funds as their primary investment vehicle. This pattern reinforces the view that women tend to enter capital markets through relatively lower-risk, professionally managed products rather than through direct stock selection. Such behaviour reflects not only risk preferences but also differences in exposure to equity specific financial education and confidence in executing market transactions independently.

Urban women are 2.8 times more likely to hold demat accounts than rural women, highlighting the combined influence of education, digital access and proximity to financial infrastructure (Bandyopadhyay, 2023). Data from the Reserve Bank of India further reveal that even in India's most financially developed districts, those accounting for the highest market capitalisation, still women contribute less than 20% of total equity turnover as per reported by RBI, (2023). This suggests that access alone does not guarantee active participation; educational depth and sustained engagement remain critical limiting factors.

Household-level evidence supports this interpretation. The NSS 77th Round shows that only 5.4% of rural women report saving in shares and debentures, compared with 14.7% of urban women, pointing to persistent rural disadvantages in financial awareness and equity literacy (MoSPI, 2021). Even among women who do participate via mutual funds, continuity remains an issue. AMFI (2024) reports that female SIP stoppage rates (27%) are significantly higher than those of men (19%), particularly during periods of market volatility. This pattern suggests weaker long-term conviction and limited understanding of market cycles, rather than lack of initial

access. Table 1 shows the women's and men's participation in equity and mutual funds in India with relevant sources.

Table 1: Women's Participation in Equity and Mutual Funds in India

Indicator	Women (%)	Men (%)	Source
Share of demat accounts	28	72	SEBI (2024b)
Active direct equity investors	18	82	SEBI (2024b)
Mutual fund participation	31	69	AMFI (2024)
SIP stoppage rate	27	19	AMFI (2024)
Rural households investing in shares	5.4	—	MoSPI (2021)

Such findings indicate that women's lower equity participation in India cannot be explained solely by income or access constraints. Instead, they reflect deeper gaps in equity-specific financial education, confidence in market decision-making and resilience during downturns. Addressing these issues requires moving beyond basic financial inclusion towards targeted, context-sensitive equity education that strengthens both knowledge and behavioural confidence among women investors.

4. Financial Literacy Levels among Women in India

While female literacy in India has increased to about 77%, financial literacy among women remains significantly lower, at 21% compared to 32% for men (Census of India, 2021; RBI, 2023). Evidence from the SEBI-NCAER Investor Survey reported published in 2021, further highlights the depth of this gap, showing that only 14% of women were able to correctly answer basic questions related to interest compounding, inflation and diversification. These foundational concepts are critical for equity investment, as they support risk assessment and long-term return expectations.

Formal education improves financial literacy only to a limited extent. Although women graduates perform better than those with lower education, their average scores remain modest and a gender gap persists even among post-graduates (Dharmarajan & Swaminathan, 2022). This suggests that general education alone does not adequately equip women with market-specific financial skills. The absence of structured financial and investment education in school and college curricula partly explains this limitation.

Informal learning channels, such as self-help groups (SHGs), microfinance-linked training and NGO-led workshops, have shown positive effects on women's financial awareness. Studies indicate that such interventions can raise financial knowledge by 8-10 % points, particularly in relation to savings, budgeting and credit use (Srinivasan & Kumar, 2021). However, their impact on equity-related knowledge remains weak, as most programmes focus on financial security rather than wealth creation.

Digital platforms are emerging as alternative sources of financial information, with women increasingly accessing content through YouTube, WhatsApp groups and social media reels. While these platforms offer flexible and low-cost learning opportunities, access remains uneven. Nearly 48% of

rural women lack regular internet access, limiting their ability to benefit from digital financial education initiatives (IAMAI, 2023). As a result, digital financial literacy risks reinforcing existing urban–rural and socio-economic divides unless accompanied by broader digital inclusion efforts.

Overall, the evidence suggests that improving women’s financial literacy in India requires a multi-channel approach, combining formal education reforms, targeted community-based programmes and inclusive digital strategies tailored to women’s needs and contexts.

5. Review of Studies on Financial Literacy and Women Investors

5.1 Indian Status

Indian literature consistently demonstrates a strong link between financial literacy and women’s participation in equity markets, though the relationship is mediated by confidence, risk perception and education level. Using data from 2800 urban households, Barua et al. (2021) show that a one-unit increase in financial literacy scores raises the likelihood of equity participation among women by 6.2%, which is nearly double the corresponding effect for men (3.1%). This finding suggests that marginal improvements in literacy yield disproportionately higher benefits for women, reflecting their lower baseline exposure to equity markets.

