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A Study on Investment Behavior towards Women Investors in Chennai City

Yuvaraj .V
MBA, Department of Management Studies
Bharath Institute of Science and Technology,
Selaiyur, Chennai, Tamil Nadu 600 073
Bharath Institute of Higher Education and Research

ABSTRACT

The term savings refers to the surplus of an individual from his earnings after meeting necessities. Savings is a habit specially embodied to women. The surplus of the individuals is kept in the form of various investments. Investment is the sacrifice of certain present value for the uncertain future reward. Choosing the right investment plan for women depends largely on her financial goals, employment status, age, time horizon and most importantly risk aptitude. The habit of Savings and investment empowers women investors in many aspects. The way in which women are empowered, the extent to which they are empowered are analysed by the researcher. The study has been executed by the researcher using descriptive research design. Using simple random sampling, 60 respondents were selected for executing the study. The study reveals that women are empowered by way of gaining economic independence, self reliance improvement in self confidence, decision making skills and administrative skills.

Keywords: Savings, Investment, Empowerment, Financial Decision, Women Investors.

1. INTRODUCTION

Savings is a habit specially embodied to women. Savings refers to the surplus of an individual from his/her earnings after meeting his/her necessities. The surplus of the individual is kept in the form of various investments. Even in the past, when women were mainly dependent on their spouse's income they used to save to meet emergencies as well as for meeting future contingencies. In those days, women did not have any awareness about various investment outlets. But at present women are equally educated, employed and have knowledge about various aspects of investments. As a result women are also investing in various avenues such as bank deposits, postal deposits, mutual funds, shares, debentures, real estates, precious metals etc.,.

Investment is the sacrifice of certain present value for the uncertain future reward. Investment is the employment of funds with the aim of achieving additional income or growth in value of investment. It involves the commitment of resources which have been saved from current consumption in the hope that some benefit will accrue in future.The availability of adequate resources for making investment is the primary factor which motivate a person to make investment. The resources are acquired through their own earnings, personal savings, inherited properties and borrowings.

Choosing the right investment plan for women depends largely on her financial goals, employment status, age, time horizon, and most importantly risk aptitude. Women are handling responsibilities at their work place, but they are depending on their parents and family members, friends and financial advisors when it comes to taking a call on money matters such as where and how much to invest. The reasons for this behaviour vary from risk aversion, insufficient financial knowledge and lack of freedom to take financial decision. The risk averse

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nature of women prompts them to put their money in fixed income yielding investments such as bank deposits, post office deposits, life insurance policies and government bonds.

The habit of savings and investment empowers the women investors in many aspects. Through investment women are able to earn income which makes them economically independent, self reliant, and helps them to stand on their own. The habit of savings and investment also improves the self confidence decision making skills and administrative skills of women investors.

2. STATEMENT OF THE RESEARCH PROBLEM

Indian house hold savings are increasing over the period of time. As a result the volume of investment also keeps on increasing. Investment helps the investors to augment their resources, and to safeguard their future. It is a protection against future uncertainties. Women have the savings and investment habit but they are lacking in selecting right kind of investment. The habit of savings and investment empowers the women investors in many aspects. The way in which women investors are empowered, the extent to which they are empowered are to be analyzed. Hence an attempt has been made by the researcher to identify the basis of selecting investment by the women investors, and to evaluate the extent to which such investments have empowered the women investors.

3. REVIEW OF LITERATURE

This research paper reveals a brief account of the existing literature associated with the research work. In this part the researcher has reviewed various experts opinion which given in the following lines.

Bajtelsmit and Van Derhei, (1997) have suggested that women choose to invest their financial resources more conservatively and are generally more risk averse than men. The risk averse nature of women makes them to be more alert in choosing the investment.

Hinz, McCarthy, and Turner, (1997) have also suggested that women are more conservative in investing their financial resources and they are more risk averse than men. From their study of participants in the Thrift Savings Plan for federal government workers, they have concluded that men were more likely to hold risky assets and that men invest a higher proportion of their pension wealth in the risky assets.

Bajtelsmit, Bernasek and Jianakopolos, (1996) have used 1989 Survey of consumer finance (SCF) to examine gender differences in financial risk taking as it pertained to defined contribution pension allocations. The study also examined the proportion of household wealth which are invested in risky pension assets. They have found that women are more risk averse than men and the proportion of their wealth invested in risky pension assets decreases with wealth.

Sung and Hanna,(1996), have found that single women to be less risk tolerant than single men or married couples. They also found that the investment decisions of married women were influenced by the level of risk tolerance of their spouse. Sung and Hanna also indicated that risky assets may be inappropriate for individuals with short term goals such as savings for a down payment on a house.

