

A Study of Investment Pattern of Indian Women



ISBN: 978-1-943295-11-1

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Everyone wants to save money and make investments for the future purposes. In the past, the interest rate on Fixed Deposits (F.D) used to be high and so most of the people invested a larger share of their money in F.D's. But of late the interest rates on F.D's have fallen down considerably and people have started venturing into other avenues of savings which they expect will yield them higher returns. Investment in financial instrument- Shares, was considered to be a high return yielding area however, it involves a considerable level of risk. On other hand, Mutual funds (Debentures and Bonds) offer the investors an option of trading the risk and promising better results. Nowadays, women have started working in large numbers and also looking at diversifying their investments in areas other than Gold and F.D's. In this wake, Mutual funds and shares have caught their fancy. However, while deploying their money they do seek advice of different people like their family members, financial analysts, peers, etc. The aim of this study is to understand the investment areas sorted by Indian Women belonging to different economic and social status and the purpose of investments made by them. However, this research is not making any attempt to look into the causes leading to such behaviour. For this study, primary data was collected from a sample of Females playing different social roles and having a variety of saving's objective. Due to time constraints, the sample size could not exceed 206 and analysis of data was carried out using statistical tools like crosstabs and statistical package SPSS.

Keywords: Investment, Financial Planning, Social Status

1. Introduction

India has been traditionally a nation of savers. Indians have managed to spend less than their income and save the maximum possible amount out of regular income for securing their future. This also means postponement of current consumption for a better future. The economy of India is the tenth-largest in the world by nominal GDP and the third-largest by purchasing power parity (PPP). The country is one of the G-20 major economies and a member of BRICS. On a per-capita-income basis, India ranked 141st by nominal GDP and 130th by GDP (PPP) in 2012, according to the IMF. India is the 19th-largest exporter and the 10th-largest importer in the world.

The Indian economy has been in the midst of a slowdown in both the investment and the savings rate. But reversing the investment slowdown, which is still underway, is more critical at this juncture due to the impact it has on the broader growth scenario. An investor is the backbone of the capital markets of any economy as is the one lending surplus resources for funding the setting up of or expansion of companies of companies, in return for financial gain.

In India, households generate almost 90% of country's savings and the corporate sector as well as government borrow from households and undertake investment. Also, savings are made in financial as well as physical assets. But the proportion of savings in unproductive assets has been more than in productive assets though in recent years this tendency is changing.

Despite the all over growth that India has achieved, women still receive an inferior treatment. Hence, Financial Planner Pankaaj Maalde states that, "Instead of saving 10% of monthly income, women should save at least 20-25% for their retirement." The same is true also because women earn less than an average male person in India. Another viable reason is that women work for fewer years, because they usually take time off for child care. On an average, they spend about seven years away from work, which means that they are not saving or their savings is negligible during this period. Add to this is the fact that women live longer with a life expectancy of 69.9 yrs at birth as compared to an average male.

This study demonstrates Indian Women's savings and investment trends. For this purpose a questionnaire is designed which takes into account the percentage of income saved and invested by Women. Both online and physical questionnaires were distributed. Since, this study is restricted to Navi Mumbai for convenience purposes, Convenience Sampling method is used to collect the sample.

2. Literature Review

Sheng-Hung Chen and Chun-Hung Tsai (2010) wanted to identify key factors influencing individual investor's decision to make portfolio choices is of importance to understand their heterogeneous investment behaviour. Study stated female investors tend to be more detail oriented; elder is more likely to have low level of risk tolerance; the level of education is thought to impact on a person's ability to accept risk; increasing income level of individual investor is associated with increased levels of risk tolerance. At last, they argued single investors are more risk tolerance than married investors are.

S. Gupta, P. Chawla and S. Harkant (2011) stated financial markets are constantly becoming more efficient providing more promising solutions to the investors. Study also proved that occupation of the investor is not affected in investment decision.

