

The Increasing Financial Independence of Women: Analysing Investment Behaviour in Mutual Funds in Vadodara City

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Abstract- The increasing financial independence of women has rendered them a vital segment of retail investors; however, their participation in mutual fund investments remains relatively low. This research seeks to investigate the perceptions, and investment behaviour of working women in Vadodara with regard to mutual funds, identifying the factors influencing their investment decisions and the challenges they encounter.

Using a descriptive research approach, 223 working women from a range of occupations, socioeconomic origins, and educational attainment were given a standardized questionnaire to complete in order to gather primary data. The findings reveal that mid-career professionals (aged 36-45 years), private sector employees, and women earning between ₹2,00,001 - ₹5,00,000 per annum constitute the most active mutual fund investors. Despite 50.67% of respondents having invested in mutual funds, a significant knowledge gap persists, with 21.08% of participants having no awareness of mutual funds. This highlights the pressing need for financial literacy programs.

Risk perception emerges as a major barrier, with many women preferring traditional investment avenues such as fixed deposits and gold over mutual funds. The study emphasizes the importance of targeted monetary education programs, simplified investment processes, and trust-building initiatives to enhance women's involvement in investments in mutual funds. The research offers valuable insights for financial institutions, policymakers, and investment advisors to devise strategies that promote financial inclusion among working women.

Keywords: Mutual Funds, Investment Behaviour, Women Investors, Financial Awareness

INTRODUCTION

The mutual fund industry in India has experienced exponential growth over the past two decades, with assets under management (AUM) soaring from ₹5.4 trillion in 2005 to ₹68.08 trillion in 2024 (AMFI, 2024). This surge reflects the increasing

participation of retail investors, driven by financial literacy initiatives, digitization, and the diversification benefits mutual funds offer compared to traditional savings instruments like fixed deposits (Rao & Kumar, 2023). However, despite this growth, significant gaps persist in understanding the investment behaviour of specific demographic groups, particularly working women—a cohort that now constitutes 24% of India's formal workforce (World Bank, 2023) and plays a pivotal role in household financial decision-making. Working women represent a unique segment of investors. Their financial goals often intertwine with responsibilities such as childcare, education planning, and retirement security, necessitating tailored investment strategies (Lusardi & Mitchell, 2014). Yet, extant research on mutual funds has predominantly focused on aggregate investor behaviour (Sapar & Madava, 2003) or gender-neutral analyses (Anand & Murugaiah, 2006), overlooking the nuanced preferences and challenges faced by women. Studies in developed economies highlight that women tend to exhibit greater risk aversion, prefer long-term wealth creation, and prioritize financial security (Barber & Odean, 2001; Bogan, 2013). However, such findings may not generalize to emerging markets like India, where cultural, socioeconomic, and regulatory dynamics differ markedly. In India, urban working women are increasingly asserting financial independence, with 37% actively investing in capital markets (SEBI, 2023). Vadodara, a rapidly growing economic hub in Gujarat, exemplifies this trend. The city's working women—employed across sectors such as education, healthcare, and IT—represent a critical yet understudied demographic. Existing literature on mutual fund perceptions in India has largely centered on metropolitan cities like Mumbai and Delhi (Satish, 2004; Walia & Kiran, 2009), leaving smaller urban centers like Vadodara unexplored.

This gap is particularly salient given Vadodara's unique socioeconomic fabric, characterized by a blend of traditional financial conservatism and growing exposure to digital investment platforms (Economic Times, 2023). Prior research identifies financial literacy, risk perception, and income levels as key determinants of mutual fund participation (Chen & Volpe, 2002; Mohanty, 2006). However, these factors remain inadequately explored in the context of working women. For instance, while 68% of Indian women report familiarity with mutual funds, only 29% understand associated risks like market volatility (NCAER, 2023). Similarly, despite the proliferation of Systematic Investment Plans (SIPs)—which allow small-ticket, disciplined investing—women's adoption rates lag behind men's, potentially due to misinformation or lack of tailored advisory services (AMFI, 2024).