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Sung, J. (1997) has indicated that the retirement problem becomes even more complicated by the fact that women have lower rates of participation in retirement plans compared to men. This combination of low-risk investing, lower earnings, little savings, and greater needs, presents women and their financial advisors with a significant challenge. While saving more for retirement is a good advice, it may not be practical given immediate consumption needs.

IMPORTANCE OF SAVINGS AND INVESTMENTS

Uncertainty of future and unexpected future contingency necessitates a person to have savings and to make investment. Any investment is expected to have liquidity, safety, and capital appreciation. In addition the investment is also expected to yield high rate of return than inflation and reduce tax liability. The savings and investments of small investors becomes capital for large industries, which forms the basis for the economic development of a nation.

4. OBJECTIVES OF THE STUDY

The study is associated with the following objectives.

- To examine the savings and investment habits of women investors.
- To analyze the investment priorities of women investors.

5. METHODOLOGY

In order to execute this study the researcher has used descriptive research design. Hence it calls for both primary and secondary data. The researcher has selected sixty respondents from Chennai city for this purpose. A well structured questionnaire was used to collect information from the respondents. The questionnaire was distributed to various categories of women investors such as house wives, self employed women, Government servants and women employed in private sector organizations. Simple random sampling technique has been used for identifying the respondents. Statistical tool such percentage analysis has been used for analyzing the data.

6. RESULT AND DISCUSSION

In this part the researcher has presented the empirical data collected from the study area. Sixty respondents from various categories were selected at random. Relevant questions were raised with the respondents. The responses obtained were summarized, analyzed and presented in the following tables.

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DEMOGRAPHIC PROFILES OF THE RESPONDENTS

DEMOGRAPHIC PROFILE		NO. OF RESPONDENTS	PERCENTAGE
Age group	Below 25	3	5.33
	25- 35	11	18.33
	35 - 45	20	33.33
	45 - 55	14	23.33
	55 - 65	10	16.67
	Above 65	2	3.33
Educational Qualification	Below SSLC	5	8.33
	SSLC / PUC / +2	12	20.00
	Graduate	21	35.00
	Post Graduate	14	23.33
	Professional	5	8.33
	Others (ITI / Diploma)	3	5.00
Nature of Employment	Government Service	12	20.33
	Private Service	28	46.67
	Self Employed	4	6.67
	House Wives	19	31.67
Annual Income (Rs)	Below 1,00,000	5	8.33
	1,00,000 - 2,00,000	18	30.00
	2,00,000 - 3,00,000	24	40.00
	3,00,000 - 4,00,000	8	13.33
	Above 5,00,000	5	8.33
Percentage of Savings	Below 10	6	10.00
	10 - 20	21	35.00
	20 - 30	19	31.67
	30 - 40	7	11.67
	40 - 50	4	6.67
	Above 50	3	5.00
Type of Investment	Bank/Postal Deposit	12	20.00
	Life Insurance	21	35.00
	Mutual Funds	4	6.67
	Shares/Securities	2	3.33
	Real Estate	4	6.67
	Jewellery	13	21.67
	Others(P.F/Tax saving deposits)	4	6.67
Total		**60**	**100**

Source: primary data

TABLE NO 1

INTERPRETATION

Age: From the above table 1.1 shows that 33.33% of the respondents are in the age group of 35 and 45 years. Only 3.33% of the respondents are above 65 years of age.

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Educational Qualification: Table 1 Shows that 35% of the respondents are graduates, followed by post graduates who are 23.33% of the total respondents. Only 5% of the respondents are ITI / Diploma holders.

Nature of employment: From the table 1.1. it is clear that majority of the respondents are employed in private sector, which is 46.67% of the total respondents. The percentage of women engaged in self employment is only 6.67.

Annual income: It is evident from the table 1.1 that the annual income of majority of the women investors are between 2,00,000 to 3,00,000, which is 40% of the total respondents. Only 8.33% of the respondents earn above Rs. 5,00,000 and below Rs.1,00,000 respectively.

Percentage of savings: The average savings of the respondents are between 10 to 30%. It is evident from the table 1.5 that 35% of respondents save 10 to 20% of their earnings. 31.67% of the respondents save from 20 to 30% of their earnings. Only 5% of the respondents have savings of above 50%.

Investment priority of women investors: It is clear from the table 1.1 that 35% of the respondents prefer to invest in Life Insurance Policy. Second preferential investment is Jewellery, which is preferred by 21.67% of the respondents. Least number of respondents preference given to shares and securities, which is only 3.33% of the total response.

