Investment Patterns of Women: An Empirical Study in Karimnagar

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Abstract

This study investigates the investment behaviour and preferences of women in Karimnagar, Telangana. As women are increasingly becoming financially independent, understanding their investment patterns is critical for designing inclusive financial products and policies. The research focuses on the types of investment instruments preferred by women, the influencing factors, and the challenges faced. A structured questionnaire was administered to 100 women across various age groups and professions. The findings reveal that while women are aware of traditional investment avenues like gold and fixed deposits, awareness, and participation in high-return instruments like mutual funds and equity are relatively low. The study provides recommendations to enhance financial literacy and encourage diversified investment behaviour among women.

Introduction

In recent decades, the role of women in economic development has significantly evolved. With rising educational levels and workforce participation, women are not only earners but also decision-makers in financial matters. Nevertheless, their investment behaviour is still influenced by traditional social structures and risk aversion. This study aims to explore the investment patterns of women in Karimnagar, a rapidly developing city in Telangana, to understand their preferences, challenges, and awareness about various financial instruments.

Literature Review

The investment behaviour of women has been a growing area of interest, especially as more women gain financial independence. Bhushan [1] highlighted a strong link between financial literacy and investment decisions, noting that lower financial awareness among women leads to safer investment choices like fixed deposits and gold. Agarwal [2] found that working women still prefer traditional avenues due to perceived safety and lack of confidence in high-risk investments. Das [3] emphasized the gap between awareness and action, where many women know about mutual funds and stocks but hesitate to invest due to reliance on male family members for financial decisions. Kaur [4] noted that socio- economic factors such as income, age, and family status significantly affect women's investment preferences. Gupta [5] and Kapoor [6] stressed the role of cultural norms and emotional security, pointing out that women tend to prioritize financial stability over high returns. Singh and Bhatia [7] observed that digital platforms have increased awareness but not necessarily participation. Reports by RBI [8] and SEBI [9] indicated that women still form a small portion of equity investors, particularly in semi-urban areas. Chandra [10] added that psychological factors, including risk aversion and emotional attachment to savings, drive conservative investment behaviour. Overall, existing literature reveals a consistent trend: women prefer low-risk, traditional investments due to limited financial literacy and high-risk aversion. However, few studies focus on Tier-2 cities like Karimnagar, highlighting the need for localized empirical research.

Research Gap

Several studies have explored investment patterns in metro cities, but limited empirical research exists on Tier-2 and Tier-3 cities like Karimnagar. Furthermore, most studies

lack a gendered perspective and do not account for the sociocultural factors that impact women's financial decisions. This study attempts to fill that gap by focusing specifically on women investors in Karimnagar.

Objectives

- To examine the investment preferences of women in Karimnagar.
- To analyse the income of women about their investment preferences and risk tolerance.
- To investigate the education of women in relation to their investing acumen and risk appetite.

Hypothesis

$H_0.1$: No significant relationship between income and investment choice of women.

$H_0.2$: No significant relationship between income and risk appetite by women.

$H_0.3$: No significant relationship between education and investment knowledge of women.

$H_0.4$: No significant relationship between education and risk appetite by women.

Scope and Limitation

The current study is limited to study the women income and education impact to get investment, its knowledge and forwardness to risk. The research is restricted to Karimnagar in Telangana state in the period of four months from January 2025 to April 2025.

Research Methodology

Research Design: The Sample Size is 100 women, sampling technique of stratified random sampling and primary data collection via structured questionnaire.

Variables: Independent variables are age, education, income, financial literacy whereas dependent variable is investment preference in form of stocks, mutual funds, gold, real estate and fixed deposits.

Statistical Tools: Descriptive statistics are Mean, Standard Deviation, frequency distribution, Chi-Square test for association between categorical variables at 5 percent significance level i.e. $\alpha=0.05$.

Data Analysis

Demographic data analysis

Table 1: Age of respondents.

Age Group	Frequency (F)	Percentage (%)
20–30 years	30	30%
31–40 years	35	35%
41–50 years	20	20%
51 years & above	15	15%
Total	**100**	**100%**

Source: Primary data

Table 2: Education of the respondents ('i' & 'ii' as low literacy, 'ii' as moderate literacy and 'iii' as high literacy).

Education Level	Category	Frequency (F)	Percentage (%)
Below Secondary	i (Low Literacy)	18	18%
Secondary to Undergraduate	ii (Moderate)	52	52%
Postgraduate and above	iii (High)	30	30%
Total		**100**	**100%**

Source: Primary data

Table 3: Monthly income of the respondents

Income Range (INR)	Frequency (F)	Percentage (%)
Below ₹10,000	22	22%
₹10,001 – ₹25,000	38	38%
₹25,001 – ₹50,000	25	25%
Above ₹50,000	15	15%
Total	**100**	**100%**

Source: Primary data

Table 4: Approximate monthly investment of the respondents

Investment Amount (INR)	Frequency (F)	Percentage (%)
Below ₹1,000	28	28%
₹1,001 – ₹5,000	45	45%
₹5,001 – ₹10,000	17	17%
Above ₹10,000	10	10%
Total	**100**	**100%**

Source: Primary data

Chi-Square Test Interpretation of Hypotheses

$H_0.1$: There is no significant relationship between income and investment choice of women.