LITERATURE REVIEW

Mutual funds have gained prominence as a preferred investment vehicle due to their ability to offer portfolio diversification, professional fund management, and liquidity (Alexander, Cici, & Gibson, 2007). India's mutual fund sector has evolved over several phases, starting from the establishment of the Unit Trust of India (UTI) in 1963, followed by the public sector mutual funds entry in 1987, the emergence of private sector players in 1993, and the growth and regulatory interventions by SEBI in the post-2004 era (Amitabh, 2000; Agrawal & Anagol, 1992). With increasing financial inclusion and the rise of digital investment platforms, mutual fund participation has expanded significantly, yet certain investor segments remain underserved, particularly women investors (Anand & Murugaiah, 2006).

Despite its advantages, mutual fund investments in India are often perceived as risky, leading to hesitancy among retail investors. Studies indicate that investor perception, financial awareness, and risk tolerance play a critical role in determining investment behaviour (Jayadev, 1996; Rao, 2006). While some investors actively participate in systematic investment plans (SIPs), others refrain due to lack of trust, limited financial literacy, or concerns about market volatility (Subha, 2009; Sultana, 2010).

[1] Investor Perception Towards Mutual Funds

Investor perception is shaped by multiple factors, including risk appetite, expected returns, investment knowledge, and external influences such as family, peers, and financial advisors (Walia & Kiran, 2009). Research suggests that investors those who possess greater financial awareness typically exhibit a more positive perception of mutual funds and are more probably going to invest in equity-based schemes (Debasish, 2009). However, a significant portion of investors, particularly those in Tier-2 and Tier-3 cities, perceive mutual funds as complex financial instruments requiring expert intervention (Mohan Nayak, 2008). A study by Jaspal Singh and Subash Chander (2004) highlights that despite strict regulatory oversight by SEBI and AMFI, many investors believe that mutual funds lack transparency, which affects their confidence in fund managers. Similarly, Nidhi Walia and Ravi Kiran (2009) found that most investors prefer fixed deposits and gold over mutual funds, largely due to misconceptions about mutual fund risks.

[2] Women Investors and Mutual Funds

Women investors exhibit distinct investment behaviours in contrast to men. Studies indicate that women are generally more less willing to take risk, prefer secure investment options, and prioritize financial stability over high returns (Rajarajan, 2003). Working women, in particular, face several challenges in financial decision-making, including limited exposure to investment avenues, reliance on traditional savings methods, and lack of confidence in market-linked investments (Surjit, 2006; Sultana, 2010). According to a study by Dua (2005), women in India tend to invest in mutual funds only when they receive guidance from financial advisors or family members. The study found that the primary barriers to mutual fund investment among women include low awareness, fear of market fluctuations, and lack of disposable income. Similarly, Sathya Swaroop Debasish (2009) analysed the performance of women investors in the mutual fund market and found that although their investment patterns were conservative, they were more likely to remain consistent investors in stable market conditions. In contrast, a study by Sagar and Madava (2003) found that women investors who participated in financial literacy programs were more inclined to explore mutual fund investments, particularly in hybrid and balanced funds. The findings suggest that increased awareness and access to simplified investment information can positively influence women's investment behaviour.

[3] Factors Influencing Women's Investment Decisions

Several factors contribute to the investment decisions of working women in India, particularly in cities like Vadodara. Financial awareness, income levels, investment goals, risk tolerance, and trust in financial institutions significantly influence their willingness to invest in mutual funds (Mohanty, 2006). A study by Arugaslan, Edwards, and Samant (2008) found that income levels and financial literacy play a crucial part in determining investment behaviour of women, with higher-income women being more likely to invest in diversified portfolios. Other studies highlight the importance of digital financial services in shaping investment choices. The increasing penetration of fintech platforms and mobile investment apps has made mutual fund investments more accessible, particularly for younger women investors (Monika Dua, 2005). However, despite the convenience offered by technology, many women still rely on traditional financial advisors for investment decisions, often due to lack of confidence in self-directed investment management (Satish, 2004).