Several studies highlight specific areas where knowledge gaps are most pronounced. Sekar et al. (2022), based on primary survey data from Tamil Nadu, report that women investors show limited understanding of valuation metrics such as the price–earnings ratio, dividend yield and capital gains taxation. These gaps constrain informed stock selection and contribute to a reliance on simpler or delegated investment products. Complementing this evidence, behavioural studies find that women systematically perceive higher downside risk. Prasad and Sivaraman (2023) show that women assign a 30% higher probability to extreme losses compared to men, even when identical historical volatility information is provided.

Differences in trading behaviour further reflect these perceptions. Kumar and Mitra (2022) find that women trade 44% less frequently and maintain more diversified portfolios, indicating a cautious and long-term orientation. However, women are also 12% more likely to exit markets earlier during downturns, pointing to weaker conviction under stress. Education emerges as the strongest moderating factor in these patterns. Dharmarajan and Swaminathan (2022) report that women with postgraduate education are 1.9 times more likely to invest directly in equities than women with only secondary education. Nonetheless, even among highly educated women, participation remains below that of men, suggesting that education alone is insufficient without targeted equity-focused financial training. Table 2 shows the some of the summary of Indian studies on financial literacy and women’s equity investment.

Table 2: Summary of Indian Studies on Financial Literacy and Women’s Equity Investment

Study	Data	Key Finding
Barua et al. (2021)	2,800 households	1-unit literacy and 6.2% higher equity participation for women
Sekar et al. (2022)	Tamil Nadu survey	Major gaps in P/E ratio & tax knowledge
Prasad & Sivaraman (2023)	SEBI survey	Women perceive 30% higher downside risk
Kumar & Mitra (2022)	Retail investors	Women trade less, diversify more, exit earlier
Dharmarajan & Swaminathan (2022)	National data	PG women 1.9 times more likely to invest

5.2 International Status

International studies provide additional support for the role of financial literacy in shaping women’s equity investment behaviour. Cross country evidence from Bangladesh, Kenya and Indonesia shows that structured financial education programmes increase women’s participation in equity and market linked instruments by 4 -7 % (Duvvury et al., 2022). These interventions are particularly effective when they combine conceptual learning with practical exercises.

Randomised controlled trials in Latin America further underline the importance of pedagogy. González and Rojas (2021) find that simulation based equity training, where participants practice investment decisions in a risk-free environment, can reduce the gender gap in stock-market participation by nearly half. Such approaches improve not only knowledge but also confidence and decision making ability.

These international findings are highly relevant for India, where women face similar constraints related to confidence, cultural attitudes towards risk and limited access to reliable financial information (Goyal & Kumar, 2023). Together, the global and Indian evidence suggests that financial literacy

interventions must move beyond basic awareness and focus on hands-on, equity-specific learning to effectively close gender gaps in market participation.

6. Issues and Challenges

Despite improvements in general education, women continue to face structural and behavioural barriers that limit their participation in equity markets. Empirical evidence shows that women display 0.4 standard deviations lower confidence in equity-related decisions than men with identical financial literacy scores, indicating that knowledge alone does not translate into action (Barua et al., 2021). This confidence gap is reinforced by entrenched social norms. A qualitative study by SEBI (2023) finds that 61% of women respondents identify family resistance and fear of loss as major deterrents, particularly in joint households where financial decisions are male dominated.

Digital exclusion further compounds these challenges. Although online trading platforms have lowered transaction costs, only 33% of rural women own smartphones with active data connections, restricting their ability to access digital investment tools and educational content (IAMAI, 2023). Intra-household power dynamics also play a critical role.

Bandyopadhyay (2023) reports that 35% of married women investors require spousal consent or signatures for demat account activation, reducing autonomy and delaying market entry. Additionally, existing investor education initiatives remain largely gender-neutral. SEBI-certified programmes tend to emphasise technical content while overlooking behavioural and psychological constraints specific to women, such as fear of volatility and low self-efficacy (Rao & Sharma, 2021). These gaps highlight the need for more inclusive and context-sensitive approaches to financial education.

7. Role of Financial Literacy Programs and Policy Initiatives

Policy initiatives in India have increasingly recognised the importance of women's financial inclusion, though their focus remains skewed towards savings and basic banking rather than equity investment. SEBI's National Strategy for Financial Education (NSFE) 2020 - 2025 aims to reach 20 million women through text-based IVRS, community outreach and vernacular YouTube content (SEBI, 2023). While these efforts improve awareness, their impact on equity participation is limited due to minimal emphasis on market linked instruments.

