

# Why Parents Refrain to Invest in Sukanya Samriddhi Account Scheme: An Analysis

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## Abstract

In today's economic environment, numerous investment choices are available for investment. Each investment option has certain advantages and disadvantages. Sukanya Samriddhi Account Scheme is one of those investment options that allows parents to invest for the future of their girl child. This scheme also has a few shortcomings due to which investors hesitate to invest in this scheme. The main objective of this study is to find out the most and least important factors responsible for not investing in the SSA. In this study, data was collected from 93 respondents from the Rohtak district who have at least one girl child below 10 years. Responses were collected by using 5-point Likert scale. Weighted average method was used to assign the ranks to factors. It was found that long lock-in period is the foremost and no fixed rate of interest is the least important reason for not investing in this scheme.

**Keywords:** SSA, Factors, Reasons, Investment options, Rank.

## 1. Introduction

The government of India has taken several initiatives to alleviate the awful position of the girl child and to empower her. Sukanya Samriddhi Account Scheme is one of those

initiatives that are bringing sturdy changes in the situation of girl children by providing financial support to their parents. This scheme is a small deposit scheme that is an important part of the social campaign "Beti Bachao Beti Pado" which was launched by Prime Minister Narendra Modi on 22 January 2015 in Haryana. The main aim of this campaign is to improve the inequality in the gender ratio and make the girl child financially independent. The Sukanya Samriddhi Account Scheme is intended to meet the higher education and marriage expenses of a girl child. This is a government-backed welfare scheme specifically designed for the betterment of a girl child in India. The account can be opened by parents for guardians in the name of girl child till she reaches the age of 10. Account can be opened in post offices and in authorised banks. Uttar Pradesh, Tamil Nadu, Maharashtra, Madhya Pradesh, Karnataka are the states having highest number of accounts under this scheme. States with lowest number of accounts are Lakshadweep, Andaman and Nicobar Island, Ladakh, Mizoram and Sikkim as per the press release by Ministry of Finance on 20 January, 2022. The causes for varying number of accounts in different states might be size of population, capacity, and willingness of parents to save. At present among all the small saving schemes SSA has the highest interest rate of 8.2%.

## 2. Literature Review

Sr. No.	Authors Name	Title of the Paper	Research Design/Data Type/Sample Size	Findings
1.	Angamuthu, B. (2019)	Customers' Perception towards Sukanya Samriddhi Account Yojana (SSAY) in the selected Banks	Research Design: Empirical  Data used: Primary and Secondary.  Sample Size: 260 respondents	Study revealed that Significant relationship occurred between age group, gender, occupation, percentage of savings, place of residence, preference in terms of investment and willingness to deposit in Sukanya Samriddhi Account Scheme.
2.	Vani, U. & Ramya, K. P. (2019)	Customer Preference Towards Sukanya Samridhi Scheme in Coimbatore City.	Research Design:  Data used: Primary  Sample size: 200 Respondents.	Customers preferred Sukanya Samriddhi scheme due to small amount of investment required to maintain the account, easy operations and tax savings. Since this scheme offered higher interest rate it has attracted a greater number of investors to banks.
3.	Selvakumar, R. and Chellasamy, P. (2019)	Evolution of Sukanya Samriddhi Yojana (SSY): National Scheme for Financial Inclusion in India.	Research Design: Descriptive  Data used: Secondary	The study discovered that the SSY is a good investment scheme for the future of girl child. It has offered funding for the education and marriage expenditures of girl children through savings.
4.	Arunpriya, S. and Revathi, N. (2020)	A Study on account holders' awareness and satisfaction towards Sukanya Samriddhi Yojana Scheme with special reference to Tirupur district	Research Design: Descriptive  Data used: Primary Sample size: 120 Respondents	The majority of respondents allocated first rank to lack of awareness about the scheme, followed by late payment, formalities, penalties, and transfer facility (last rank).
5.	Unnisa, S. (2020)	A Study on Performance Assessment of Sukanya Samriddhi Yojana at General Post Office.	Research Design: Descriptive and Analytical  Data used: Primary and Secondary.  Sample Size: 100	The majority of the depositor were highly satisfied with the features of this scheme. It was found that customers preferred Post Office over banks.
6.	Shivani, R. et al (2020)	Impact of Sukanya Samridhi Yojana with reference to the Nilgiris	Research Design: Descriptive  Data used: Primary & Secondary  Sample Size: 130	The deposit period and child education ranked as first and second factor which influenced the investor to open an account under this scheme. Premature withdrawal is not permitted considered as main problem of this scheme.