[4] Regulatory and Institutional Role in Women's Financial Inclusion

Financial institutions and regulators play a crucial role in promoting financial inclusion among women. The Securities and Exchange Board of India (SEBI) and the Association of Mutual Funds in India (AMFI) have launched several awareness campaigns to encourage retail participation in mutual funds. SEBI's Investor Awareness Programs (IAPs) and AMFI's Mutual Fund Sahi Hai initiative aim to educate investors about risk diversification, tax benefits, and long-term wealth creation through mutual funds (Rao, 2006).

The research suggests that these initiatives often fail to reach women investors effectively due to ineffective communication strategies and lack of targeted financial literacy programs (Syed Tabassum Sultana, 2010). There is a need for customized investment education programs tailored specifically for women, addressing their unique financial concerns and risk perceptions.

[5] Research Gap and Contribution

Although various studies have examined mutual fund investment behaviour, there is still a large knowledge vacuum about the specific challenges faced by working women investors. Most research has focused on male-dominated investor segments or generalized investment trends, with limited

emphasis on regional variations in women's investment behaviour.

The purpose of this study is to close this gap by analysing the perceptions, investment patterns, and challenges of working women investors in Vadodara. By providing localized insights, the research seeks to aid in the creation of focused financial awareness programs and investment strategies tailored for women investors. The literature review underscores the critical role of financial awareness, risk perception, and investment accessibility in shaping women's participation in mutual funds. While mutual funds offer significant financial advantages, many working women remain hesitant due to perceived risks, lack of trust, and financial illiteracy. Addressing these barriers through targeted financial education programs and customized investment solutions is essential to improving women's financial participation in mutual funds.

RESEARCH METHODOLOGY

This study at hand employs a descriptive study design to go over the investment perceptions and behaviour of working women in Vadodara towards mutual funds. Both primary and secondary data sources served as the starting point for the research endeavour. First-hand data was obtained employing an established questionnaire, targeting working women across various sectors such as banking, education, healthcare, and corporate offices. The questionnaire included sections on demographics, financial awareness, investment behaviour, risk tolerance, and challenges in mutual fund investments. Secondary data was obtained from research articles, financial reports, and regulatory documents from SEBI and AMFI to establish the theoretical foundation of the study.

A convenience sampling method was used, considering accessibility and time constraints, with a total sample size of 223 working women investors. The information that was gathered was assessed implementing descriptive statistics and inferential techniques, including correlation analysis to examine relationships between financial awareness, income levels, and investment preferences. The findings have cast the spotlight on the barriers and motivations influencing women's investment decisions, contributing to financial literacy and policy recommendations for enhancing mutual fund participation among working women.

DATA ANALYSIS AND INTERPRETATION

The respondents' demographic profile indicates that the majority of working women investors belong to the 36-45 age group (28.25%), followed by those aged 46 and above (26.91%). This suggests that mid-career professionals are more inclined toward mutual fund investments, possibly due to greater financial stability and increased risk-taking ability compared to younger individuals. Women below 25 years (23.32%) and those in the 25-35 age group (21.52%) are less represented, highlighting the potential need for early financial literacy programs to encourage younger working women to consider mutual fund investments. In terms of occupation, private sector employees (33.18%) form the largest group of investors, followed by those in government service (24.21%). Businesswomen and entrepreneurs (21.52%) also form a significant segment, while the remaining respondents (20.17%) include individuals from other professions such as freelancers, educators, and self-employed professionals. The dominance of private-sector employees may be attributed to their exposure to corporate financial awareness programs and employer-sponsored investment schemes, which facilitate easier access to mutual fund investments. Levels of income also play a crucial part in investment decisions. The majority of respondents

fall within the ₹2,00,001 - ₹5,00,000 annual income bracket (36.95%), suggesting that mid-income working women are more inclined towards mutual fund investments. Higher-income groups, such as those earning ₹5,00,001 - ₹10,00,000 (24.66%), also actively participate in investments. However, the lowest participation is seen among women earning below ₹2,00,000, indicating that disposable income plays a significant role in determining investment decisions. The study suggests that financial institutions should focus on promoting SIPs (Systematic Investment Plans) to cater to lower-income groups, allowing them to invest in smaller amounts while gaining exposure to the financial markets.

