Understanding Investment Preferences of Rural Women: A Study of District Mandi, Himachal Pradesh

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ABSTRACT

This study explores the investment preferences and financial behavior of rural women in Himachal Pradesh. The main objective of the study was to understand their awareness, participation, and decision-making patterns in personal finance. The primary data was collected through structured interviews and questionnaires (Through online and offline mode) from the two selected blocks (Karsog and Sundernagr) of Mandi district, the research identifies key factors influencing investment choices such as risk, return and accessibility to financial institutions. The study showed the predominance towards traditional and low-risk instruments like savings accounts, fixed deposits, and gold, with limited exposure to modern investment avenues such as mutual funds or stock markets. Socio-cultural norms, financial literacy, and the role of males in decision making significantly shape these preferences. The findings underscore the need for targeted financial literacy programs and inclusive policy frameworks increase their active participation in financial decisions.

KEYWORDS: Investment, risk, financial institutions, inclusive policy.

1. INTRODUCTION

Capital formation is the most important factor which concerned with the rate of economic growth of the developing and developed economy. Capital formation is mainly includes the adding up in the capital stock or it is also considered as the investment in the economy. Investment involves foregoing a certain present value in anticipation of an uncertain future return. It refers to the using of funds with the objective of getting additional income. This process requires resources, either from savings or by decreasing current consumption, with the expectation of future benefits. Generally, investment is understood in a financial context, where it entails allocating money to assets that are assumed to provide profit or positive returns over a specified period.

In India households saving is the crucial factor which determines the level of investment in the economy. But as the digitization is increasing in the economy is also changing the investment preferences of the investors. Improvement in education, awareness and infrastructure in rural area is also changing the perception of rural investors. Although it is important to study the perception of women investors in the rural area because they lag among various factors which determine the investment preferences. The research paper has made an effort to identify the investors' choices and the level of awareness among women investors.

2. REVIEW OF LITERATURE

Seguino and Floro (2003)[1] the study found that gender has a big impact on savings. It showed that when women's income increases, overall savings also increases. The difference in savings was mainly due to different reasons for saving and varying financial challenges experienced by men and women. The study recommended that to boost savings, governments and financial institutions should take these gender differences into account when creating policies.

P. J. Fisher (2010)[2] the study found the effects of gender differences on the personal saving habits. The study found that gender affects the financial behaviors. Study found that income and wealth didn't have much effect on saving. The study also found that women who were more willing to take risks preferred long-term saving over short-term saving.

Belke et.al (2012)[3] the study explored how demographic factors, such as age and wealth, affect savings in German households using data from the German Consumption Survey. It found that real estate had a greater impact on savings than other types of wealth. Age also played a key role, with older people saving more for retirement.

Basir (2013)[4] the study looked at gender differences in saving habits in Punjab, Pakistan. It found that women were interested to save more for short-term goals, while men save for short, medium, and long-term goals. Men also saved more as their income increased, were less risk-averse, and spent more on household needs, while women spent more on miscellaneous items.

3. OBJECTIVES OF THE STUDY

To examine the investment preferences of the rural women investors' in study area.

4. RESEARCH METHODOLOGY

The paper was based on the primary data, which was collected through a well-designed questionnaire. For the micro-level study, data was purposively collected from Mandi district in Himachal Pradesh. In Mandi district, two blocks: Sundernagar and Karsog were selected. A total of 250 questionnaires collected through online and offline mode out of 250 only 200 questionnaires were found correct to fulfill the objectives of the study. The data was analyzed using percentage methods.

5. DATA ANALYSIS AND INTERPRETATION

Demographic Factors

Variable	Factors	Frequency
Age	Below 25	66
	25-50	102
	Above 50	32
	Total	200
Qualifications	Primary	17
	Secondary	32
	Graduate	55
	Post Graduate and above	96

	Total	200
Occupation	Primary Sector or MANREGA	87
	Worker in Secondary Sector	40
	Job	60
	Business	13
	Total	200

FINDINGS OF THE STUDY

The findings of the study based on the primary data collected from the women rural investors followings are the findings of the paper:

1. Bank Savings/ Fixed Deposits are the most preferred investments avenues chosen by the56% of the respondents followed by Post Office saving Schemes 31%, different insurance schemes 30%, gold 27% while the least preferred investment avenues are National Saving Certificate selected by only 5% of the respondents.
2. Most of the respondents were concerned about the safety and the security of the investment avenues chosen by 71% of the respondents while followed by long term financial planning 27% and high returns 26% regarding the motive of investment.
3. 61% of the respondents were preferred the long term as well as short term financial planning whereas 21 % of the respondents were interested in the short term and only 18% interested in the long term financial planning.
4. 45% of the respondents showed their interest in the investing in the stock market or mutual funds if they had more knowledge or access to information.
5. Most important factors that affect the investment decision were return on investment selected by 45% followed by Financial Stability and the risk.
6. 60% of women investors says that their investment decisions influenced by their family members.
7. Lack of sufficient information were the biggest challenge while making investment decision selected by 42% of the total respondents followed by high risk perception and uncertainty about the returns.
8. 47% of the respondents were not satisfied by the availability of financial services in their area and 60% of the respondents feel that lack of financial products or services in the area had impacted their ability to make investment decisions.
9. 66% of the respondents were interested to attend the financial literacy programs or workshops.
10. 65% of the women agreed that they will invest more if they had better access to financial literacy programs and financial institutions.

Based on the above findings it can found that women in rural area gave more importance to the traditional methods of investment over modern avenues and the main reason of this was the lake of sufficient information and less availability of financial services in the rural areas.

SUGGESTIONS

Followings suggestions were given by the respondents:

1. Offer lower minimum investment requirements and flexible investment options. Ensure that financial institutions provide inclusive and equitable services to women. Train financial advisors to understand and address the unique needs of women investors.
2. Create networking opportunities for women to share knowledge and experiences.
3. Encourage small initial investments to build confidence.
4. More information regarding investment
5. Organize workshops to educate women about investing and financial planning
6. Providing accessible and engaging financial education programs and addressing gender bias can encourage more women to invest.
7. Starting early with sound financial planning for women helps to maximize the benefits of compound interest. This allows investments to grow significantly over time. An early start also allows you enough time to recover from loss-making or poorly performing investments without much impact on your future financial goals.
8. Share success stories of women who are excellent in investment.
9. Literacy, awareness, motivation and support can lead to great investment by women

CONCLUSIONS

The research paper analyzed the investment preferences among rural women in the district Mandi of Himachal Pradesh. The paper found that the lake of information and awareness regarding modern investment avenues lead the rural women to choose traditional investment avenues. The 20 percent of the respondents were preferred the modern investment avenues along with traditional investment avenues. The numbers may change when the further studies will include the more respondents and more area under the sample size.

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