Financial Management Practices of Women: A Case Study of Shimla District

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Abstract

The significance of women's financial management extends beyond their personal well-being, as it has profound effects on families, communities and economies as a whole. Good financial practices by women not only lead to their family's well-being but also prepare them for live events and emergencies. This study investigates the financial management practices by women in Shimla district to determine their role in the management of their family income. The paper also focuses on key aspects of personal finance by women such as how they save, budget, invest and plan funds for their future needs. The study is based on primary data and data collected is analyzed using different tools and techniques. The study reveals that most of the women respondents participate in the investment decisions of their family income but their preferred investment options remain fixed deposits and savings account, being safety and stability of income the most important factors for investing.

Keywords; financial management, personal finance, investment options, women empowerment, financial inclusion, financial behaviour.

INTRODUCTION

Effective financial management is essential for maintaining economic stability and promoting personal well-being for individuals and economies. In recent times, there has been an increasing acknowledgement of the role of women in financial management, not only within their households but also as a significant participant in the wider economy. When women manage financial resources, they are more likely to interact with banks, insurance providers and search for better investment options. This promotes financial inclusion, which is crucial objective for global development. Managing finances by women is crucial as it leads to women empowerment and independence. Women can take independent decisions without relying on others and it gives them more control over their finances. Good financial practices by women can lead to better household financial health as in most of the families, women take day to day financial decisions relating to food, children's education and healthcare. When women are skilled in managing finances, they can establish or expand their business, resulting in job creation and community development. Economically empowered women can enhance country's GDP level and reduce poverty rates.

This paper aims to study and explore the financial management practices of women in Shimla district. The study focuses on their saving pattern, spending habit, investment choices and plan for their future needs. It also seeks to find out the important factors that influence their investment behaviour and what challenges they face.

REVIEW OF LITERATURE

Mohan (2016) [1] analysed the income & investment pattern of working women in the city of Kollam with the objective to found out awareness level and most preferred tools of investment. It was observed that most of the women prefer to save in fixed deposits, followed by investment in gold, insurance scheme, post office or government schemes, real estate, mutual funds and lastly in shares. The important factors for investment were safety, regular income and tax benefits.

Sajuyigbe, A. et al., (2016) [2] examined the financial management practices by women entrepreneur in Osun state, Nigeria. Results of the study revealed that women entrepreneurs in Osun state have very less financial management skills. Majority of women entrepreneurs did not have bank account and their businesses are financed by internally generated cash resources only. Therefore, it is recommended that short term training in financial management skills should be provided to women entrepreneurs in order to help them in effectively managing their financial resources.

Sheela (2016) [3] conducted a study with the objective to find out whether women entrepreneurs in Vishakhapatnam district use business finances either for personal or business purpose and how it impacts their business performance. The results of the study revealed that women entrepreneurs had very limited skills to manage their finances and also, they use very limited profits for the expansion of their business. Also, most of the women entrepreneurs did not follow basic management practices.

Shukla (2016) [4] conducted research among working women of North Gujarat region with the objective to study their investment choices. The results of the study revealed that most women prefer to invest in gold & silver, followed by real estate, fixed deposits and post office saving schemes. While they least prefer to invest in mutual funds, commodity market, Forex market.

Jisha and Mathi (2017) [5] conducted a study among working women in Coimbatore city. The main objective of the study was to find out their social economic status, their awareness level, investment pattern and factors influencing their saving and investment pattern. The study found that working women have different investment objectives and their investment depends upon these objectives such as savings, safety, interest, return and capital appreciation. It was found that safety of funds is the most important factor of women investor.

Gupta et al., (2018) [6] in their research determined the level of financial literacy among rural people in Shimla district of Himachal Pradesh and also measured the effect of financial literacy on their investment behaviour. It has been observed that only 38.80 percent of the respondents are financially literate and there is significant relationship between financial literacy and investment preference towards available financial products in the state.

Need of the study

Exploring financial management practices of women will help to reveal how women manage risk, invest, save and budget. This information will be useful in designing better financial tools and education programs for the women.

Objectives of the study

To explore the financial management practices of women in Shimla district and to find out the most preferred investment options by them.

RESEARCH METHODOLOGY

Research methodology specifies the methods and procedures of conducting research. It specifies the data collection and analysis methods chosen based on the research objectives.

Sampling technique: The current research paper is based on sampling method. A sample of 200 women from Shimla district has been included in the present study. The sample respondents have been selected on the basis of convenient sampling technique.