7.	Ray, M., and Shantnu, R., (2020)	A Comparative Analysis on the Awareness in Small Savings Scheme with Reference to Sukanya Samriddhi Account and Public Provident Fund.	Research Design: Descriptive  Data used: Primary and Secondary.  Sample Size: 20 Respondents	Respondents were more aware about Sukanya Samriddhi Account in comparison to the Public Provident Fund. The majority of investors were informed about the tax benefits offered by both schemes.
8.	Sale, S.M., and Godbole, J.A., (2021)	A Study of Awareness of Sukanya Samrudhi Yojana Special Reference to Aurangabad City.	Research Design: Descriptive & Qualitative  Data used: Primary and Secondary.  Sample Size: 550 Respondents	The factors that encouraged investors to invest in Sukanya Samriddhi Accounts, as well as their perceptions and satisfaction, have been revealed. Association between gender and positive attitude towards girl birth was found out using hypothesis, significant relationship existed between them.
9.	Deepikasri, M., Karthika, R., Malarkodi, R., Tamil Elakkiya, U., & Kumar, Y. P. (2022).	A Study on Performance Assessment of SSY at Post Office with Special Reference to Tirunelveli District.	Research Design: Descriptive and Analytical  Data used: Primary and Secondary.  Sample size: 50 Respondents	The majority of respondents were found to be satisfied, with highly satisfied and satisfied ranking first and second, respectively. The respondents believed that the interest rate was adequate for investing in this scheme.
10.	Gupta, R.A., Talekar, S.D. (2023).	Analysis of Sukanya Samriddhi Yojana: An Overview.	Research Design: Descriptive  Data used: Secondary.	Performance was measured in terms of the number of accounts opened and the amount deposited in such accounts until December 2022, beginning in 2015. In 2015, the number of accounts was 4,20,420, but by December 2022, it had climbed to 3,25,12,095. The deposit amount has been increased to 162153.68 crore in December 2022 from 123 crore in 2015. Uttar Pradesh opened the most accounts, while Lakshadweep had the fewest.

### 3. Objectives of the Study

1. To assign rank to the factors that prevent investors from investing in Sukanya Samriddhi Account Scheme.
2. To offer suitable suggestions to make improvements in the scheme.

### 4. Research Methodology

This study is descriptive in nature. A well-structured questionnaire has been used to collect primary data through a google form. A sample of 100 non-investors of the Sukanya

Samriddhi Account Scheme were taken from Rohtak district, out of them 7 responses were not fit for further analysis, 93 responses have been considered for further analysis. A justified random sampling method is used to select a sample from the population. Weighted Average method was used to find out the order of the factors that restrict investors to invest in Sukanya Samriddhi Account Scheme.

### 5. Data Analysis and Interpretation

Seven parameters were chosen and studied to accurately reflect the profile of the respondents in the study. This comprises gender, place of residence, education qualification,

occupation, yearly income and number of girl child in a family below the age of 10 years.

Table 1 summarizes the demographic characteristics of the respondents.

**Table 1: Demographic Profile of Respondents**

Particulars		Frequency	Percentage
Gender	Male	16	17.2
	Female	77	82.8
	<b>Total</b>	<b>93</b>	<b>100</b>
Place of Residence	Rural	7	7.5
	Semi Urban	7	7.5
	Urban	79	85
	<b>Total</b>	<b>93</b>	<b>100</b>
Educational Qualification	Higher Secondary	12	13
	Graduate	7	7.5
	Post Graduate	74	79.5
	<b>Total</b>	<b>93</b>	<b>100</b>
Occupation	Agriculture	2	2.1
	Business	12	13
	Govt. Employee	23	24.7
	Private Employee	42	45.1
	Homemaker	14	15.1
	<b>Total</b>	<b>93</b>	<b>100</b>
Yearly Income	Less than 100000₹	44	47.3
	100001₹-500000₹	21	22.6
	500001₹-1000000₹	21	22.6
	1000001₹ and above	7	7.5
	<b>Total</b>	<b>93</b>	<b>100</b>
Number of Girl child aged below 10 years in the family	One	58	62.4
	Two	35	37.6
	<b>Total</b>	<b>93</b>	<b>100</b>

Source: Data collected through questionnaire

It is apparent from the Table 1 out of total respondents 82.8% are female and remaining 17.2% are male. The majority of respondents (85%) are from urban area while 15% are from rural (7.5%) and semi-urban area (7.5%). Among the total respondents 79.5% are post graduate whereas 7.5% of respondents are graduate and remaining 13% have passed higher secondary exam. Further, it is observed that total 69.8% of respondents are employed in govt. and private sectors whereas 15.1% are homemakers and only 2% are engaged in agriculture. Yearly income of only 7.5% of respondents lie in the category of 1000001₹ and above, while 47.3% are earning less than 100000₹. Equal percentage i.e. 22.6% of respondents lie between the category of 100001₹-500000₹ and 500001₹-1000000₹. Lastly, it can be depicted that majority of respondents 62.4%, have one girl child in family who is below the age of 10 years, remaining 37.6% are having two girl children below the age of 10 years.

