

ECONOMIC DIVIDE: FINANCIAL LITERACY STRUGGLE OF DIFFERENTLY ABLED INDIVIDUALS IN INDIA

***Bijina S, **Dr. Ruby S**

Abstract

The paper discusses various social and economic disparities of differently-abled people across India, focusing on financial literacy, education, and employment. Utilising the data extracted from Census 2011, the National Sample Survey's Round 76 report, and the National Centre for Financial Education report, the study reveals significant gaps in resource access for this marginalized group. In the face of legal advancements like the Rights of Persons with Disabilities Act of 2016, achieving true inclusion persists. The findings underscore rural-urban and gender disparities, with rural residents and women with disabilities on the losing end of the continuum in education, job opportunities, and financial literacy. This paper highlights a pressing demand for targeted financial education programs and inclusive policies that consider the unique challenges faced by the differently-abled.

Keywords:- Financial Literacy, Differently Abled, Educational Disparities, Employment Gaps, Inclusive Policies.

*F*inancial literacy is decisive in empowering individuals by contributing to an informed financial decision making process. Financial literacy is the combination of both knowledge and understanding. An individual with financial

literacy can better assess possibilities and predict the results of their choices, contributing to increased stability and well-being in their finances. Additionally, cognitive biases frequently force people to make poor financial decisions, but recognizing and counteracting mental

**Bijina S, Research Scholar, Fatima Mata National College, Kollam, Kerala.*

E-mail: bijinaanzar@gmail.com,

***Dr. Ruby S, Associate Professor, P.G Department of Commerce, BJM Government College, Kollam, Kerala. E-mail: rubysivanandini1984@gmail.com*

traps can prevent such poor financial decisions (Pitthan & De Witte, 2022). Thus, financial literacy enables people to build viable life plans in terms of facing various life and life chance conditions, taking advantage of all the available chances, and as a result, improving the economic condition of many of society's members and their well-being.

For differently-abled individuals, the significance of financial literacy is considerably great. These individuals often face unique financial challenges, such as higher medical costs, adaptive equipment expenses, and potential income limitations due to employment barriers. By gaining financial literacy, differently-abled individuals can better navigate these challenges, ensuring they have the knowledge to choose the financial services and products that best meet their requirements. Understanding financial options allows them to plan for long-term financial stability and independence, thereby improving their overall quality of life. Additionally, as financial literacy helps in recognizing and counteracting cognitive biases, it can empower differently-abled individuals to make sound financial decisions and avoid potential pitfalls, contributing to their economic well-being and social inclusion.

Statement of the Problem

In India, differently abled communities are one of the most frequently stigmatized and marginalized disadvantaged groups. Incorporating this population into the mainstream social and economic structure necessitates social and financial inclusion, guaranteeing access to reasonably priced financial services and

products and the requisite financial literacy. The flourishing financial markets in India provide an extensive selection of services and products, but making wise judgments about them requires financial literacy. People with disabilities have specific barriers and need specific inclusion strategies. Despite this, no particular surveys or statistics exist on the financial literacy of people with disabilities in India. This study intends to bring attention to the socio-economic imbalances associated with persons with disabilities and how they impact their financial literacy. By addressing this gap, the study intends to contribute to creating strategies and policies that improve financial literacy and participation for people with disabilities, therefore increasing socio-economic empowerment.

Scope and Significance of the Study

The study examines numerous barriers that people with disabilities encounter in India, with a particular emphasis on the crucial domains of financial literacy, education, and employment. The research utilizes extensive data from the 2011 Census, the National Sample Survey 76th Round, and the National Centre for Financial Education to elucidate the barriers hindering this population from obtaining essential economic resources and opportunities. A considerable focus is directed towards analyzing the inequalities between rural and urban regions, alongside the unequal difficulties encountered by women with disabilities.

This study is significant in guiding policy provisions and encouraging inclusive structures that respond to the

disparate challenges of individuals with various disabilities, especially in rural regions and among women. In addition, the need for specialised financial education programs is stated to guide such individuals toward financial independence. Apart from this, the outcomes of this study are likely to enhance the current legal system's implementation, aid in initiatives that would bring greater opportunities for education and employment, and contribute to the academic research on the socio-economic inequalities experienced by this group. In short, the prime objective of this study is to enhance the consciousness in society and advocate policies that contribute to greater equality, making space for the differently abled Indians more inclusive.

