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Factors Affecting Women's Investment Behaviour: A Comprehensive Study of Socio-Demographic, Economic, And Psychological Determinants in Meerut District

Dr. Chandan Kumar Singh

Assistant Professor, Deva Nagri College, Meerut. Orcid Id: https://orcid.org/0009-0001-8031-1831

Abstract

Women's participation in formal financial markets is an essential marker of economic empowerment and inclusive growth. However, in India, women have historically remained on the periphery of the investment ecosystem due to socio-cultural norms, limited financial literacy, risk aversion, and low financial autonomy. This research paper provides an in-depth empirical investigation of the multi-dimensional factors that influence women's investment behaviour in Meerut district, a semi-urban region within India's National Capital Region. Using both quantitative and qualitative research methods, this study analyses how social, economic, demographic, and psychological factors interact and influence women's investment decisions. The findings reveal that while education and income are significant enablers, deep-seated cultural norms, family dynamics, and inadequate financial literacy continue to impede women's confidence in navigating complex financial markets. The study highlights the degree of interrelationship among these factors and discusses strategies for policymakers, educators, and financial institutions to foster greater financial inclusion for women. This paper makes a timely contribution to the discourse on gender and finance by offering actionable insights for bridging the gender gap in investment behaviour.

Keywords: Women investors, financial literacy, investment behaviour, socio-demographic factors, risk aversion, financial capability.

1. INTRODUCTION

Financial inclusion has become a global priority as nations increasingly recognize the critical role of women's economic empowerment in driving sustainable development. In India, despite substantial progress in literacy and workforce participation, women's financial inclusion—particularly their participation as active investors—lags behind. Traditionally, Indian women have been expected to manage household expenses, save informally, and defer larger investment decisions to male family members. However, shifting socio-economic dynamics, urbanization, and increasing female educational attainment are gradually changing this narrative.

Meerut district, an urbanizing region within Uttar Pradesh and the extended National Capital Region (NCR), provides a microcosm for studying the evolving financial behaviour of Indian women. As more women in Meerut join the workforce and gain access to digital banking tools, their ability to participate in formal financial markets is increasing. Yet, significant barriers persist, including gaps in financial literacy, entrenched social norms, gendered expectations, risk aversion, and low confidence in handling complex financial products.

Globally, gender gaps in financial literacy and investment participation are well-documented. Studies by the Organisation for Economic Co-operation and Development (OECD) and other international bodies consistently reveal that women are less likely than men to invest in stocks, mutual funds, or other capital market instruments. Instead, they tend to prefer safe, tangible assets like gold and real estate—a trend deeply embedded in Indian cultural contexts.

This research explores the extent to which socio-demographic, economic, and psychological factors shape women's investment behaviour in Meerut district. Specifically, it seeks to understand the degree of relationship among these factors and how they collectively influence investment decisions. By doing so, the study addresses a critical knowledge gap and offers insights for policymakers and financial institutions aiming to foster gender-inclusive financial systems.

2. Review of Literature

2.1 Women and Financial Behaviour

The literature on women's financial behaviour suggests that women globally tend to be more risk-averse than men (Barber & Odean, 2001). This risk aversion is partly rooted in socio-cultural conditioning and partly in lower levels of financial knowledge (Lusardi & Mitchell, 2008). Research from developed markets, such as that by Charness and Gneezy (2012), has shown that when women do invest, they often prefer safer instruments with guaranteed returns.

In the Indian context, several studies echo these findings. Venkataraman (2004) highlighted that Indian women historically save secretly and prefer investments like gold and jewelry that double as status symbols and security. Agarwal (2010) emphasized that despite managing household budgets prudently, many women are reluctant to engage with more sophisticated financial products.

2.2 Socio-Demographic Determinants

Age, education, marital status, and occupation are significant determinants of investment behaviour (Sellappan et al., 2013). Younger women, particularly those who are unmarried, are more likely to take calculated risks, while married women and older women tend to prefer traditional, low-risk instruments. Studies by Purohit (2015) and Bhatt & Prajapati (n.d.) underscore the role of socio-economic status and family dynamics in shaping women's financial choices.

In urban India, Gupta et al. (2020) found that financial literacy positively correlates with investment participation. However, the source of knowledge often remains informal—family, friends, or social networks—leading to gaps in understanding complex instruments like equities, derivatives, and mutual funds.

