Investment Patterns of Middle-Class Investors in Lucknow and Kanpur: A Gender-Based Comparative Study

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Abstract- Investment behavior is a complex interplay of demographic, economic, and psychological factors, with gender being a key determinant. This study examines the investment patterns of middle-class investors in Lucknow and Kanpur, focusing on gender-based differences in investment preferences, risk tolerance, investment amounts, time horizons, and decision-making factors. Using a quantitative research approach, data was collected from 150 respondents (90 males, 60 females) through structured questionnaires and analyzed using Chi-Square tests and the Mann-Whitney U test. The findings reveal that gender significantly influences risk tolerance (p = 0.000), investment amount (p = 0.008), and investment time horizons (p = 0.000), with women displaying more conservative investment behavior. However, no significant gender-based differences were observed in investment decision-making factors (p = 0.166) or preferences for most investment avenues except gold, which was significantly preferred by females (p = 0.000). The results suggest that while gender shapes investment strategies, fundamental investment considerations such as safety and returns remain similar across both groups. These insights can help financial institutions design gender-sensitive investment products and enhance financial literacy programs to cater to diverse investor needs.

Keywords: **Investment Behavior, Gender Differences, Risk Tolerance, Middle-Class Investors, Financial Decision-Making**

INTRODUCTION

Investment behavior is influenced by various demographic and socio-economic factors, with gender being a significant determinant. This study aims to explore how gender influences the investment patterns of middle-class investors in two prominent cities of Uttar Pradesh, Lucknow and Kanpur. Middle-class investors play a crucial role in the economy as their investment choices impact market participation, economic stability, and capital formation (Lakhmani et al., 2020). However, research focusing on how gender dynamics shape investment decisions in regional contexts remains limited.

Globally, women are emerging as active financial decision-makers, controlling around 27% of the world's wealth (Gaur et al., 2011). Traditionally, men dominated investment choices, but as more women gain financial independence, differences in risk appetite, investment preferences, and financial goals are becoming evident. Prior studies suggest that women tend to be more risk-averse and prefer safer investment options such as fixed deposits and gold, whereas men exhibit higher risk tolerance and opt for equities or mutual funds (Sugathan & Kumar, 2024). These gender-based disparities have critical implications for financial well-being and wealth accumulation over time.

Lucknow and Kanpur serve as ideal locations for this study due to their distinct economic environments. Lucknow, the capital city, is a growing commercial hub with high financial literacy levels and a strong services sector, while Kanpur has historically been an industrial powerhouse undergoing economic transformation (Shukla, 2017). Investment trends reflect these differences: Lucknow leads in mutual fund investments, with ₹26,000 crore invested, compared to Kanpur's ₹20,000 crore (Daniel & Saxena, 2024). Additionally, Lucknow has more individual investor folios (9.66 lakh) than Kanpur (7.21 lakh), indicating broader financial participation (Naqvi, 2023). By comparing gender-based investment behaviors in these cities, this study seeks

to identify key patterns, differences, and their implications for financial planning, investment advisory services, and policy interventions.

LITERATURE REVIEW

Investment behavior is significantly influenced by demographic factors such as gender, income, and financial literacy. Several studies have explored gender-based differences in investment patterns, but limited research has compared middle-class investors in tier-II cities like Lucknow and Kanpur. This review focuses on recent studies examining gender-specific investment behaviors.

Gupta and Sharma (2021) studied gender differences in investment decision-making and found that women prefer safer investment options such as fixed deposits and gold, while men are more inclined towards equities and mutual funds due to higher risk tolerance. Similarly, Daniel and Saxena (2024) analyzed investment patterns of working women in Uttar Pradesh and highlighted that married women tend to favor insurance and government schemes, whereas unmarried women show a slight preference for mutual funds.

A regional study by Naqvi (2023) reported that Lucknow leads Kanpur in mutual fund investments, with a higher number of individual investor folios and total investment volume. However, the study did not distinguish between male and female investors, leaving room for gender-based analysis. Singh and Agrawal (2023) emphasized that financial literacy significantly impacts investment behavior, with women generally being less financially aware than men, influencing their conservative investment choices.

Further, Saxena and Tripathi (2023) examined portfolio diversification strategies, revealing that women prefer a mix of gold, insurance, and government bonds, while men are more likely to invest in stocks and real estate. Lastly, Verma and Singh (2022) identified socio-cultural factors as a major determinant of investment risk appetite, reinforcing the idea that men are generally more aggressive investors.