Data collection technique: It is the process of preparing and collection of data. The present study is based on primary data. The relevant data has been collected with the help of a structured questionnaire.

Tools and techniques used: different tools and techniques used to analyse the data are percentage, arithmetic mean, standard deviation, skewness and chi square test. The arithmetic mean is calculated by converting the five-point scale into numeric data by assigning the different value ranging from 1(being lowest) to 5(being highest). Skewness (Sk) has been used to determine the nature and direction of the variation in the respondent's opinion. Chi square test of goodness of fit ($X2$) has been applied in order to find out the magnitude of difference in the responses between the observed and expected distribution under the assumption that opinion of the respondents is equally distributed on five-point scale. It helps to know whether the opinion of the respondents differ significantly or not.

RESULTS AND DISCUSSION

It is an attempt to analyse and explore the various financial management practices by the women of the Shimla district.

Table 1 Socio- economic profile of respondents

Categorical variables		Number of respondents	Percentage
Age(years)	20-40	86	43
	40-60	76	38
	Above 60	38	19
	Total	200	100
Domicile	Urban	100	50
	Rural	100	50
	Total	200	100
Marital status	Married	134	67
	Unmarried	50	25
	Widowed/divorced	16	8
	Total	200	100
Educational qualification	Up to Matric pass	14	7
	12th pass	12	6
	Graduate	42	21
	Postgraduate	132	66
	Total	200	100
Occupation	Homemaker	34	17
	Government job	54	27
	Private job	48	24
	Business	10	5
	Retired	28	14
	Others	26	13
	Total	200	100
Family monthly income (Rs.)	0-20000	20	10
	20001-40000	28	14
	40001-60000	40	20
	Above 60000	112	56
	Total	200	100

Source: Data collected through questionnaire

Table 1 presents the demographic and socio-economic profile of the women respondents living in Shimla district. The respondents have been categorized on the basis of age, domicile, marital status, educational qualification, occupation and monthly family income.

On the basis of age, it has been observed that 43% of the women belong to 20-40 years of age group. 38% of them belong to 40-60 years of age group and remaining 19% are more than 60 years of age. Further, equal number of respondents have been selected from both urban and rural areas i.e. 100 women from urban areas and 100 from rural areas. With respect to marital status of the respondents, 67% of them are married, 25% are unmarried and rest 8% are widowed or divorced. On the basis of educational qualification, 7% of women are qualified upto matric, 6% of them are 12th pass, 21% are graduated and rest 66% are post graduated. Considering their occupation, it has been observed that 17% of women are homemakers, 27% are doing government jobs, 24% are working in private sector, 5% are doing business, 14% are retired and 13% belong to others category. With respect to total family income, 10% of them belong to Rs. 0-20,000 income category, 14% belong to Rs. 20,001-40,000 income group, 20% are having income between Rs. 40,001-60,000 and rest 56% family income exceed Rs. 60,000.

Table 2 Respondents consultation in family financial matters

	Never	Rarely	Sometimes	Mostly	Always	Total
No. of respondents	14	22	50	52	62	200
Percentage	7	11	25	26	31	100

Source: Data collected through questionnaire

The information as to whether women respondents are being consulted in family financial matters have been shown in **Table 2**. Out of total respondents, 7% of women are never consulted, 11% of them are rarely consulted, 25% of them say they are sometimes consulted, while, 26% of them are mostly consulted and rest 31% are always consulted in the family financial matters. No doubt that a large number of women are being consulted in the family financial matters. However, there is still a significant number of women who are either not being consulted or their participation in the family financial matters is low.

Table 3 Kinds of decisions taken by the respondents

Type of decision	No. of respondents					Total	Mean	S. D	Sk	X2	P. V
	Never	Rarely	Sometime	Mostly	Always						
Purchase of everyday items	18	26	38	52	66	200	3.61	1.31	-.585	37.6	.000*
Purchase of durable items	28	12	44	46	70	200	3.59	1.38	-.661	47	.000*
Purchase of property	40	16	34	38	72	200	3.43	1.53	-.480	41	.000*
Education of children	26	12	32	40	90	200	3.78	1.41	-.869	88.6	.000*
Social ceremonies	24	12	36	48	80	200	3.74	1.36	-.834	68	.000*
Investment in financial instruments	46	22	42	34	56	200	3.16	1.52	-.187	16.4	.003*

Source: Data collected through questionnaire

Information is significant at 1% level of significance.