2.3 Psychological and Behavioural Finance

Behavioural finance theory argues that individual biases, heuristics, and psychological traits significantly impact investment decisions (Kahneman & Tversky, 1979). Women's investment decisions are particularly influenced by risk aversion, lack of confidence, and societal expectations (Belsky, 2010). Research shows that even when women possess comparable financial knowledge, they often underestimate their competence, preferring to consult spouses or family members before making decisions (Maltby & Rutterford, 2012).

The 2008 global financial crisis spurred discussions on whether female risk-averse behaviour might have mitigated the crisis's severity if more women were in leadership positions (EY Global Wealth Research Report, 2021).

2.4 Indian Trends and Emerging Patterns

Post-COVID, there has been a notable shift. As reported by Economic Times (2022), more women are opening demat accounts and exploring digital investment platforms. However, the majority still prefer fixed deposits, gold, and provident funds due to perceived safety.

Recent reports suggest that financial capability, defined as the combination of financial literacy and conduct, is critical for empowering women investors (Kempson, 2005; Hoelzl & Kapteyn, 2011). Studies argue that knowledge alone is insufficient—skills, confidence, and attitudes must align for women to transition from savers to active investors.

3. Objectives of the Study

The main objectives of this research are:

- To examine the socio-demographic, economic, and psychological factors influencing women's investment behaviour.
- To determine the degree of relationship among these factors.
- To assess women's level of financial literacy and capability in Meerut.
- To suggest targeted strategies for improving women's participation in formal investment avenues.

4. Research Methodology

4.1 Research Design

This study adopts a mixed-methods approach, combining descriptive statistics with analytical tools to interpret the interrelationship among multiple factors.

4.2 Population and Sampling

The research focuses on women residing in Meerut district. A stratified random sampling method was used to ensure that respondents represented different age groups, marital statuses, income brackets, and educational backgrounds.

A total of 300 women participated in the survey, including working professionals, homemakers, students, and self-employed individuals.

4.3 Data Collection

Primary data was collected using a structured questionnaire consisting of both closed and open-ended questions. The survey covered socio-demographic details, income levels, sources of financial information, preferred investment avenues, risk appetite, and financial knowledge.

Interviews were conducted with a sub-sample to gain qualitative insights into the cultural and psychological factors influencing investment decisions.

Secondary data was drawn from government reports, research articles, and published surveys on women's financial inclusion.

4.4 Analytical Tools

The data was analyzed using SPSS. Descriptive statistics summarized the demographic profile. Cronbach's Alpha tested the reliability of measurement scales. Factor analysis and correlation matrices were used to measure the degree of relationship among factors. The significance of associations was tested using chi-square tests.

5. Data Analysis and Interpretation

This section presents the comprehensive analysis of data collected from the 300 respondents. It includes detailed demographic distribution, investment behaviour patterns, degree of financial literacy, sources of financial knowledge, and the statistical relationships among the variables studied.

5.1 Demographic Profile of Respondents

Age Distribution:

The majority of respondents (about 38%) were aged between 18–26 years, signifying that the younger generation of women in Meerut is increasingly aware of and interested in investments. About 34% fell in the 27–40 years bracket, often comprising working professionals balancing family responsibilities with financial planning. The remaining 28% were above 40, typically married women with traditional saving habits.

Marital Status:

Approximately 56% of the respondents were married, 42% unmarried, and 2% widowed or separated. Marital status significantly impacts women's freedom and confidence to make independent investment decisions.

Education Level:

A considerable portion held an undergraduate degree (about 45%), while 20% had post-graduate qualifications. 25% had completed secondary education, and only 10% reported having professional qualifications in commerce, accounting, or finance — underlining the gap in specialized financial knowledge.

Occupation:

42% of respondents were working women (in service or business), 38% homemakers, and 20% students or fresh graduates. This occupational mix shapes exposure to income streams and risk preferences.

