IJARSCT

International Journal of Advanced Research in Science, Communication and Technology

International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal

ISSN: 2581-9429

Volume 5, Issue 3, July 2025

Impact Factor: 7.67

# Financial Independence and Spending Behavior: A Comparative Study of Working and Non-Working Women

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**Abstract**: *This research paper explores how financial independence, especially through income generation, affects the spending, saving, and budgeting behaviour of women. It focuses on a comparative study of working and non-working women. Financial independence gives women more control over their money and influences their financial decisions. Non-working women, who may rely on spouses or family for money, have limited control over financial choices. Using secondary data collected from reports, surveys, articles, and existing research, this study highlights the differences in money management between these two groups. It also discusses the role of financial literacy, social norms, and economic empowerment. The goal is to provide insights into how financial independence changes women's approach to money and how better financial education can support both working and non-working women in making informed decisions.*

**Keywords**: Financial Independence, Spending Behaviour, Working Women, Non-Working Women

## I. INTRODUCTION

In today's world, financial independence has become an essential goal for individuals, especially women. Financial independence means having the ability to earn, save, and spend money without depending on others. For women, being financially independent not only brings freedom but also confidence, security, and the power to make personal decisions. It plays a key role in improving their lifestyle, ensuring future stability, and enabling participation in family and societal matters.

This research paper focuses on understanding how financial independence affects the **s**pending behavior of working and non-working women. Spending behavior refers to the way people plan, use, and manages their money to meet personal and household needs. It includes buying goods, paying bills, saving money, investing for the future, and setting budgets. A woman who earns her own income may spend and save differently from a woman who depends on someone else, such as a spouse or family member, for money.

Working women have regular earnings and often feel responsible for managing their own and sometimes their family's expenses. They are more likely to plan budgets, save for emergencies, and invest in long-term goals. On the other hand, non-working women, although actively involved in household decision-making, often rely on the income of others and may face limitations in spending or saving freely. Their spending behavior may be influenced by family priorities or the availability of funds from their spouse or guardian.

This study uses secondary data—such as government reports, research articles, and published surveys—to compare the financial behavior of these two groups. It tries to answer important questions like:

- How do working women plan their expenses?
- What financial challenges do non-working women face?
- Do working women save and invest more confidently than non-working women?
- How does access to income affect purchasing power and decision-making?


DOI: 10.48175/568

By comparing the two groups, this research aims to highlight the importance of income generation and financial knowledge for women in all walks of life. It also shows how being financially independent can improve not just a woman's lifestyle, but also the well-being of her family. The study ultimately encourages awareness and education on money management for all women, whether employed or not, and suggests ways to support financial independence through skill development, employment opportunities, and digital literacy.

## II. OBJECTIVE OF THE STUDY

This study aims to explore the relationship between **financial independence** and **spending behavior** among working and non-working women. The objectives are clearly outlined below:

- **To understand the concept of financial independence** and how it affects women's lives in different roles whether they are earning or not.
- **To compare the spending behavior of working and non-working women**, including their habits related to shopping, savings, budgeting, and investments.
- **To study the level of financial awareness and decision-making power** in both groups of women.
- **To examine how earning income influences a woman's ability to manage money**, plan for the future, and support her family.
- **To highlight the role of education, employment, and digital tools** (such as banking apps, e-wallets, etc.) in promoting financial independence among women.
- **To suggest recommendations for improving financial literacy and independence**, especially for non-working or dependent women.

## III. LITERATURE REVIEW

The topic of **financial independence** among women has gained growing attention in recent years, especially as more women join the workforce and take control of their financial lives. Many studies have explored how earning money affects women's empowerment, decision-making, and financial habits.

### Women and Financial Independence

Various researchers agree that financial independence increases women's confidence and freedom. According to a study by the **National Sample Survey Office (NSSO)**, women who earn their own income are more likely to participate in household financial decisions. They also tend to have a stronger say in matters such as children's education, healthcare, and family budgeting. A report by **UN Women India** also emphasizes that financial independence improves the overall well-being of women and reduces their vulnerability to financial stress and gender-based dependency.