Objectives of the Study

- To examine the social and economic standing of differently abled individuals in India in terms of education and employment.
- To study the socio-economic disparity in financial literacy in India.

Methodology

The present study aims to examine the social and economic disparity of differently abled individuals in India, with a specific emphasis on financial literacy, education, and employment. The methodology adopted for this research is primarily descriptive and analytical, utilizing secondary data sources to conclude the social and economic conditions of differently abled individuals in India. The research follows a quantitative descriptive design. The study analyses the data from the census 2011, the National Sample Survey (NSS) Round

76 report, and the 2019 report from the National Centre for Financial Education (NCFE) to identify patterns and disparities among differently-abled individuals in India.

Literature Review

The notion of financial literacy originated in the US in the early 1900s with the initiation of consumer education programs and extensive research (Jelley, 1958). Over time, these programs evolved laying the groundwork for what we now call financial literacy. The economy's complicated nature has outweighed even the basic ideas of financial literacy. For ages, scholars and experts have argued about how to define financial literacy. OECD (2014) defines financial literacy as the "knowledge and understanding of financial concepts and risks, and the skills, motivation and confidence to apply such knowledge and understanding to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life. Many financial service providers indicate that poor financial literacy among consumers causes low saving rates, bad debts, high rates of bankruptcy, and impulsive purchases (Perry & Morris, 2005). Socio-economic variables have a substantial impact on financial literacy rates across different groups (Lusardi, 2008; Lusardi & Mitchell, 2014). The young and old, women, members of ethnic minorities including African Americans and Hispanics, those with less education, and people living in rural areas are the groups most likely to struggle to become financially literate (Lusardi, 2008; Lusardi & Mitchell, 2014).

A person with a disability is defined as “an individual who experiences a long-term physical, mental, intellectual, or sensory impairment that, when combined with barriers, impedes their full and effective participation in society on an equal basis with others”(The Rights of Persons with Disabilities Act, 2016). Mitra et al. (2013) observe that a substantial number of individuals with disabilities in developing nations are subject to destitution on multiple levels, have limited participation in education and the workforce, and incur higher medical expenses. Similarly, Singh (2014) concludes for India where the economic difference between persons with and without disabilities exists which varies according to several dimensions like gender, caste, and geographical area (urban vs. rural). On average, persons living with a disability experience worse financial well-being compared with those without a disability. The potential financial capability constraints include limitations to information access and financial support, exclusion from formal financial spaces, and various skills in managing their finances which contribute to poor financial well-being (Brandow et al., 2020). Individuals with disabilities often exhibit a lack of financial literacy, including aspects such as savings awareness, financial planning, tracking of income and expenses, and access to funds for emergencies. Research conducted in Mexico also highlights those individuals with disability show significant differences in financial literacy levels as compared to other groups. The research underscores the need to consider the unique challenges in the context of financial literacy (Hernández Mejía et al., 2022).

Results and Discussions

Individuals with disabilities are among the most marginalised and vulnerable section around the world, with limited prospects for advancement across the community and the economy (Sen & D. Wolfensohn, 2014). As pointed out by Chaudhuri (2006) it is essential to acknowledge that individuals with disabilities do not form a uniform group; instead, they represent a wide array of disability types, each presenting distinct challenges and necessitating tailored care and support. India has made significant advancements in recent years regarding legal and policy measures about the status of individuals with disabilities. The Rights of Persons with Disabilities Act, of 2016 offers a more extensive framework for safeguarding the rights and promoting the welfare of individuals with disabilities, effectively replacing the earlier Persons with Disabilities Act, of 1995. This move forward is congruent with India’s adhering to the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) in 2007. India’s legal framework and policy actions have largely been shaped by the UNCRPD, guaranteeing opportunities and equal rights for PWDs that align with global norms. Despite enormous improvement, challenges persist. Concerted efforts are still needed to provide complete accessibility, eliminate discrimination, and achieve true inclusion in all facets of society. To overcome these obstacles and build on the gains gained, the government, civic society, and other stakeholders must collaborate.