These studies highlight significant gender differences in investment preferences but lack comparative analysis between Lucknow and Kanpur, emphasizing the need for further research in this area

Research Gaps

Existing studies highlight gender differences in investment behavior, with men preferring high-risk assets like stocks and mutual funds, while women favor safer options like gold and insurance (Gupta & Sharma, 2021; Verma & Singh, 2022). However, these studies lack a comparative analysis between cities. While Naqvi (2023) identified Lucknow's higher mutual fund participation, gender-specific differences remain unexplored. Singh & Agrawal (2023) emphasized financial literacy gaps but did not assess their city-wise impact. Thus, no study directly compares gender-based investment patterns between Lucknow and Kanpur, creating a gap that this research aims to address

OBJECTIVES OF THE STUDY

The primary objectives of this study are centered on uncovering and comparing gender-based differences in investment behavior among middle-class investors in Lucknow and Kanpur. The key objectives are:

- Profile Gender-Specific Investment Patterns: Determine the preferred investment avenues and portfolios of middle-class male investors versus female investors in Lucknow and in Kanpur, respectively. This includes identifying what instruments (e.g., bank deposits, stocks, mutual funds, real estate, gold, etc.) are most favored by each gender in each city.
- Compare Male vs. Female Behavior: Examine the differences in investment behavior between genders within each city. For example, assess differences in risk tolerance, average investment amounts, time horizons, and decision-making factors (such as safety, returns, liquidity) for men and women in Lucknow, and similarly in Kanpur.

Hypothesis:

H_{01} (Null Hypothesis): There is no significant difference in the preferred investment avenues and portfolio choices between male and female middle-class investors in Lucknow and Kanpur.

H_{02} (Null Hypothesis): There is no significant difference in investment behavior (risk tolerance, investment amount, time horizon, and decision-making factors) between male and female middle-class investors in Lucknow and Kanpur.

H_{02a} (Risk Tolerance): *"There is no significant difference in risk tolerance levels between male and female middle-class investors in Lucknow and Kanpur."*

H_{02b} (Investment Amount): *"There is no significant difference in the investment amount between male and female middle-class investors in Lucknow and Kanpur."*

H_{02c} (Time Horizon): *"There is no significant difference in investment time horizons (duration for which investments are held) between male and female middle-class investors in Lucknow and Kanpur."*

H_{02d} (Decision-Making Factors): *"There is no significant difference in investment decision-making factors (such as safety, returns, liquidity, and influence sources) between male and female middle-class investors in Lucknow and Kanpur."*

RESEARCH METHODOLOGY

Research Approach: This study follows a quantitative research approach to examine gender-based differences in investment behavior among middle-class investors in Lucknow and Kanpur. A descriptive and comparative research design has been adopted to analyze variations in investment preferences, risk tolerance, and decision-making patterns between male and female investors in the two cities.

Data Collection Method: Primary data for this study was collected through a structured questionnaire designed to capture respondents' investment preferences, risk tolerance, and financial decision-making behavior. The questionnaire was formulated based on the research objectives and was structured into five sections:
1. Demographic Information (Gender, Age, City, Income, etc.)
2. Investment Preferences (Types of investment avenues chosen)
3. Investment Behavior (Risk appetite, investment amount, decision-making process)
4. Financial Awareness and Decision Factors
5. Open-ended Responses (For qualitative insights)

A mixed-mode data collection strategy was used to ensure maximum participation:
- Direct Face-to-Face Interviews (conducted at banks, investment firms, and public areas)
- Google Forms (distributed via email and WhatsApp)

This hybrid approach ensured diversity in responses, reducing location or accessibility bias.

Sampling Design: The study employs a stratified random sampling method to ensure representation across gender and city. The total sample size consists of 150 respondents, equally distributed across Lucknow and Kanpur. This sampling method allows for meaningful comparisons between gender groups within and across cities.

Data Analysis: The collected data was analyzed using SPSS and Microsoft Excel to identify trends and statistical relationships.
- Chi-Square Test was applied to examine associations between gender and investment preferences.
- Independent t-Test was used to compare investment amounts and risk tolerance between men and women.
- Two-Way ANOVA was used to study the interaction effect of gender and city on investment behavior.

Descriptive statistics such as mean, frequency distribution, and cross-tabulation were also used to summarize responses.

Data Analysis and Finding:

Table1: Respondent Demographic profile.

Variables	Categories	Number	Percentage
Age	24-30	20	13.3
	31-40	60	40
	41-50	40	26.7
	Above 50	30	20
Gender	Male	90	60

	Female	60	40
City of Residence	Lucknow	75	50
	Kanpur	75	50
Annual Household Income	Below 3 Lakh	25	16.7
	3 – 6 Lakh	60	40
	6 – 10 Lakh	40	26.7
	Above 10 Lakh	25	16.7

Test of Hypothesis: (Null Hypothesis)

H_{01} (Null Hypothesis): There is no significant difference in the preferred investment avenues and portfolio choices between male and female middle-class investors in Lucknow and Kanpur.

Table2: Investment Preference

	Male		Female		Chi-Square		
Investment Avenues	Yes	No	Yes	No	p-value	Significance at 5% Level	Interpretation
Fixed Deposits	60	30	40	20	1.000	Not Significant	Accepted
Mutual Fund	70	20	50	10	0.405	Not Significant	Accepted
Stock	60	30	40	20	1.000	Not Significant	Accepted
Gold	30	60	40	20	0.000	Significant	Rejected
Real Estate	20	70	10	50	0.405	Not Significant	Accepted
Insurance	80	10	50	10	0.327	Not Significant	Accepted
Government schemes	70	20	40	20	0.132	Not Significant	Accepted

Note:

Tools used to test the hypothesis is Chi-Square.