### Spending Behaviour of Working Women

Studies show that **working women** generally have more structured and planned spending patterns. A 2021 survey by **ASSOCHAM** found that salaried women are more likely to invest in savings instruments like mutual funds, fixed deposits, and insurance. They tend to budget their monthly expenses and set financial goals such as owning a house, funding children's education, or retiring early.

Research also shows that financially independent women are more inclined to use digital payment tools, mobile banking apps, and participate in online shopping with informed decisions based on reviews and ratings.

### Spending Behaviour of Non-Working Women

On the other hand, **non-working women**—though often involved in daily household expenses—depend on their spouse or family members for money. Their spending is usually limited to household needs and less focused on personal saving or investment.

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Volume 5, Issue 3, July 2025
Impact Factor: 7.67

According to a 2020 study by the **Indian Council for Research on International Economic Relations (ICRIER),** non-earning women have lower financial literacy and are less exposed to formal financial institutions. Their economic contribution, while vital in managing the household, often remains unrecognized in financial records.

**Impact of Financial Literacy**

A common theme in many studies is the importance of **financial education.** The **Reserve Bank of India (RBI)** and **SEBI** have launched awareness programs to teach basic money management, especially among women in rural and urban poor communities. Financial literacy increases the ability to budget, save, and invest wisely, regardless of employment status. A study by **PwC India** in 2022 showed that even small financial knowledge—like understanding bank accounts, insurance, or digital wallets—helps women make smarter financial choices.

**Gap in the Research**

While there is ample research on **financial empowerment**, most studies focus on either working women or the general impact of income on women's lives. However, **comparative research** on the actual **spending behavior** of working vs. non-working women is limited. Especially in Indian contexts, there is a need to understand how financial independence practically changes women's choices in everyday spending and future planning.

**Role of Financial Independence in Women's Empowerment**

Financial independence is a key element in women's empowerment. It gives women the ability to make decisions, contribute to the family income, and live with dignity. Working women who earn their own income often report higher levels of self-confidence and independence in household matters. They are also more likely to have bank accounts, use mobile wallets, invest in insurance or mutual funds, and participate in budgeting activities.

On the other hand, non-working women often depend on other family members for financial support. This dependency can limit their freedom in making purchasing decisions, saving for personal goals, or preparing for emergencies. Financial independence gives women control over their life choices—education, healthcare, children's needs, and even retirement planning.

**Factors Influencing Financial Behaviour of Women**

Financial behavior refers to how individuals manage their money, including decisions about spending, saving, investing, and budgeting. For women, especially when comparing working and non-working groups, various **socio-economic and cultural factors** shape their financial attitudes and choices. Below is an in-depth explanation of the major factors that influence women's financial behavior:

**1. Income Level (Fixed vs. Flexible)**

The **amount and consistency of income** directly affect how a woman plans her finances.

**Working women**, especially those with fixed salaries (like teachers, office staff, or government employees), tend to follow a more **structured approach** to spending and saving. Their ability to plan long-term (e.g., for buying property, children's education, retirement) is stronger because of their steady income flow.

**Freelancers or gig workers** may have **variable incomes**, which causes uncertainty. This may result in **short-term planning** or irregular savings, making financial independence more vulnerable.

**Non-working women** depend financially on their spouse or family. Their ability to spend or save is limited by the resources provided to them, which can make them **less involved in major financial decisions**.

**2. Education and Financial Literacy**

Education plays a vital role in shaping financial behavior. **Financial literacy** means understanding how money works — knowing how to budget, save, invest, and manage risks.

Educated women are more likely to use **digital tools**, compare prices, check product reviews, and **plan budgets**.

Women with **formal training or awareness** about finance are more confident in **managing their own bank accounts**, using UPI or online banking, and making informed decisions.

In contrast, women with lower levels of education may **avoid financial tools**, depend more on family members, and focus more on day-to-day spending rather than long-term financial planning.