The most preferred investment avenue is insurance with least equity market. The study also argued that return on investment and safety is the most preferred attributes for the investment decision instead of liquidity.

B. Raja Mannar, B. Ramachandra Reddy (2013) analysed investor's perception and expectations towards mutual funds. Investors differ in their choice of investments based on the expected return against risk. Educational qualification of investors reflects on the financial needs and investment objective. Marital status influences impact on investment objective, willingness to take risk and volatility in investment value. Monthly income and monthly savings significantly influence financial needs, investment objective and volatility in investment value.

Further Fellner & Maciejovsky (2007) find that women prefer less volatile investments and exhibit lower market activity, e.g. they submit fewer offers and engage less often in trades. Women give a lot of priority and importance to the advices given by Financial Advisors (FA) and depend on them for guidance. Female investors are more detail oriented; and want to read more and understand financial matters better and they ask many questions (Worley, 1998).

Jianakoplos & Bernasek (1998) test differences in investment behaviour on a large data set drawn from the Survey of Consumer Finances (CFS) 1989. The analysis reveals that single women are relatively more risk averse than single men or married couples.

Blau & Kahn (2000), Moore & Shierholz (2004), O'Neill (2003), some of their studies concluded that since women earn less, they have lower wealth accumulation and hence lower investment and saving rates.

According to Barber (2001) though women are not active investors, they make more profits than men when they trade because by trading more, men hurt their performance more than women. Preda (2001) comments that women are always excluded from financial discussions, on the explicit ground that they cannot understand investments. According to Chachoria (2000) women are the next generation financial decision makers and they should be targeted from a financial perspective. She suggests that marketing for financial products should be done differently for women. Through this study an attempt is made to understand the savings and investment pattern of women. The factors which influence their investment decision making are identified.

Hood, Nofsinger and Varma (2014) examined the factors that influences the investment decisions of socially responsible investors. They found that Social characteristics and personal values had an impact on the stocks owned by individual investors.

Brahma bhatt Kumari and Malekar (2012) studied the investment behaviour of investors and investment preferences for the same. The results indicate that, People give more preference to savings and safety but at the same time they want higher interest at low risk in shorter span. They tested it on 100 respondents using Descriptive, Regression and cluster analysis.

Chaturvedi and Khare (2012) studied the investment culture among the Indian Investors on 526 respondents using Descriptive analysis. Findings demonstrate that, most popular investment avenues are bank deposits and real estate, small saving schemes and life insurance. Safety, income, liquidity and marketability capital appreciation, tax benefit and diversification benefits are the major objectives.

Murithi, Narayanan and Arivazhagan (2012) analysed the investors behaviour towards various investment avenues. They concluded that, the individual investors still prefer to invest in financial products which give risk free returns.

Alleyene and Broome (2010) studied the individual factors that are likely to influence the investment decisions of potential investors on 104 respondents using Hierarchical Regression analysis. Their findings show that, attitudes and referent groups (peers, family and significant others) and beliefs about potential obstacles and opportunities significantly predict intentions to invest.

Objectives

The aim of this study is

1. To understand the spending pattern of the Indian Women.
2. To study the pattern of the investments made by Women in India.
3. To analyse the factors influencing the behaviour of Women towards financial investments.

Hypothesis

1. Ho: Among all the reasons (children's education and marriage, augment future earnings, property, supplement income in old age) unpredictable emergencies are assumed to be the primary purposes of Women's investments.
2. Ho: It is assumed that majority of women (lower income group) invest in Precious metals (Gold, Silver, Platinum and Diamonds) rather than investing in Futures and options contracts.
3. Ho: Family is a more influencing factor than peers which affects women's financial decisions.