The information regarding type of decisions taken by the respondents has been shown in **Table 3**. Different types of decisions asked from the respondents include purchase of day-to-day items, purchase of durable items, purchase of property, education of children, social ceremonies and investment in financial instruments.

1. Purchase of everyday items

It has been observed that the mean score is 3.61 for purchase of everyday items. Further, the negative value of skewness i.e. -0.585, indicates that maximum responses lie towards the higher side of the mean. It signifies that most of the women takes day to day decisions in purchase of everyday items. The P. value of chi square test indicates that difference in the responses is significant.

2. Purchase of durable items

With respect to purchase of durable items, the mean value is 3.59. This shows most responses lie on the higher side of the average. The skewness value is -0.661. This signifies that most of the women are involved in purchase of durable items for the family. Further, the P value of chi square test shows that responses are not equally distributed in five-point scale and the value is significant.

3. Purchase of property

The mean score in case of purchase of property is 3.43, indicating most of the women also participates and take interest in decisions related to purchase of property. The value of skewness is -0.48. The negative value indicating that most responses lie on the higher side of the mean. The P value of chi square test indicates that difference in responses is significant and they are not equally distributed.

4. Education of children

With respect to education of children, the mean value is highest i.e. 3.78. This means that most of the women takes decisions related to their children's education. Further, negative value of skewness i.e. -0.869, shows that most responses lie on the higher side of the average. The P value

of the chi square test is significant, indicating that responses are not equally distributed on five-point scale.

5. Social ceremonies

In case of social ceremonies, mean score is 3.74 and the value of skewness is -.834, both of these values indicating that most responses lie towards the higher side of the mean and most women are involved in financial decisions related to social ceremonies. The P value of chi square test is also significant.

6. Investment in financial instruments

The mean score in case of investment of funds is lowest, but it is still higher than the average i.e. 3.16 and the value of

skewness is -0.187. These values shows that majority of responses are concentrated on the right side i.e. more than average, indicating that most women are taking investment decisions in financial instruments. The P value of the chi square test is significant and therefore indicates that responses are not equally distributed.

To sum up, it is clear that majority of the women are taking most of the decisions in the family, with great emphasis in education of children, followed by expenditure related to social ceremonies, purchase of everyday items, purchase of durable items, investment in property and lastly investment in financial instruments.

Table 4 Tracking of income and expenditure by respondents

	Never	Rarely	Sometimes	Mostly	Always	Total
No. of respondents	6	18	34	84	58	200
Percentage	3	9	17	42	29	100

Source: Data collected through questionnaire

Table 4 presents the information as to whether the women in Shimla district keep track of their income and expenditure. It has been observed that out of total respondents, 29% of women always keep track of their income and expenditure, 42% of them mostly track, 17% track sometimes, 9% rarely keeps track and rest 3% never track their income and expenditure. It is seen that a large number of women do keep track of their income and expenditure. However, a few number of them take it casually and do not properly track their income and expenditure.

Table 5 Savings pattern of the respondents

Saving pattern	No. of respondents	Percentage
Save as per planned schedule	70	35
Save something every month	60	30
Save after meeting expenses	58	29
No savings	12	6
Total	200	100

Source: Data collected through questionnaire

The information regarding savings habit of the women respondents has been disclosed in **Table 5**. From the information, it is clear that 35% of women have regular savings and save as per planning, 30% of them save something every month, while 29% of them save only after meeting their expenses and rest 6% have no savings at all. It

is significant to note that almost all women are aware of the benefits of savings and make savings in one or the other way.

Table 6 Active participation by respondents in the investment of family income

	Yes	No	Sometimes	Total
No. of respondents	98	46	56	200
Percentage	49	23	28	100

Source: Data collected through questionnaire

Information whether respondents actively participate in the investment of their family income is presented in **Table 6**. It has been observed that most of the respondents i.e. 49% of women do actively participates in the investment decisions, while 28% of them participates sometimes and rest 23% of them never participates. It is a good sign of women empowerment that almost half of the women actively participate in the investment decision of the family. However, nearly half of the women population does not show active or no interest in the investment decisions of the family. There is a need to encourage such women to increase their participation level in the investment decisions of the family income.