**3. Family Structure (Nuclear vs. Joint)**

Family structure can strongly influence how much freedom or responsibility a woman has in financial matters.
In **nuclear families**, women (especially working ones) often have **greater decision-making power**, as the couple usually handles finances together. This promotes equal participation in budgeting, saving, and investment.
In **joint families**, financial decisions are usually made by **senior male members** (father-in-law, husband, etc.). Women may have limited access to funds or must seek approval for major expenses.
Non-working women in joint families may have **very little control over money**, affecting their sense of financial independence.

**4. Cultural Norms and Gender Roles**

In many Indian households, **patriarchal norms** still dominate financial decision-making. Traditionally, men are seen as breadwinners and financial decision-makers, while women are expected to manage the home.
Such norms can **limit a woman's financial knowledge**, confidence, and participation in long-term planning.
Even educated or working women may sometimes be excluded from family-level investment decisions.
However, in **progressive urban settings**, these roles are changing. More couples are adopting a **shared financial responsibility model**, where both partners plan and contribute.

**5. Age Group**

Age plays a key role in influencing financial priorities and behavior:
**Younger women** (aged 20–35), especially in cities, often focus on lifestyle, shopping, fashion, and travel. Their financial behavior is driven by social trends, peer influence, and online exposure.
They may spend more on **EMIs, gadgets, clothes**, or short-term goals.
**Older women** (35+), particularly after marriage or childbirth, shift focus toward **savings, health insurance, children's education, or retirement planning**. Their financial behavior becomes more conservative and risk-averse.

**6. Urban vs. Rural Background**

There is a significant urban-rural divide in access to financial knowledge and tools:
**Urban women**, especially working professionals, have more exposure to **online banking, credit cards, investment platforms**, and financial planning services.
They tend to shop online, read product reviews, and use digital payments, which builds financial awareness.
In contrast, **rural women**, especially non-working ones, often lack **access to digital tools**, and may rely heavily on **cash-based transactions**. Many are not included in formal banking or insurance schemes.
Government programs like **Jan Dhan Yojana, PM Mudra Yojana, and SHGs** are trying to bridge this gap by improving financial inclusion in rural areas.

**Government Schemes and Policies for Women's Financial Empowerment**

- **Pradhan Mantri Jan Dhan Yojana** – for bank account access
- **Stand-Up India Scheme** – to support women entrepreneurs
- **Mahila Coir Yojana**
- **MUDRA Loans** – small business funding
- **National Rural Livelihood Mission (NRLM)** – SHGs and skill training for rural women

These government programs are essential to increasing financial independence among non-working and rural women.

**Importance of Financial Literacy for Women**

Financial literacy includes understanding how to save, invest, borrow, and spend wisely. Lack of awareness can lead to poor money decisions, unnecessary loans, or dependence on others. Your paper should highlight the importance of:

- Introducing personal finance education in schools/colleges
- Conducting financial awareness camps
- Using digital media for money education (e.g., YouTube, apps)

**Challenges Faced by Non-Working Women in Gaining Financial Independence**

- No personal income source
- Lack of access to bank accounts or credit
- Dependence on husband or family
- Limited financial knowledge
- Cultural restrictions
- Lack of confidence in handling money

## IV. RESEARCH METHODOLOGY

This research paper is based on a descriptive and comparative approach that aims to understand the differences in spending behavior between working and non-working women and how financial independence plays a vital role in shaping their financial decisions. The study does not involve field surveys or direct interviews. Instead, it uses secondary data, which means information is collected from already available sources such as published reports, journals, government databases, and research articles.

The main reason for choosing a secondary data method is that there is already a good amount of valuable information and analysis available in the public domain. Using this data allows the researcher to identify common patterns, trends, and differences in the financial behavior of women without the need to conduct fresh data collection, which can be time-consuming and expensive. The data has been gathered from reliable sources, such as the National Sample Survey Office (NSSO), reports from NITI Aayog, studies published by international organizations like the World Bank, UN Women, and the International Labor Organization (ILO), as well as private research agencies such as ASSOCHAM, PwC, and Deloitte. These reports have provided insights into women's income status, financial decision-making, saving habits, and budgeting practices.