Disability in India: Socio- economic implications and Financial Literacy Challenges.

As per Census 2011, in India, 2.68 crores are disabled which is 2.21 per cent of the total population. This number has risen from 21.9 million in 2001 to 26.8 million in 2011. The statistics are likely to increase in magnitude in parallel with population growth, providing a serious policy dilemma for India, which has the highest demographic dividend. Census 2011 shows a gender disparity in the country, with 14.9 million more males than women with impairments. Additionally, more than 18.0 million people with disabilities live in rural areas, compared to only 8.1 million in urban areas. Men are 2.41 per cent more likely than women to have a disability, compared to 2.01 per cent. In India, 20 per cent of individuals with disabilities experience mobility impairments, 19 per cent have visual impairments, 19 per cent have hearing impairments, and 8 per cent possess multiple disabilities.

Survey report of persons with disabilities in India, 76th round conducted by the National Sample Survey Organization demonstrates significant socio-economic gaps among differently-abled people in India, notably in the areas of education and vocational training. Table 1 illustrates notable discrepancies in education and occupational training among persons with disabilities in India, especially concerning gender and the rural-urban divide. The literacy percentage for males with disabilities is 57.4 per cent, however, for females it significantly declines to 33.3 per cent, resulting in an overall literacy rate of 47.2 per cent.

Conversely, urban region has indicated a higher than average literacy rate with males at 73.3 per cent and females at 55.8 per cent achieving an average of 65.5 per cent. In that regard, educational levels beyond high school are confined, where only 14.9 per cent of the rural have achieved that level, namely 19.8 per cent males, and 8.2 per cent females while it slightly increased to 31 per cent in the urban, among which 37.1 per cent males and 23.4 per cent females. Access to technical education is restricted, especially for females and in rural regions, with only 0.6 per cent possessing technical qualifications in rural settings and a little higher 2.7 per cent in urban areas. Likewise, engagement in vocational training is negligible, with only 1.4 per cent undergoing formal training and 1.7 per cent engaging in informal training across the nation.

Among people with disabilities in India, there are notable differences in labor force participation, employment, and unemployment depending on gender and geography, according to statistics from the NSS Round 76 report. The labor force participation rate (LFPR) for men is 36.8 per cent in rural regions, which is considerably higher than the 8.0 per cent for women. In urban areas, there are comparable gender discrepancies, with men's LFPR being 33.9 per cent and women's LFPR being 7.2 per cent. This tendency is also reflected in the worker population ratio (WPR), which indicates that men are more likely to be employed in both rural and urban environments. Remarkably, the unemployment rate (UR) is greater in urban regions, especially for women (7.9 per cent), but relatively low in rural areas (3.3 per cent for individuals).

Table 1
Socio Economic Disparity in Education and Vocational Training

Indicator		Male	Female	Person
		Rural		
Literacy rate (%) among persons with disability of age 7 years and above		57.4	33.3	47.2
Persons aged 15 years and above	having highest level of completed education- secondary and above	19.8	8.2	14.9
	with technical education	0.8	0.3	0.6
Persons aged 15-59 years, who received vocational/technical training	formal vocational/technical training	1	0.5	0.8
	other than formal vocational/technical training	1.9	1	1.6
		Urban		
Literacy rate (%) among persons with disability of age 7 years and above		73.3	55.8	65.5
Persons aged 15 years and above	having highest level of completed education- secondary and above	37.1	23.4	31
	with technical education	3.9	1.3	2.7
Persons aged 15-59 years, who received vocational/technical training	formal vocational/technical training	3.4	2.2	2.9
	other than formal vocational/technical training	2.2	1.5	1.9
		Rural + Urban		
Literacy rate (%) among persons with disability of age 7 years and above		61.6	39.6	52.2
Persons aged 15 years and above	having highest level of completed education- secondary and above	24.3	12.6	19.3
	with technical education	1.6	0.6	1.2
Persons aged 15-59 years, who received vocational/technical training	formal vocational/technical training	1.6	1	1.4
	other than formal vocational/technical training	2	1.2	1.7

Source: Survey report of persons with disabilities in India, schedule 26.0 of the 76th round conducted by the National Sample Survey organization (NSSO) (NSS Report No 583 (76/26/1), 2018)