Table 7 Reason for not participating in the investment decisions

Reason	No. of respondents	Percentage
Lack of knowledge	16	34.8

Lack of interest	6	13
Lack of power to take decisions	6	13
Lack of facilities	2	4.3
Lack of enough funds	8	17.4
Lack of confidence	8	17.4
Total	46	100

Source: Data collected through questionnaire

Table 7 reveals the reason why some women do not participate in the investment decisions of their family

income. From **Table 6**, it is clear that 46 women respondents do not participate in the investment decisions. Out of these women, 34.8% of them do not participate because they lack knowledge, 17.4% of them have insufficient funds to invest in, another 17.4% lacks confidence, 13% of them have no interest and another 13% lacks power to take decisions and remaining 4.3% of them do not participate because they lack facilities. It has been observed that major reason for not participating is lack of knowledge, lack of confidence and lack of enough funds.

Table 8 Most preferred investment choice by the respondents

Investment option	No. of respondents					Total	Mean	S. D	Sk	X2	P. V
	Never	Rarely	Sometime	Mostly	Always						
Saving a/c	4	8	44	46	52	154	3.87	1.03	-.616	67.95	.000*
Recurring deposit	36	34	46	20	18	154	2.68	1.29	.293	17.82	.001*
Fixed deposit	22	20	32	32	48	154	3.42	1.41	-.403	16	.003*
Provident fund	50	24	20	18	42	154	2.86	1.63	.160	26.65	.000*
Pension fund	88	16	28	12	10	154	1.96	1.29	1.041	139.1	.000*
Insurance policies	54	24	38	14	24	154	2.55	1.44	.438	31.32	.000*
Shares & debentures	84	12	36	14	8	154	2.03	1.27	.837	130.3	.000*
Mutual funds	72	18	26	24	14	154	2.29	1.42	.597	71.84	.000*
Real estate	86	14	38	10	6	154	1.94	1.19	.924	143.8	.000*

Source: Data collected through questionnaire

Information is significant at 1% level of significance.

Most preferred investment options by the respondents who participates in the investment of their family income has been shown in **Table 8**. For this, only those women respondents have been included who actively or sometimes participates in the investment decisions. It is clear from **Table 6** that out of total respondents, 154 respondents participate in the investment decisions and therefore, they are included to find out their most preferred investment choices. The various investment choices asked from the respondents were savings account, fixed deposit, provident fund, pension fund, insurance policies, shares and debentures, mutual funds and real estate.

1. Savings account

The mean score in case of savings account is highest i.e. 3.87 and the value of skewness is -0.616. Both these values indicating that majority of women respondents prefer to keep their money in savings account. The P value of chi

square suggest that difference is significant and responses are not equally distributed.

2. Recurring deposit account

In case of recurring deposit account, the mean value is less than average i.e. 2.68 and the value of skewness is .293, indicating that recurring deposit is not a much-preferred option for majority of the women. The P value of the chi square test indicates that the difference in responses is significant.

3. Fixed deposit account

It has been observed that fixed deposit is the second most preferred option among the women respondents. Its mean score is 3.42 and value of skewness is -0.403. These values indicate that concentration of most responses lies towards the higher side of the average and most women prefer fixed deposit as their investment choice. Further, the P value of

the chi square test signifies that difference in responses in significant.

4. Provident fund

The mean score for provident fund as an investment choice is 2.86 and its value of skewness is 0.160. Both these values indicates that concentration of responses is more on the lower side of the average. Thus, for majority of the women provident fund is not a much-preferred option. The P value of the test shows that difference in the responses is significant.

5. Pension fund

In case of pension fund, the mean is quite low i.e. 1.96, making it the less preferred options for women respondents to invest in. Further, the value of skewness is 1.041, signifying most responses lies towards the lower side of the average. The P value of the chi square test is also significant, showing responses are not equally distributed.

6. Insurance policies

It is seen that mean value in case of insurance policies is 2.55 and value of skewness is 0.438. These values suggests that most responses lie towards the lower side of the average, indicating majority of respondents do not prefer to buy the insurance policies. The P value of the chi square test reveals the difference in responses is significant.

7. Shares and debentures

The mean score for shares and debentures is very low i.e. 2.03 and the value of skewness is 0.837, indicating most women do not prefer to invest in shares and debentures. The P value of the chi square test is also significant.

8. Mutual fund

In case of mutual fund, the mean score is 2.29 and the value of skewness is 0.597. These values suggest that mutual fund is not a preferred choice for making investment among the women respondents of the district. The P value of chi square test is also significant, indicating responses are not equally distributed.

9. Real estate

The mean score in case of real estate is least i.e. 1.94, making it the least preferred option among women respondents to invest in. Further the value of skewness i.e. 0.924, also indicates that most responses are concentrated on the lower side of the average. The P value of the chi square test shows that difference in responses is significant.