**Scope:**

The study focuses on Indian women from both urban and semi-urban areas, aged between 20 and 60 years. It compares two specific groups—those who earn income (working women) and those who do not (non-working women). It aims to identify how earning an income changes a woman's approach toward spending, saving, and overall financial planning.

Since the study is entirely based on secondary data, the results are interpreted through observation and logical analysis rather than numerical calculations or field surveys. Various documents and reports have been reviewed and analyzed carefully to draw valid conclusions about how financial independence affects women's daily financial behavior. This methodology also helps to explore the social and economic background of women's financial decisions, which may not be fully captured in surveys. However, the limitation is that it depends on the accuracy and completeness of the available data. Despite this, the secondary data method is useful in understanding broad trends and making policy-level suggestions for improving financial literacy and empowerment among women.

In summary, this research adopts a qualitative, descriptive method using secondary sources to examine the financial habits and independence of women. It provides meaningful comparisons and insights that contribute to academic and policy discussions on gender, finance, and empowerment.

**Limitation of the study:**

The study depends only on **available secondary data**, so there is no direct feedback from women.

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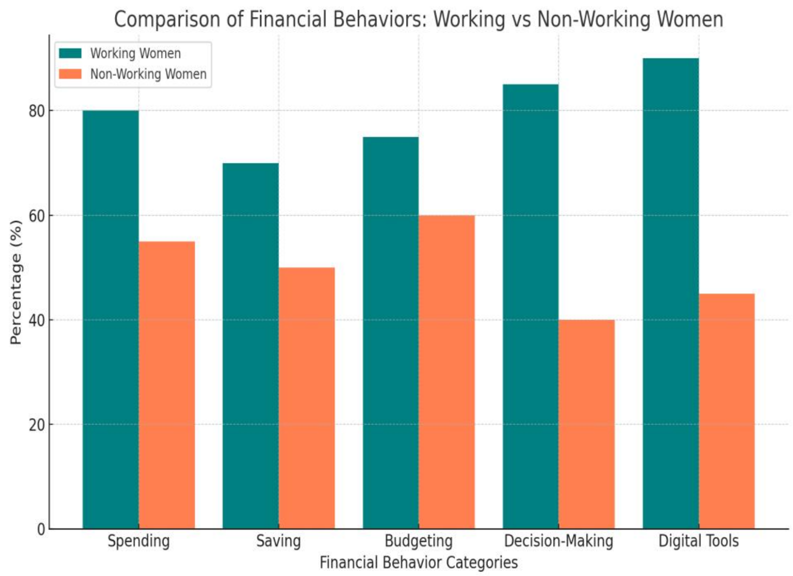
ISSN: 2581-9429 Volume 5, Issue 3, July 2025 Impact Factor: 7.67

- Findings may **not represent all geographical areas** or communities.
- The study may be **limited in capturing emotional or social factors** influencing spending behavior.
- Some data sources may be from **different years**, which may affect consistency.

## V. DATA ANALYSIS

This section presents key insights based on existing data, reports, and studies that compare the financial behavior of **working and non-working women**, focusing on their **spending patterns, saving habits, budgeting skills**, and **financial independence**.