2.1 Financial Literacy in India – A Glance

According to Standard & Poor’s Global Financial Literacy Survey, which paints a varied image of financial literacy throughout the world, India stands out as a nation that needs serious attention. While countries such as Canada and Australia have high literacy rates (55-75 per cent) that demonstrate a solid grasp of financial concepts, India is among

those with poor rates of financial literacy (25-34 per cent). This suggests that a sizeable section of the Indian populace is not well-versed in basic financial concepts like risk diversification, interest compounding, and inflation. This disparity highlights the urgency with which targeted financial education initiatives are needed in India to provide people with the information and abilities they need to make wise financial decisions and enhance their financial well-being.

Table 2
Socio- Economic Disparity in Employment

Indicator	Male	Female	Person
	Rural (in %)		
LFPR among persons with disability	36.8	8.9	24.5
WPR among persons with disability	35.5	7.8	23.7
UR among persons with disability	3.5	2.5	3.3
Urban (in %)			
LFPR among persons with disability	33.9	7.2	21.9
WPR among persons with disability	31.7	6.6	20.4
UR among persons with disability	6.5	7.9	6.7
Rural + Urban (in %)			
LFPR among persons with disability	36	7.7	23.8
WPR among persons with disability	34.5	7.4	22.8
UR among persons with disability	4.2	3.9	4.2

Source: Survey report of persons with disabilities in India, schedule 26.0 of the 76th round conducted by the National Sample Survey organization (NSSO) (NSS Report No 583 (76/26/1), 2018)

Recognising the importance of financial literacy, the Indian Government and financial institutions have initiated various programs and courses to enhance financial education in the community. In this context, the National Centre for Financial Education plays a crucial role. NCFE established as a not-for-profit organization, aims to foster a financially aware and empowered society through comprehensive financial education initiatives. In 2019, NCFE carried out the Financial Literacy and Inclusion Survey (FLIS) to assess the level of financial literacy in India. Financial knowledge, behavior, and attitudes of survey participants were evaluated using a standardized questionnaire. It assessed several aspects of financial literacy, such as knowledge of financial products, proficiency with budgeting, and awareness of opportunities and potential

risks in the realm of finance. This survey also indicates that India’s financial literacy is hovered about 27 per cent. It signifies that a sizable section of the population is ignorant of basic financial concepts.

According to the National Centre for Financial Education (2019), socio-economic factors influence financial literacy among the Indian population. The study seeks to highlight the challenges faced by various segments of the population.

Table 3 shows that there are considerable inequalities in financial literacy among India’s socio-demographic groupings. Despite having equal levels of financial attitude, respondents from urban areas are more financially literate than those from rural areas. Though women exhibit a somewhat greater financial attitude, males do better than women

Table 3
Socio- economic factors affecting Financial Literacy in India

Distribution of respondents based on socio-demographic factors	% of respondents qualifying for			
	Financial attitude	Financial behaviour	Financial knowledge	Overall Financial literacy
Location- Wise				
Rural	89	51	45	24
Urban	88	57	55	33
Gender-Wise				
Male	88	56	50	29
Female	90	43	45	21
Education-Wise				
Post Graduate	82	58	72	31
University Level	86	57	80	43
Upper secondary school or High school	85	55	41	25
Lower secondary school	88	52	33	19
Primary school	91	45	35	16
No formal education	94	46	28	13
Income-Wise				
Less than INR 10000	90	58	44	28
INR 10001-50000	88	53	50	26
INR 50001-200000	88	62	52	32
INR 200001-500000	86	68	60	41
INR 500001-1000000	89	84	64	50
INR 1000000 and above	80	73	53	40
No Income	88	36	46	19
Occupation-Wise				
Self Employed (agriculture)	90	64	49	31
Agricultural Labourer	87	47	41	13
Self-employed (Non-Agriculture) & Casual Labour	88	59	52	31
Salaried (Private)	89	63	55	37
Salaried (Govt.)	88	73	60	45
Student	86	38	61	26
Homemaker	90	36	36	16
Retired Person	89	34	48	36

Source: Financial Literacy and Inclusion in India: Final Report on the Survey Results, National Centre for Financial Education (2019).

overall in terms of financial literacy, knowledge, and behavior. Education is critical, with university graduates displaying the strongest financial understanding and total literacy, while those without formal education trail substantially behind. There is a strong association between income and financial literacy, as evidenced by the fact that people who earn between INR 500001 and 1000000 have the greatest total financial literacy. Among workers, salaried government personnel have the greatest level of financial literacy, while agricultural labourers and homemakers show the lowest levels.