Level of significance is 5%

Yes = The preference of the investor(Male & Female) for particular investment avenue.

No = No preference of the investor (Male & Female) for particular investment avenue

The Chi-Square analysis conducted to examine gender differences in investment preferences among middle-class investors in Lucknow and Kanpur revealed a statistically significant difference only for gold investments (p = 0.000), indicating that females have a stronger preference for investing in gold compared to males. However, for the remaining investment avenues—fixed deposits (p = 1.000), mutual funds (p = 0.405), stocks (p = 1.000), real estate (p = 0.405), insurance (p = 0.327), and government schemes (p = 0.132)—no statistically significant gender-based differences were observed. Therefore, except for gold, gender does not significantly influence the investment choices of middle-class investors in the cities of Lucknow and Kanpur.

H_{02} (Null Hypothesis): There is no significant difference in investment behavior (risk tolerance, investment amount, time horizon, and decision-making factors) between male and female middle-class investors in Lucknow and Kanpur.

H_{02a} (Risk Tolerance): *"There is no significant difference in risk tolerance levels between male and female middle-class investors in Lucknow and Kanpur."*

H_{02b} (Investment Amount): *"There is no significant difference in the investment amount between male and female middle-class investors in Lucknow and Kanpur."*

H_{02c} (Time Horizon): *"There is no significant difference in investment time horizons (duration for which investments are held) between male and female middle-class investors in Lucknow and Kanpur."*

H_{02d} (Decision-Making Factors): *"There is no significant difference in investment decision-making factors (such as safety, returns, liquidity, and influence sources) between male and female middle-class investors in Lucknow and Kanpur."*

Sub Null Hypothesis	p-value	Significant at 5% Level	Interpretation
H_{02a} (Risk Tolerance)	0.000	Significant	H_{02a} Rejected
H_{02b} (Investment Amount)	0.008	Significant	H_{02b} Rejected
H_{02c} (Time Horizon)	0.000	Significant	H_{02c} Rejected
H_{02d}(Decision-Making Factors)	0.166	Not Significant	H_{02d} Accepted

Note:

Tools used to test the null hypothesis

H_{02a} (Risk Tolerance) is Chi-Square test

H_{o2b} (Investment Amount) is Mann-Whitney U test

H_{o2c} (Time Horizon) is Chi-Square test

H_{o2d}(Decision-Making Factors) is Chi- Square test

The analysis tested the null hypothesis stating no significant gender-based differences in investment behavior among middle-class investors in Lucknow and Kanpur, specifically examining risk tolerance, investment amount, time horizon, and decision-making factors. The Chi-Square test revealed significant differences in risk tolerance (p = 0.000) and investment time horizon (p = 0.000), indicating clear gender-based distinctions in risk preferences and duration for which investments are held. Furthermore, the Mann-Whitney U test showed a significant difference in the median investment amount (p = 0.008), confirming that male and female investors differ significantly in terms of monthly investment proportion. However, the Chi-Square test regarding investment decision-making factors yielded a non-significant result (p = 0.166), suggesting that gender does not significantly influence factors like safety, returns, liquidity, and external influences on investment decisions. In conclusion, while gender significantly affects risk tolerance, investment amounts, and time horizons, it does not notably impact the factors influencing investment decisions among middle-class investors in these cities.

FINDINGS

1. Age-wise Distribution: Maximum respondents belong to the age group of 31-40 years (40%).
2. Gender-wise Distribution: Majority respondents were males (60%) compared to females (40%).
3. City-wise Distribution: Respondents were equally distributed between Lucknow (50%) and Kanpur (50%).
4. Income Distribution: Most respondents had an annual household income between ₹3-6 lakhs (40%).
5. Preferred Investment - Gold: Gender significantly influences investment in gold, with females showing higher preference (p = 0.000).
6. Investment Avenues (except Gold): No significant gender differences were observed in preferences for fixed deposits, mutual funds, stocks, real estate, insurance, and government schemes (p > 0.05).
7. Risk Tolerance: Significant gender-based differences in risk tolerance levels were observed (p = 0.000).
8. Investment Amount: There is a significant gender-based difference in monthly investment proportions (p = 0.008).
9. Investment Time Horizon: Significant gender-based differences exist in investment time horizons (p = 0.000).
10. Decision-Making Factors: Gender does not significantly influence investment decision-making factors such as safety, returns, liquidity, and external influences (p = 0.166).

CONCLUSION

The study concludes that significant gender-based differences exist in investment behaviors among middle-class investors in Lucknow and Kanpur, particularly concerning risk tolerance, investment amounts, and investment time horizons. Females predominantly prefer safer investment options, like gold, and display lower risk tolerance with longer investment holding periods compared to males. However, decision-making factors such as safety, liquidity, returns, and external influences do not significantly vary by gender, indicating that fundamental investment considerations remain similar across genders. Financial institutions and policymakers should thus recognize these distinct gender preferences in designing tailored financial products and investor education programs to enhance financial inclusion and informed investment among middle-class investors in both cities.

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