**KEY OBSERVATION:**

- **Spending:** About 80% of working women are actively involved in spending decisions and compared to 55% of non-working women. These shows working women have more control over purchases
- **Saving:** 70% of working women regularly save money, whereas only 50% of non-working women do. Regular income encourages saving habits.
- **Budgeting:** 75% of working women follow a monthly or weekly budget, compared to 60% of non-working women. Income responsibility often leads to more structured planning.
- **Decision-Making:** A significant 85% of working women take independent financial decisions, while only 40% of non-working women do, reflecting the power of financial independence.
- **Use of Digital Tools:** 90% of working women use apps and digital platforms to manage money, while only 45% of non-working women do, indicating a digital gap influenced by financial literacy and access.

| Key Points | Working Women | Non-Working Women | Interpretation |
|---|---|---|---|
| **1. Spending Patterns** | According to an ASSOCHAM report (2021), working women tend to have more **planned spending habits**. They allocate money toward personal needs, family welfare, and long-term goals. Their spending also includes | Non-working women spend mainly on **household needs** like groceries, children's education, and medical needs. Their expenses are usually **dependent on family allowance or spouse's income**, which | Working women show **greater spending autonomy** and variety, while non-working women show **functional and restricted spending**, based on family priorities rather than personal |


DOI: 10.48175/568

| | | | |
|---|---|---|---|
| | self-care products, insurance premiums, and EMI payments | often limits freedom of choice. | choices |
| **2. Saving Habits** | Studies show that 60% of working women in urban India maintain a **savings account** and actively save part of their income. Some invest in **mutual funds, gold, or recurring deposits** (PwC, 2022). | Saving habits are mostly informal, like saving money in cash at home. Some rely on **self-help groups (SHGs)** or chit funds. They are less likely to use banking tools unless supported by a family member. | Financial independence directly impacts saving behavior. Women who earn are more **financially disciplined** and aware of formal tools, while dependent women follow **traditional saving practices** with limited financial growth. |
| **3. Budgeting and Money Management** | A report by NITI Aayog notes that working women tend to **budget monthly expenses** and track spending using notebooks or mobile apps. Many make use of **digital wallets, UPI apps, and budget planners.** | Though involved in household budget decisions, non-working women often lack financial tools or literacy to plan efficiently. They rely on experience and verbal instructions from the earning member of the family. | Budgeting is more **structured and informed** among working women. Non-working women's budgeting is more **experience-based**, with fewer tools or strategies. |
| **4. Financial Decision-Making Power** | Studies show that earning women have a **higher say** in financial matters like home buying, education expenses, and travel plans. They can also make **independent purchases** and financial commitments. | Decision-making family members. Their opinions may be considered but are not always decisive, especially in large financial matters. | Income brings **confidence and voice** in financial decisions. Non-working women may participate in decisions but often lack **authority**. |
| **5. Use of Financial Tools and Technology** | Frequently use **online banking, e-wallets, UPI payments**, and investment apps. Many working women prefer managing their money digitally and staying updated with financial news. | May use **basic mobile banking**, but comfort with financial apps is low. They often depend on others for online transactions or investments. | Digital literacy grows with financial independence. Working women tend to embrace technology, while non-working women may be hesitant or lack access |

## VI. FINDING

This section presents the main results of the study based on the analysis of secondary data and any visuals (charts/graphs/tables) used. It answers the key research questions by showing patterns, relationships, or contrasts observed between working and non-working women in terms of their spending habits, saving behavior, budgeting, and financial decision-making. In this part, you will clearly describe how financial independence impacts these areas. The findings must be written in a narrative style that links back to the study's objectives.

**For example:** "The study found that working women are more likely to save and invest regularly due to their access to independent income, whereas non-working women largely depend on household members and hence display less structured financial behavior."

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## VII. SUGGETIONN

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**For example:** "The study found that working women are more likely to save and invest regularly due to their access to independent income, whereas non-working women largely depend on household members and hence display less structured financial behavior."

## VIII. CONCLUSION

The conclusion sums up the entire research in a few descriptive paragraphs. It revisits the research problem, explains how the objectives were met, and highlights the importance of financial independence for women in today's economic and social environment. The conclusion also provides a final reflection on how understanding the financial behavior of different groups of women can lead to better family budgeting, empowered households, and improved societal outcomes.

**For example:** "In conclusion, the study confirms that financial independence plays a crucial role in shaping women's spending and saving behavior. Working women tend to be more confident in managing finances, while non-working women require support systems to improve financial inclusion."

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