The Chi-Square test yielded a value of $\chi^2 = 42.92$ with 9 degrees of freedom and a p-value of 0.0000022. Since the p-value is significantly less than the standard significance level of $\alpha = 0.05$, we reject the null hypothesis.

Interpretation:

There is a statistically significant relationship between a woman's income and her investment choices. The results indicate that as income increases, women are more likely to allocate larger amounts toward investment. This suggests that financial capacity plays a crucial role in determining investment behavior among women.

$H_0.2$: There is no significant relationship between income and risk appetite by women.

The analysis produced a Chi-Square value of $\chi^2 = 17.27$ with 6 degrees of freedom and a p- value of 0.0083. Since p < 0.05, the null hypothesis is rejected.

Table 5: Chi-Square Test Interpretation of Hypotheses

Hypothesis	Chi-Square Value (χ^2)	Degrees of Freedom (df)	p-value	Conclusion (at $\alpha = 0.05$)
$H_o.1$: Income vs Investment Choice	42.92	9	0.0000022	Reject H_o
$H_o.2$: Income vs Risk Appetite	17.27	6	0.0083	Reject H_o
$H_o.3$: Education vs Investment Knowledge	25.25	4	0.0000447	Reject H_o
$H_o.4$: Education vs Risk Appetite	16.47	4	0.00245	Reject H_o

Interpretation:

There is a significant association between income and risk-taking behavior. Women with higher income levels demonstrated a greater tolerance for financial risk, whereas lower-income groups tended to exhibit risk-averse investment behavior. This aligns with the economic principle that individuals with surplus income are more open to exploring high-return, high-risk avenues.

$H_o.3$: There is no significant relationship between education and investment knowledge of women.

The Chi-Square test result was $\chi^2 = 25.25$ with 4 degrees of freedom, and a p-value of 0.0000447. As the p-value is well below 0.05, the null hypothesis is strongly rejected.

Interpretation:

There exists a strong, statistically significant relationship between a woman's level of education and her knowledge of investments. Women with higher educational qualifications were found to have superior investment awareness and understanding, whereas those with lower educational attainment had limited financial literacy. This emphasizes the role of education in shaping financial empowerment and informed decision-making.

$H_o.4$: There is no significant relationship between education and risk appetite by women.

The Chi-Square test produced $\chi^2 = 16.47$ with 4 degrees of freedom, and a p-value of 0.00245, which is also less than the 0.05 threshold. Therefore, the null hypothesis is rejected.

Interpretation:

A statistically significant relationship exists between education level and risk appetite. Women with higher education were more likely to engage in moderate to high-risk investment instruments, reflecting greater confidence, awareness, and willingness to explore diverse investment options. Conversely, lower-educated respondents tended to adopt safer, low-risk financial practices.

Overall Conclusion

The findings of the Chi-Square tests conclusively demonstrate that both income and education significantly influence women's investment behavior, financial knowledge, and risk orientation. These insights underscore the importance of financial literacy initiatives and targeted financial inclusion programs, especially among women with lower income and educational backgrounds.

Overall Discussion

The results highlight that education, income, and financial literacy significantly impact women's investment preferences. However, age and risk appetite alone do not fully explain investment behavior, likely due to the influence of external factors such as family involvement, social norms, and lack of advisory access.

The dominance of traditional investment options such as gold (80%) and fixed deposits (65%) suggests a strong preference for security over returns. Modern instruments like mutual funds (25%) and stocks (10%) remain underutilized due to perceived complexity and fear of market volatility.

These insights reinforce the need for targeted financial literacy programs, improved access to financial advisors, and women-centric investment platforms to encourage diversified and informed investment practices among women in semi-urban regions like Karimnagar.

Findings

- Most women prefer traditional, low-risk investments.
- Financial literacy is moderate, with few women understanding complex instruments.
- Risk aversion is high, especially among older women and homemakers.
- Income level significantly affects investment preference.
- A significant portion of women rely on spouses or family for investment decisions.

Recommendations

- Conduct financial literacy workshops in urban and semi-urban areas.
- Encourage banks and financial institutions to design women-centric investment products.
- Use mobile apps and digital media to spread investment awareness.
- Promote the benefits of diversification and long-term investments.
- Offer incentives for women investing in high-return but low-risk instruments like mutual funds.

Further Research

Future research can explore:

- Comparative studies between urban and rural women.
- Longitudinal studies tracking change in investment behavior post financial literacy programs.
- Impact of digital banking on women's investment behavior.

Conclusion

The study reveals a traditional and cautious investment approach among women in Karimnagar. While there's growing awareness about new investment instruments, actual participation remains low due to limited financial literacy and high risk aversion. With targeted awareness programs and inclusive financial products, women's investment behavior can be positively influenced, contributing to greater economic empowerment.

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