**Table 2: Weighted Average Mean and Ranking of Factors**

Factors /Reasons	5	4	3	2	1	Weighted Average Mean	Rank
1. No Fixed Rate of Interest	7	37	21	21	7	19.67	X
2. Long Lock-in Period	21	37	14	19	2	22.33	I
3. Premature withdrawal is not allowed	23	32	19	14	5	22.2	II
4. Maximum 2 accounts	14	30	26	16	7	20.47	IX
5. Age barrier	14	46	12	19	2	22	VI
6. Lack of liquidity	26	25	19	21	2	22.07	V
7. Lack of Awareness	23	32	19	14	5	22.2	II
8. Limited investment	19	39	9	21	5	21.67	VIII
9. Lack of loan facility	24	23	30	14	2	22.13	IV
10. Limited Withdrawal facility	19	37	16	16	5	21.87	VII

Source: Data collected through questionnaire

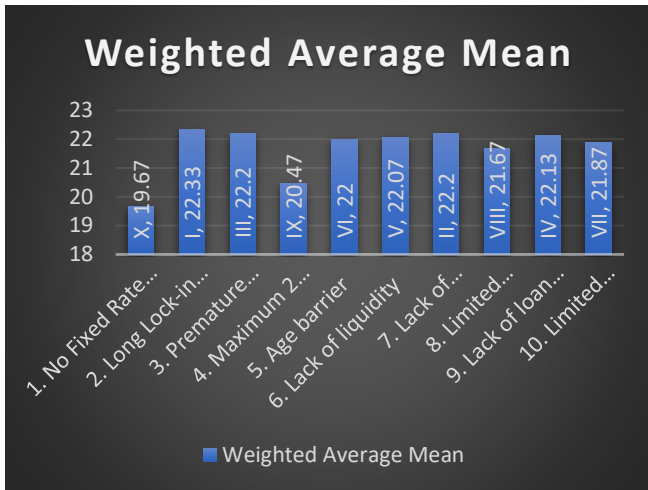


Figure No. 1

Table no. 2 and figure no. 1 is showing weighted average mean and rank, which is assign on the basis of weighted average mean of each statement. Weighted average mean is calculated by using MS-excel. Responses were collected on 5-point Likert scale ranges from 1 to 5, where (5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree). First rank is assigned to 'Long lock-in period' since its weighted average mean is highest among other factors which is 22.33. 'Lack of awareness' and 'Premature withdrawal is not allowed' both factors secured 2<sup>nd</sup> place with weighted average mean of 22.2 followed by 'lack of loan facility' (22.13) and 'lack of liquidity' (22.07) at 4<sup>th</sup> and 5<sup>th</sup> place. 'Age Barrier' (22) and 'Limited withdrawal facility' (21.87) stand at 6<sup>th</sup> and 7<sup>th</sup> place respectively. 'Limited Investment' (21.67) has been assigned 8<sup>th</sup> rank, 'Maximum 2 accounts' are allowed in a family (20.47) has got second last place, whereas 'No Fixed rate of interest' (19.67) secured last rank in the list of factors which are preventing the investors to invest in Sukanya Samriddhi Account Scheme for their girl child.

## 6. Findings and Conclusion

After analysing the collected data, it may be concluded that Sukanya Samriddhi Scheme is one of the most progressive savings schemes introduced by the Indian government. There are various reasons why investors are not interested in investing in the Sukanya Samriddhi Account Scheme for their girl child. The 21-year lock-in tenure, while intended to be beneficial, is just too long for any account holder. With an average annual fixed return of 8% and a cap on investment

limit of 1,50,000 ₹, the scheme would be unable to outperform inflation over time. Other savings schemes including mutual fund and the public provident fund, which both offer tax exemptions similar to the SSA but with much shorter lock-in periods guaranteeing the availability of principal and interest, as well as a greater chance to accumulate wealth. Parents or legal guardians can make investment for a daughter until the age of 10 and amount withdrawn may only be utilized for marriage or education, an investment made for a girl child at the age of 8 would suggest that complete withdrawal only be available when the girl is 29. Even though the account has a 21-year lock-in period, deposits are only permitted for the first 15 years. This restriction limits the amount of time that may be contributed further, which could have an impact on the investment's total growth. Although the Sukanya Samriddhi Yojana is a very popular saving scheme for girls in India, there are a number of reasons why it might not be the best choice for them to secure their future.

## 7. Suggestions

After considering the responses of respondents it may be suggested that Govt. should make certain amendments in rules of Sukanya Samriddhi Account scheme to make it more attractive to investors. Lock-in period could be shortened or Investors can be allowed to make investment up to 21 years instead of only 15 years. Interest rate is announced by the Govt. for every quarter, it could be fixed for this scheme, so that investors can earned fixed amount at the time of maturity. There is age barrier to invest in this scheme this age barrier can removed along with shortened lock-in period. Other small saving schemes like PPF provides the facility of loan against the amount of deposit, so this provision can be added to the features of this scheme. It may be suggested to investors who are hesitant to invest in this scheme can take into account a combination of equities investments and Sukanya investments in order to attain higher returns and to overcome the limitations of the SSA. This will be a more adaptable and possibly higher-growth strategy to fulfil the financial targets of parents for their girl child.

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