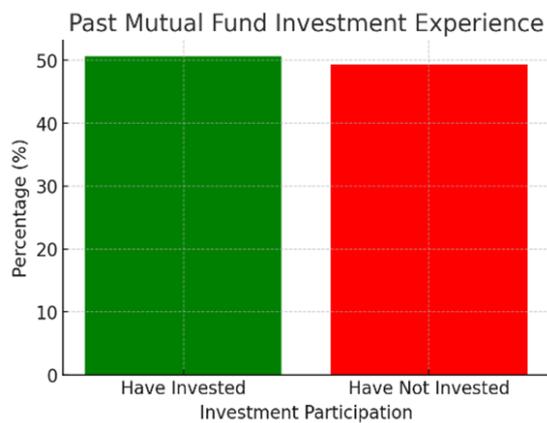
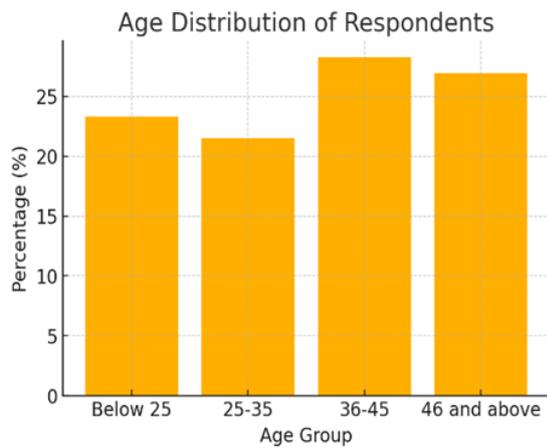
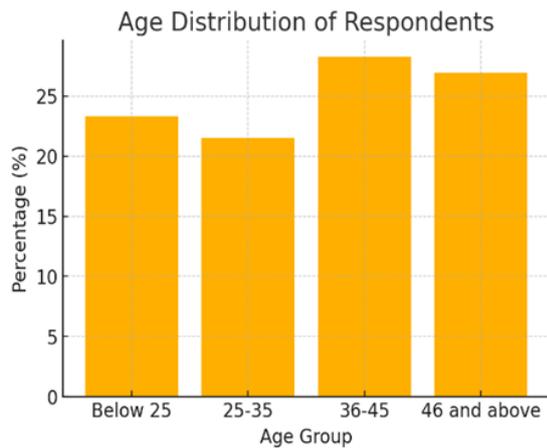
Education is another significant determinant of investment behaviour. The study reveals that graduates (30.04%) form the largest investor group, followed by postgraduates (25.11%) and professionals such as CAs and MBAs (22.87%). The lowest representation comes from high school-educated individuals (21.97%), indicating that financial literacy correlates strongly with investment participation. Women with higher levels of educational achievement are more likely to understand financial markets and take investment decisions independently, whereas those with lower education levels may require more financial advisory support to gain confidence in investing.

Table 1: Demographic profile of the respondents

	Demographic Factor	Categories	Most Represented Category
1	Age Group	Below 25 25-35 36-45 46 and above	36-45 (28.25%)
2	Occupation	Private Sector Government Service Business/Entrepreneur Other	Private Sector (33.18%)
3	Annual Income	Below ₹2,00,000 ₹2,00,001 - ₹5,00,000 ₹5,00,001 - ₹10,00,000 Above ₹10,00,000	₹2,00,001 - ₹5,00,000 (36.95%)
4	Educational Qualification	High School Graduate Postgraduate Professional (CA, MBA)	Graduate (30.04%)