To conclude, it has been observed that majority of women respondents prefer to keep their funds in savings account and fixed deposit. On the other hand, others investment options are not much preferred by the women of the district.

Table 9 Important factors considered by the respondents

Factors	No. of respondents					Total	Mean	S. D	S_k	X^2	P. V
	Not imp.	Somewhat imp.	Moderately imp.	Imp.	Very imp.						
ROI	14	18	18	44	60	154	3.77	1.32	-.83	53.14	.000*
Risk	16	16	22	44	56	154	3.7	1.33	-.775	43.01	.000*
Liquidity	28	22	32	42	30	154	3.16	1.38	-.254	6.91	.141
Capital Appreciation	26	20	38	38	32	154	3.19	1.36	-.265	7.95	.093
Safety	12	6	16	50	70	154	4.04	1.19	-1.34	100.4	.000*
Stability	12	8	24	48	62	154	3.91	1.21	-1.07	71.06	.000*

Source: Data collected through questionnaire

Information is significant at 1% level of significance.

Table 9 presents the information regarding important factors considered by women respondents before investing. The various factors included in the study are return on investment, risk, liquidity, capital appreciation, safety and stability of income.

1. Return on investment (ROI)

It is seen that return on investment is one of the important factors that is considered by the women respondents. Its mean score is 3.77 and value of skewness is -0.83, both indicating that most of the women respondents give importance to ROI while investing their funds. The P value

of chi square test is also significant showing responses are not equally distributed.

2. Risk

The mean score for risk as a factor is 3.7, indicating that most women respondents consider the risk as important factor before investing their funds. The value of skewness is -0.775. It also suggests that most of the responses lies towards the higher side of the average. The P value of the chi square indicates that differences in the responses is significant.

3. Liquidity

It has been observed that mean score for liquidity is close to average i.e. 3.16 and its skewness value is -0.254. These values suggests that for most of the women, liquidity is also an important factor while investing. The chi square value of the test is 0.141, which indicates that the difference in the responses is not significant at 5% level of significance and most responses are equally distributed on five-point scale.

4. Capital appreciation

In case of capital appreciation, the mean value is slightly higher than average i.e. 3.19 and value of skewness is -0.265. Both these values indicate capital appreciation is also considered important by most of the women respondents. The P value of the chi square is 0.093. This value indicates that difference in responses is not significant at 5% level of significance and responses are equally distributed.

5. Safety

Safety is considered the most important factor by the women respondents as its mean score is maximum i.e. 4.04 and the value of skewness is -1.34. The P value of the chi square test is significant, indicating there is significant difference in the responses.

6. Stability

Stability of income is also one the most importance factors considered by the women respondents with mean score equal to 3.91 and skewness value equal to -1.07. The P value of the test signifies that difference is responses is significant and most respondents prefer stability of income.

To sum up, it has been observed that all the factors are considered important by the women respondents, while giving maximum importance to safety and stability of

income, followed by its return and risk factors, capital appreciation and liquidity being the least important factors.

Table 10 Retirement planning done by respondents

	Yes	No	Total
No. of respondents	106	94	200
Percentage	53	47	100

Source: Data collected through questionnaire

Table 10 presents information about the retirement planning done by the women respondents. Out of the total respondents, 53% of women has set aside funds for their old age and have planned for their retirement. On the other hand, still 47% of women have done no such planning. It may be due to they have either no personal income or their earning might not be sufficient enough to save anything and they are just able to meet their day-to-day requirements

CONCLUSION

To sum up, it has been found that large number of women are consulted in the financial matters of the family, but there is still a significant number of women who are either not consulted or sometimes consulted. The women in Shimla district actively participate in most of the decisions particularly relating to education of their children, expenditure on social ceremonies and purchase of day-to-day items. On the other hand, their participation in investment in financial instruments is comparatively low. It has also been observed that most of the women keep track of their income and expenditure and are also aware of the benefits of savings as most of them make savings in one or the other ways. It is seen that majority of the women also participates in the investment decisions of the family income. But there are still few number of women who do not participate at all due to lack of knowledge, lack of confidence and insufficient funds. Further, it has been found that the most preferred investment option for majority of women is investment in fixed deposits and savings account and most important factors they consider for investment are safety of funds and stability of their income. Since, there is a great concern among these women for safety and stability of their funds, this is the reason why they hesitate to invest their funds in risky investments such as shares, mutual funds etc. With respect to retirement planning, it is seen that nearly half of the women respondents have made provision for their retirement or old age needs, while rest half of the women respondents have no such planning.

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