REASONS FOR CHOOSING THE INVESTMENT

REASON FOR CHOOSING THE INVESTMENT	NO. OF RESPONDENTS	PERCENTAGE
Safety	16	26.67
High Return	11	18.33
Value Appreciation	9	15.00
Enhancing social status	13	21.67
Liquidity	5	8.33
Convenience	6	10.00
Total	60	100.00

Source: primary data

TABLE NO 2

INTERPRETATION

From the Table 1.2 we understand that the ultimate aim of making investment is to secure future. 26.67% of the respondents choose their investment considering the safety factor. Only 8.33% of the respondents give priority to the liquidity factor.

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SAVINGS AND INVESTMENT HABIT HAS EMPOWERED THE WOMEN INVESTORS IN THE FOLLOWING WAYS

RESPONSE		NO. OF RESPONDENTS	PERCENTAGE
Economic independent of women investors	Strongly Agree	35	58.33
	Agree	19	31.67
	Neutral	2	3.33
	Disagree	3	5.00
	Strongly Disagree	1	1.67
Savings and investment habit has made women investors self reliant.	Strongly Agree	28	46.67
	Agree	23	38.33
	Neutral	4	6.67
	Disagree	3	5.00
	Strongly Disagree	2	3.33
Savings and investment improves self confidence	Strongly Agree	34	56.67
	Agree	21	35.00
	Neutral	2	3.33
	Disagree	2	3.33
	Strongly Disagree	1	1.67
Savings and investment enhances decision making skills	Strongly Agree	36	60.00
	Agree	18	30.00
	Neutral	2	3.33
	Disagree	3	5.00
	Strongly Disagree	1	1.67
Savings and investment improves administrative skills of the women investors	Strongly Agree	32	53.33
	Agree	23	38.33
	Neutral	1	1.67
	Disagree	3	5.00
	Strongly Disagree	1	1.67
	Total	60	100

Source: primary data

TABLE NO 3

7. FINDINGS

The collected data were tabulated, analyzed and the findings are summarized as follows.

- 33.33% of the respondents are in the age group of between 35 and 45 and 23.33% are between 45 and 55. Only 3.33% of the respondents are above 65 years of age.
- As for as educational qualification is concerned, 35% of the respondents are graduates, 23.33% are post graduates and only 5% are ITI and Diploma holders.
- Majority of the employees (46.67%) are employed in private sector companies,31.67% are house wives and only 6.67% are self employed.

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- The annual income of most of the respondents (40%) are from 2 Lakh to 3 Lakh, 30% earn from 1 Lakh to 2 Lakh and only 8.33% earn above 5 Lakh.
- From their earnings 35% of the respondents save from 10% to 20%, 31.67% earn from 20% to 30% and 5% earn above 50%.
- The favorite investment of 35% of the respondents is Life Insurance Policy. 21.67% of the respondents prefer to invest in jewellery and only 3% prefer shares and securities.
- 26.67% of the respondents give priority for safety, 21.67% give priority for enhancement of social status and only 8% for liquidity factor.
- 58.33% of the respondents strongly agree that the habit of savings and investment has made them economically independent, 31.67% agree this opinion and only 1.67% of the respondents strongly disagree this opinion.
- 46.67% of respondents strongly agree that they are self reliant by making investment, as they are able to earn more income, 38.33% agree this and only 3.33% strongly disagree this point.
- The self-confidence of the women investors are improved through savings and improvement. 56.67% of the respondents strongly agree this point,35% agree and 1.67% strongly disagree this opinion.
- 60% of the respondents strongly agree that their decision making skills are improved by taking correct investment decision, 30% agree this and only 1.67% strongly disagree this.
- It is the strong opinion of 53.33% of the respondents that savings and investment improves their administrative skills. 38.33% of the respondents agree this and only 1.67% are strongly not on agreement with this opinion.

8. SUGGESTIONS

Based on the findings the following suggestions are offered to the women investors for taking effective investment decision and for their empowerment. Irrespective of the type of profession and amount of annual earnings, a portion of their earnings must be saved and invested for securing their future. Safety of the investment must be given top priority while selecting the investment and next is the enhancement of social status and rate of return. An attempt must be made by the women investors to improve their decision making and administrative skills by evaluating various investment alternatives. Women investors can become economically independent only through savings and investment. Also savings is essential for them to gain self confidence and to become self reliant.

9. CONCLUSION

The study reveals that the savings of different segment of people vary according to their level of income and the volume of investment also changing according to their savings. The habit of savings and investment empowers women investors by way of improvement in decision making skills, administrative skills, self reliance, economic independence and self confidence.

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