Table 2: Objectives and related survey questionnaire

Research Objective	Related Survey Questions
To analyse the factors influencing working women's investment decisions in mutual funds.	Preferred investment options Factors influencing investment choice Risk perception
To figure out the extent of wakefulness and understanding of mutual funds among working women.	Knowledge of mutual funds Sources of financial information Understanding of risk factors
To identify the key challenges faced by working women in Vadodara when investing in mutual funds.	Challenges in investment Barriers to investing in mutual funds Trust in financial institutions



Graphs 1: A-B -C Age of Respondent, knowledge level if the respondent and investment participation.

INVESTMENT AWARENESS AND KNOWLEDGE LEVELS

Investment awareness plays an essential function in determining whether working women engage in investments of mutual fund. The research found that 27.35% of respondents possess only basic knowledge of mutual funds, while 24.66% have a moderate understanding, and 26.91% claim to have a high level of financial awareness. However, a notable 21.08% of respondents admitted having no

knowledge at all, which indicates a significant gap in financial literacy among working women in Vadodara. The primary sources of financial information include internet/social media (22.42%), followed by family and friends (20.17%), newspapers/magazines (19.73%), and television/radio (16.59%). The high reliance on digital platforms suggests that online financial education initiatives, blogs, and influencer-led campaigns could be effective in improving investment awareness. However, the strong influence of family and peer networks highlights that women tend to trust word-of-mouth recommendations over independent research when making investment decisions. A concerning trend identified in the study is that 50.67% of respondents have previously invested in mutual funds, whereas 49.33% have not. This almost equal split suggests a substantial opportunity to expand mutual fund participation among non-investors, who may be hesitant due to risk perceptions, lack of awareness, or trust issues with financial institutions. Women who have invested previously tend to show higher confidence in their financial decisions, whereas those who have not invested often require external guidance and reassurance before committing funds.

RISK PERCEPTION AND INVESTMENT PREFERENCES

One of the most critical barriers to mutual fund investments is risk perception. The study finds that while 50.67% of respondents claim to understand the risks involved, the remaining 49.33% either have limited or no understanding of how mutual fund investments work. This lack of awareness may contribute to hesitancy among potential investors. Financial institutions need to focus on simplifying risk-related information, using interactive financial tools, case studies, and risk simulations to help women investors make more informed decisions.

The study also examined the types of mutual funds preferred by working women. Growth funds and balanced funds emerged as the most favoured categories, as they offer long-term capital appreciation along with moderate risk levels. Conservative investors tend to prefer income funds and money market funds, which provide stable returns with lower risk exposure.

The preference for low-risk investment options aligns with the generally risk-averse nature of women investors, emphasizing the importance of

investment products tailored to meet their financial security needs. Another significant finding is that a considerable number of women prioritize safety and capital preservation over high returns. This is evident from the relatively low preference for aggressive investment options such as sector funds or high-risk equity funds. Women investors tend to opt for diversified investment portfolios, reflecting a long-term, goal-oriented approach rather than short-term speculative trading.

Hypothesis 1: Relationship between Financial Awareness and Mutual Fund Investment

Hypothesis Statement

- Null Hypothesis (H₀): There is no significant relationship between financial awareness and the likelihood of investing in mutual funds among working women in Vadodara.
- Alternative Hypothesis (H₁): There is a significant relationship between financial awareness and the likelihood of investing in mutual funds among working women in Vadodara.

Contingency Table (Observed Data)

Financial Awareness Level	Invested in Mutual Funds	Not Invested in Mutual Funds
No Knowledge	30	55
Basic Knowledge	50	50
Moderate Knowledge	60	40
High Knowledge	70	28

Chi-Square Test Results

- Chi-Square Value (χ^2): 26.02
- Degrees of Freedom (df): 3
- P-Value: 9.44×10^{-6} (0.00000944)
- Significance Level (α): 0.05
- Decision: Since $p < 0.05$, we reject the null hypothesis (H₀).