Similarly, RBI's Financial Literacy Centres (FLCs) have reached 6.4 million women, primarily covering deposits, credit and digital payments; equity-related topics account for less than 3% of instructional time (RBI, 2023). Government flagship schemes such as Pradhan Mantri Jan Dhan Yojana and Mission Shakti have successfully fostered saving habits and account ownership but have not facilitated progression towards higher-risk assets like equities (Goyal & Kumar, 2023). On the education front, the UGC's 2022 model curriculum introduced a two-credit "Investment Literacy" course, however, enrolment remains low among women students from non-commerce backgrounds (Dharmarajan & Swaminathan, 2022). A significant policy gap persists in the absence of equity-focused training modules for women already engaged in SHGs and microfinance networks, despite their demonstrated capacity for disciplined financial participation.

8. Implications for Strategy and Practice

Beyond broad financial-inclusion goals, strategy interventions must explicitly target women's progression from savings to market-linked instruments. Integrating equity education into secondary-school mathematics and economics curricula can familiarise young women with risk return concepts before behavioural biases are fully formed. Using case studies of Indian firms and women leaders improves relevance and learning outcomes (Kumar & Mitra, 2022). At the adult level, policymakers should support women-only investment programmes that combine technical instruction with behavioural coaching. Evidence suggests that confidence-building exercises, peer discussions and guided simulations are more effective than lecture-based formats in improving women's equity participation (González & Rojas, 2021).

Financial institutions also have an important role. Banks, brokers and mutual-fund distributors should track gender-disaggregated performance indicators, such as account

activation rates, portfolio persistence and churn during market volatility, and align distributor incentives with women's long-term engagement rather than transaction volumes (SEBI, 2024c). Additionally, digital platforms can be leveraged to deliver micro-learning interventions, such as short myth-busting videos or interactive quizzes. Certain that 88% of urban women use WhatsApp weekly, these low-cost jumps to offer scalable channels to reinforce learning and counter misinformation (IAMAI, 2023). Collectively, such measures can move women from passive participation towards confident, sustained equity investing. Table 3 shows current gaps and suggested interventions for women's equity participation.

Table 3: Present Gaps and Suggested Interventions for Women's Equity Participation

Areas	Current Gap	Recommended Action
School education	No equity content	Add risk-return modules
Adult literacy	Savings-focused	Equity + confidence training
Digital skills	Uneven access	App-based micro-learning
Market regulation	Volume incentives	Retention-based incentives
SHGs	No equity pathway	MF & equity bridge modules

9. Research Gaps and Future Directions

Despite growing interest in gender and finance, important research gaps remain. Most Indian studies rely on cross-sectional data, limiting understanding of how women's investment behaviour evolves over time. Only two studies track women investors for more than 18 months, restricting insights into persistence and learning effects (Sekar et al., 2022). Research on direct equity investment is especially limited, as many studies combine stocks and mutual funds, obscuring meaningful differences in risk perception and decision autonomy (Prasad & Sivaraman, 2023).

There is also a strong need for region-specific analysis. Low-income states such as Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha and Rajasthan account for nearly 30% of India's female population, yet less than 5% of demat accounts, indicating deep spatial inequalities (SEBI, 2024b). Future studies should employ experimental and quasi-experimental designs, including randomised controlled trials that compare digital, gamified learning tools with traditional classroom approaches. Finally, more refined psychometric instruments are required to capture intersectional influences such as caste, religion and marital status, so that plan recommendations avoid one-size-fits-all assumptions and better reflect women's diverse lived experiences (Duvvury et al., 2022).

10. Conclusion

This review shows that financial literacy education can help Indian women take part in equity markets, but only when it is supported by confidence building and basic digital skills. The evidence makes three points clear. First, when women's financial knowledge improves, their chances of investing in equities increase much more than men's. Second, confidence is the main missing link. Many women understand financial concepts but still hesitate because they are unsure about taking investment decisions on their own. Third, knowing how to use

smartphones and investment apps greatly improves the impact of financial literacy.

These findings suggest that strategy efforts should go beyond opening bank accounts or promoting savings. Schools can introduce simple lessons on risk, returns and mutual funds within regular mathematics or economics classes. Financial regulators and institutions should focus on helping women stay invested during market ups and downs, not just on attracting them as new customers. Digital platforms can also support women by offering simple, safe-to-use investment tools that reduce fear during market fluctuations.

If such steps are taken, more women could confidently invest directly in equities. This would not only improve women's financial independence but also bring more household savings into productive investments, supporting the long-term growth and stability of India's capital markets.

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