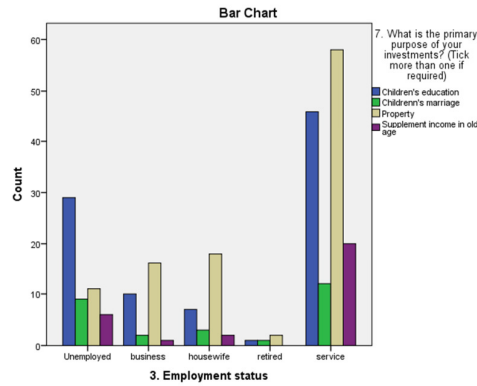
3. Research Methodology

- This research is both primary and secondary in nature.
- Type of research: Exploratory and Descriptive
- Sampling method: Convenience sampling
- Sampling place: Navi Mumbai
- Respondents category: Females
- Number of respondents: 206

- Data collection method: Structured questionnaire
- Tool used for analysis: Excel and SPSS (Cross Tabs)

Analysis

1. What is the primary purpose of your investment



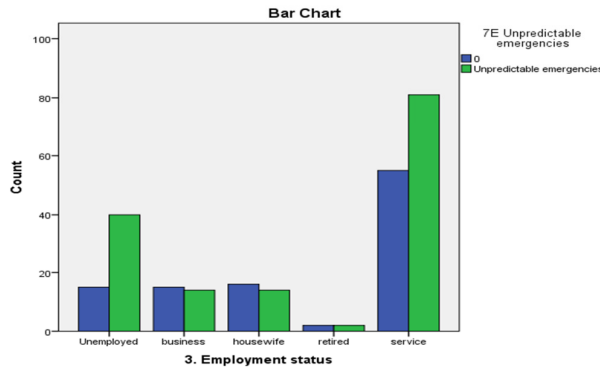
Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.125 ^a	12	.027
Likelihood Ratio	24.580	12	.017
Linear-by-Linear Association	6.026	1	.014
N of Valid Cases	254		

a. 8 cells (40.0%) have expected count less than 5. The minimum expected count is .43.

Interpretation

From the bar chart it can be inferred that unemployed women save most of their money for their children’s education, while business women, retired women and housewives save with the purpose of investing in property. As for women involved in service sector, their primary purpose of investment is; property followed by children’s education, supplement income in old age and then by children’s marriage. From the table we can infer that, the purpose of savings differs with the employment status of women.



Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.706 ^a	4	.103
Likelihood Ratio	7.835	4	.098
Linear-by-Linear Association	.748	1	.387
N of Valid Cases	254		

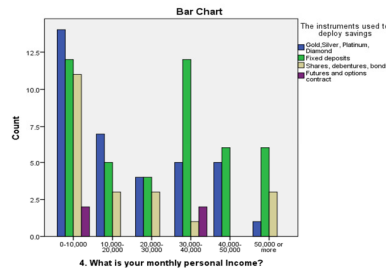
a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 1.62.

Interpretation

Amongst all the purposes like children’s education, children’s marriage, property, supplement income in old age; unpredictable emergencies are the most primary purpose rated by all types of women belonging to different employment status. This indifference of employment status in the rating can be inferred from the table above.

Thus, **Ho:** Among all the reasons (children’s education and marriage, augment future earnings, property, supplement income in old age) unpredictable emergencies are assumed to be the primary purposes of Women’s investments- **IS ACCEPTED**

2. What are the instruments used to deploy savings



Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.197 ^a	15	.252
Likelihood Ratio	22.640	15	.092
Linear-by-Linear Association	.052	1	.820
N of Valid Cases	106		

a. 17 cells (70.8%) have expected count less than 5. The minimum expected count is .38.