There is a statistically significant relationship between financial awareness and mutual fund investment among working women in Vadodara. This indicates that as financial awareness increases, the likelihood of investing in mutual funds also rises.

5. Lack of Disposable Income (12.36%) – Financial constraints prevent some women from allocating funds to investments.

To address these challenges, financial institutions should implement targeted financial literacy programs focusing on women investors, simplify investment processes, and enhance trust-building measures. Initiatives such as women-centric investment workshops, digital financial literacy campaigns, and employer-driven financial education programs can play a crucial role in increasing mutual fund participation.

CHALLENGES AND BARRIERS TO MUTUAL FUND INVESTMENTS

Despite the increasing financial independence of working women, several challenges hinder their participation in mutual fund investments. The most common barriers identified in the study include:

1. Lack of Awareness (21.08%) – Many women are not well-informed about mutual funds, their benefits, and how to invest.
2. Perceived Complexity (18.75%) – Mutual funds are often considered difficult to understand, leading to hesitation in investing.
3. Trust Issues (16.42%) – A significant portion of women are skeptical about fund management, fearing market volatility and potential losses.
4. Preference for Traditional Investments (14.39%) – Many women prefer fixed deposits, gold, and real estate over mutual funds.

CONCLUSION AND RECOMMENDATIONS

The findings of this study emphasize the growing but underutilized potential of mutual fund investments among working women in Vadodara. While a significant number of women have started investing, a large portion remains hesitant due to financial illiteracy, risk perception, and lack of trust in financial markets.

To bridge the investment gap and encourage greater participation, financial institutions should focus on:

- Enhancing financial literacy through women-focused education initiatives.
- Promoting SIPs and goal-based investing to appeal to lower and mid-income women investors.
- Simplifying investment processes and offering transparent fund performance insights.
- Building trust through women-centric advisory services and personalized financial guidance.

- Utilizing digital platforms to provide easy access to financial information and investment management tools.

By implementing these strategies, financial institutions and policymakers can foster a more inclusive investment environment for working women, enabling them to achieve greater financial independence and long-term wealth creation.

SCOPE FOR FUTURE STUDIES

This study provides valuable insights into the investment behaviour of working women in Vadodara; however, the findings open avenues for further research in multiple dimensions. Future studies could expand the geographical scope to include women investors from different regions across India, enabling a comparative analysis of investment behaviour in metropolitan, semi-urban, and rural settings. Additionally, further research could focus on longitudinal studies to track changes in investment behaviour over time, especially in response to economic fluctuations, financial literacy initiatives, and policy reforms. Another significant area for future research is to explore the psychological and behavioural biases influencing women's investment decisions, particularly regarding risk tolerance, decision-making under uncertainty, and emotional responses to financial markets. Future research can also adopt methodical methods like focus groups and in-depth interviews to obtain a deeper understanding of insights into the personal experiences and challenges faced by women investors. Furthermore, the study could be extended to analyse the role of fintech and digital investment platforms in promoting financial inclusion among women, exploring how technology-driven solutions can enhance engagement in investing in mutual funds.

LIMITATIONS OF THE STUDY

Despite its contributions, the study has certain limitations that should be acknowledged. First, the study employs a convenience sampling method, which could fail to correctly represent the entire population of working women investors in Vadodara, thereby restricting how broadly the results can be applied. Secondly, the research relies on self-reported survey data, which may be subject to response bias, as respondents might overstate or understate their financial awareness or investment

experience. Additionally, while the study focuses on quantitative analysis, it does not capture the nuances of individual investor experiences, motivations, and decision-making processes, which qualitative research methods could help uncover. The study also does not account for macroeconomic factors, such as market volatility, interest rates, or inflation, which might influence investment decisions. Finally, the research does not distinguish between first-time investors and experienced investors, which could provide further granularity in understanding how different levels of investment experience shape perceptions and behavior. Addressing these limitations in future studies would offer a more comprehensive understanding of women's investment behaviour in mutual funds.

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