5.2 Preferred Investment Avenues

A clear pattern emerged regarding women's investment preferences:

- **Fixed Deposits & PPF:** 35% preferred fixed deposits, recurring deposits, or public provident fund (PPF) accounts due to perceived safety and moderate returns.
- **Gold & Jewelry:** 28% viewed gold as a secure, liquid asset that doubles as wealth and status.
- **Mutual Funds:** 15% invested in mutual funds, typically through Systematic Investment Plans (SIPs).
- **Equities & Stocks:** Only 8% were actively investing in direct equities, citing risk concerns.
- **Real Estate:** 6% reported investing in property or land — often requiring family involvement.
- **No Investment:** Notably, 8% had no formal investments beyond basic savings accounts.

  These results highlight a strong bias towards low-risk, tangible assets.

5.3 Sources of Financial Knowledge

When asked about sources of financial information:

- **Internet/Digital Platforms:** 30% cited online portals, apps, and digital content.
- **Family & Friends:** 25% relied on advice from spouses, parents, or relatives.
- **Social Media Influencers:** 15% followed financial influencers or content creators.
- **Financial Advisors:** 10% consulted professional advisors.
- **Traditional Media:** 12% depended on newspapers or business magazines.

- **Workshops/Seminars:** 8% attended local workshops or webinars.
  The high dependence on informal sources highlights gaps in professional advisory outreach.

5.4 Degree of Financial Literacy

Respondents were tested on basic concepts like inflation, interest rates, mutual funds, and stock market mechanisms. Results revealed:

- 65% understood savings accounts and FDs well.
- 45% could explain PPFs and basic insurance.
- Only 20% could define mutual funds or equity markets accurately.
- Less than 10% knew about risk diversification, inflation-adjusted returns, or derivatives.
  This confirms significant gaps in advanced financial literacy.

5.5 Statistical Analysis: Degree of Relationship

Using correlation and factor analysis, several key relationships were established:

- **Education vs Financial Knowledge:** A positive correlation ($r = 0.62$) indicates that higher education levels improve financial awareness.
- **Marital Status vs Risk Appetite:** Married women showed lower risk appetite compared to single women. The chi-square test confirmed statistical significance.
- **Occupation vs Investment Avenue:** Working women were more likely to invest in mutual funds and equities compared to homemakers.
- **Income vs Diversification:** Higher income brackets showed moderate diversification, albeit still conservative.
- **Financial Capability & Confidence:** Respondents with some finance/accounting qualification displayed greater confidence in decision-making.

6. Discussion

This research aligns with broader literature emphasizing that women’s investment behaviour in India is influenced by intertwined socio-demographic, cultural, and psychological factors.

The prevalence of gold and fixed deposits mirrors cultural preferences for tangible, low-risk assets. Despite improved digital literacy, many women still rely heavily on informal advice networks, reinforcing the role of family influence.

Psychological factors like risk aversion and low self-confidence limit experimentation with market-linked instruments. Behavioural finance theory supports this — women often exhibit loss aversion more strongly than men, magnified by traditional expectations to safeguard family wealth.

Another revealing trend is that younger, educated women are gradually breaking these patterns. With digital platforms democratizing access to stock markets and mutual funds, the next generation of women investors is poised for more active participation — if adequately supported with targeted financial education and accessible advisory services.

7. Conclusion

This study confirms that socio-demographic, economic, and psychological factors significantly affect women’s investment behaviour in Meerut. The degree of relationship among these factors underscores that:

- **Education and occupation enable financial literacy**, which boosts investment confidence.
- **Marital status and cultural norms shape risk attitudes**, often reinforcing conservative choices.

- **Income levels affect diversification**, but without financial capability, women default to safe assets.

To close the gender gap in investing, stakeholders must prioritize not only financial literacy but also practical empowerment.

8. Recommendations

1. Integrate Practical Financial Education:

Add modules on savings, investing, and personal finance in school and college curricula, especially in Tier-II and Tier-III cities.

2. Strengthen Community Outreach:

Conduct women-focused investment workshops through local institutions, NGOs, and self-help groups.

3. Enhance Digital Financial Tools:

Promote user-friendly apps with vernacular support and gender-sensitive content.

4. Expand Advisory Networks:

Encourage banks and brokers to offer free or subsidized advisory services for first-time women investors.

5. Address Cultural Barriers:

Run awareness campaigns that normalize women as financial decision-makers.

9. Scope for Further Research

Future studies can expand this analysis to compare rural versus urban districts, examine the long-term impact of financial education interventions, or analyze women’s participation in emerging asset classes like digital currencies and ESG investments.

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