Interpretation

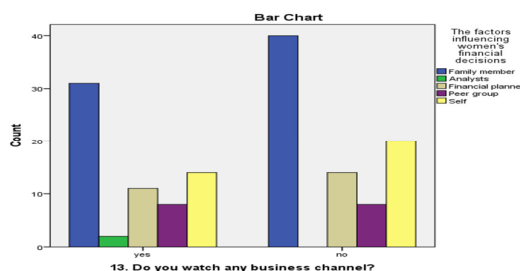
The above given bar chart represents personal Income of women on x-axis and the percentage on y-axis. Various colours of the bars show different financial instruments used by women to deploy their savings. It can be observed that the lowest income group (0-10,000) deploy most of their income in precious metals like Gold, Silver, Diamond and Platinum, followed by Fixed deposits; then by Shares, Debentures and bonds and Futures and Options contracts. Women earning Rs.10,000-20,000, Rs. 20,000-30,000 and 50,000 and above monthly invest no money in Futures and Options contracts. Women earning Rs.30,000-40,000 invest most of their money in Fixed deposits.

It can thus be insinuated that, most of the women belonging to a varied earning strata, deploy most of their savings in Fixed Deposits followed by precious metals like Gold, Silver, Diamond and Platinum and then by Shares, Debentures and Bonds. The least used financial instrument is Futures and Options contracts.

From the charts it is observed that there is no significant difference in saving habits of different income groups of women, when we look at the pattern of their investments in precious metals or futures and options contracts. Historically the saving in Indian household has been in terms of precious metals as they are easy to store and are used in emergencies. In the past, pawn brokers at even village levels were able to exchange ornaments for ready cash as and when required. Futures and options being recent additions, and also involved brokers in the past were tedious to deal with and required market intelligence which very few women had and generally other risks like, information sharing and traceability of money prevents women in particular to plunge into these type of activities.

Thus, **Ho:** It is assumed that majority of women (lower income group) invest in Gold, Silver, Platinum and Diamonds rather than investing in Futures and options contracts **IS ACCEPTED**.

3. What are the Factors Influencing Women’s Financial Instruments



Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.863 ^a	4	.581
Likelihood Ratio	3.609	4	.462
Linear-by-Linear Association	.015	1	.902
N of Valid Cases	148		
a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is .89.			

Interpretation

While the above bar graphs represent the percentage of women who watch business channel and take financial decisions, the different colors of bars demonstrate the factors like family member, analysts, peer group, financial planner and self-influencing women's financial decisions. From the above, it can be seen that the type of women, the ones who watch and the ones who don't watch any business channel do take into consideration their family members advices.

Out of all the women who watch business channels, almost 15% take their decisions independently, followed by 11% who seek financial planner's advice, then 8% who listen to their peer group and 2% who seek analyst's advice.

As for women who do not watch business channel too take their decisions independently, followed by 15% who seek financial planner's advice, then by 8% who follow their peer's advice.

Thus, it can be insinuated that, women on an average get influenced by their family members in most cases. However, it may be noted that they do make decisions independently but are also in less cases influenced by financial planners, peers and analysts' advices.

There is no significant difference between women who watch and don't watch business channels in terms of their reference point or in terms of their influencers in financial decision making.

Thus, Ho: It is assumed that majority of women invest in Gold, Silver, Platinum and Diamonds rather than investing in Futures and options contracts **IS ACCEPTED**.

4. Conclusion

The primary purpose which drives women to save is uncertainty regarding future situations or unpredictable future emergencies. From the analysis it can be concluded that, women (higher income group) deploy most of their money in fixed deposits, then in Share, debentures and bonds and least in futures and options contracts. This shows that women belonging to high income group are less risk averse than the ones belonging to lower income group because they invest most of their money in riskless as well as risky financial instruments like Fixed deposits and Shares, debentures, bonds.

The fact that women's (lower income group) preferred investment instrument is precious metals shows that they prefer investing in instruments which can be easily liquidated into cash, thus demonstrating their liquidity preference and risk averse behaviour. The factor which influences women's financial decision making is Family followed by self-decision making of women. Moreover, referring to business channels does not change women's influencers.

5. Limitations

This study has following limitations:

- The study takes into account only Indian Women's investment and savings pattern.
- The study is restricted only to Navi Mumbai area for convenience purposes sample size being 206 in number.

6. Bibliography

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