These findings underscore the pressing need for focused financial education initiatives to bridge the literacy gap, especially for women, marginalised sectors, lower-income groups, rural communities, and persons with lower educational attainment.

Major Findings

- The rural-urban gap is highlighted by the fact that urban regions continuously have greater rates of literacy and educational attainment than rural ones. Furthermore, men do better than women in every metric, highlighting gender-based disparities. These differences are made worse by the low proportion of people with disabilities obtaining technical education and vocational training, which restricts their chances of achieving economic empowerment. These disparities in education and vocational training have a direct impact on the financial literacy of people with disabilities.
- According to data, there is an enormous gap in employment and workforces among differently-abled individuals. Females with disabilities, particularly in rural regions, exhibit much lower labor force participation rates and workforce participation rates than their male counterparts. Consequently, in urban land unemployment rates are higher for females whereas the same index has been recorded for males which mean these female disabled people of metropolitan lands have less chance or option for employment.
- The general population of India has a low level of financial literacy, with males scoring higher than women and rural regions having a lower level of financial literacy. This disparity in financial literacy parallels the gaps in education and work involvement among Persons with Disabilities. The findings indicate that education and work opportunities for differently-abled persons are closely related to their financial literacy. It is apparent that lower education and workforce participation reduces their access to financial resources and income-generating opportunities, which exacerbates their financial vulnerabilities and makes it more difficult for them to become financially independent. Enhancing educational and occupational training possibilities for differently-abled persons, especially in rural regions and among women, and improving their financial literacy will foster more economic inclusion of this population.

Suggestions

- Offer scholarships, mentorship, and secure transportation to promote female engagement in education and training, helping with financial and logistical barriers. Furthermore, digital education tools with accessibility features, like screen readers and voice commands, can be utilised to expand remote learning options for students with disabilities. Offer discounted internet access in rural areas, ensuring that digital learning is affordable and accessible. Additionally, establish accessible local centers that offer vocational and technical training that correspond with market requirements, in collaboration with private and governmental sectors.
- Encourage public and private enterprises to recruit differently-abled workers by offering tax credits and certification programs where the company receives inclusive employer status which could boost their brand image and customer loyalty. Although India has a reservation policy in the public sector, a similar policy should be extended to the private sector with an appropriate support mechanism. In addition, internship and apprenticeship programs should be developed specifically for differently-abled women, allowing them to gain hands-on experience and build professional skills.
- Provide micro-financing, grants with minimal documentation, collateral securities and entrepreneurial training

to foster self-employment among persons with disabilities.

- To promote financial independence among differently abled individuals, integrate financial education into the school curriculum to equip them with essential financial skills early on, enabling them to manage their finances more effectively. Besides that, create accessible financial literacy programs and informal peer learning groups focused on budgeting, saving, and investing for persons with disabilities in both rural and urban settings.
- Collaborate with financial institutions to provide accessible banking services and customized financial solutions. Introduce financial products and insurance policies specifically designed to cater to the unique needs of persons with disabilities, with minimal paperwork and low entry barriers.
- Conduct public awareness campaigns to educate communities on the rights of differently abled individuals to reduce stigma.

Conclusion

The Census 2011 statistics and the NSS Round 76 report clearly show the enormous socio-economic gaps experienced by persons with disabilities in India. Despite the legal and regulatory improvements contained in the Rights of Persons with Disabilities Act of 2016, as well as India's commitment to the UNCRPD, the path to full inclusion and financial empowerment for differently abled people remains challenging. Instead

of mere sympathy, empathetically driven support is needed to alleviate their specific issues and enable them to be included in all spheres of life authentically. It brings the economic disparity closer to its end, bringing equity into the avenue for socio-economic advancement through equal

opportunities in financial prosperity. This ensures that socio-economic development brings equality in making all such persons able in all aspects, which makes them economically independent and self-sufficient.

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