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Impact on Savings Investment towards Investing Women Investors in Chennai City

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ABSTRACT

The investors felt very much the effect of introduction of New Economic Policy, 1991.In this situation greater investment competition and also economic change in perception are the greater challenges to the women investors. These changes are due to many factors. If the women investor understands the factors clearly and properly he can make a sound investment decisions. The primary objective of this study is to create good investment and awareness for the country. Demographic factors such as Age, Income, Family hold, Occupation, Family circumstances, Employment Status and Investment conditions such as Choice of Portfolio, Risk Bearing Capacity, and Sources of Information also play a vital role in determining investments. By analyzing these demographic and environmental factors, the study gives an idea how to create investor awareness. The objective of this study is to analyses the Investment size pattern, Expected Returns and the Risk bearing capacity.

Key words: 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 motivates 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 behavior vary from risk aversion,

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insufficient financial knowledge and lack of freedom to take financial decision. The risk adverse 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 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 invests the women investors in many aspects. The way in which women investors are authorized, 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.

Syed Tabassum Sultana [2010] Indian individual investors along makes an attempt to discover the relationship between a dependent variable i.e., Risk Tolerance level and independent variables such as Age, Gender of an individual investor on the basis of the survey. Indian investors are high income, well educated, salaried, and independent in making investment decisions and conservative investors. From the empirical study it was found that irrespective of gender, most of the investors (41%) are found to have a low risk tolerance level and many others (34%) have a high risk tolerance level rather than moderate risk tolerance level. It is also found that there is a strong negative correlation between Age and Risk tolerance level of the investor. Television is the media that has largely influenced the investor's decisions. Hence, this study can facilitate the investment product designers to design products which can cater to the investors who are low risk tolerant.

Sanaa V. Gupta [2011] From the survey conducted to know the perception of investors towards mutual funds it was found that 80 % of the investor knows about mutual funds, so the awareness level of mutual fund is there. The majority of investors are willing to invest in mutual funds. The investment of about 11 percent to 30 percent saving is done with mutual funds and expected returns are between 10 percent to 30 percent

Anil G. Suryavanshi, [2011] the survey shows that 44% of the total sample size fall in the category of 25 – 40 whereas 39% of the respondents fall in the age group of 40-60 years.

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Similarly, 17% respondents fall in the age group of over 60 & above. The respondents are classified into three age groups in the sense of to get information about standard of living, their experience & work culture, investment pattern at different stages of the life cycle.

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 is 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.

4. IMPORTANCE OF THE STUDY

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. This study analyzing these demographic and environmental factors, the study gives an idea how to create investor awareness. The objective of this study is to analyses the Investment size pattern, Expected Returns and the Risk bearing capacity.

5. OBJECTIVES OF THE STUDY

The study is associated with the following objectives.

- To examine the association between investment size and women investor characteristics.
- To identify the factors that influence choice of investment and expected return by women investors
- To suggest suitable measures for selected investment and for empowering the women investors.

6. METHODOLOGY OF THE STUDY

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.

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7. 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.

AGE OF THE RESPONDENTS

	FREQUENCY	PERCENT	CUMULATIVE PERCENT
25 -35	14	9.3	9.3
35–45	26	17.3	26.7
45- 55	60	40.0	66.7
55- 65	50	33.3	100.0
Total	150	100.0	

Source: Primary data

TABLE NO 1

From the above table 1.1 shows that are found that only 150 investors belong to the age group of 25-35 years. Hence it can be inferred that the younger generation do not think of savings and investments in their early phase of employment or business. Investors in the age group of 35-45 are 26 in number constituting 17.3%. Similarly investors in the age group of 45 to 55 having 60. An interesting finding is that 40 of investors are above the age of 55- 65. 33.3% of the respondents are in the age group of 35 and 45 years. Only 33.3% of the respondents are 55-65 years of age.

QUALIFICATION OF WOMEN INVESTOR

	FREQUENCY	PERCENT	CUMULATIVE PERCENT
School level	34	22.7	22.7
UG level	72	48.0	70.7
PG level	27	18.0	88.7
Professional	17	11.3	100.0
Total	150	100.0	

Sources: Primary data

TABLE NO 2

Among the respondents, 34 respondents (22.7%) are investors with a High School or Matriculation diploma, whereas the majority of the investors are graduates having the maximum number of representation (48%) followed by Post graduates and Professionals constituting 18% and 11.3% respectively

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ANNUAL INCOME OF THE WOMEN INVESTORS

	FREQUENCY	PERCENT	CUMULATIVE PERCENT
Below 2 lakhs	16	10.7	10.7
2 lakhs to 4 lakhs	21	14.0	24.7
4 lakhs to 6 lakhs	37	24.7	49.3
6 lakhs and above	76	50.7	100.0
Total	150	100.0	

Sources: Primary data

TABLE NO 3

The annual income a majority of the respondents (14%) have income ranging from 2 to 4 lakhs followed by 21 (10.7%) respondents in the income group of below 2 lakhs. 50.7 per cent of the investors earn above 6 lakhs per annum. Those who earn 4 to 6 lakhs constitute 24.7 per cent. An interesting feature is that investors earning less than 2 lakhs too have investments in capital market.

ANNUAL SAVING OF WOMEN INVESTORS

	FREQUENCY	PERCENT	CUMULATIVE PERCENT
0 to 25,000	5	3.3	3.3
25.000 to 50,000	18	12.0	15.3
50,000 t0 1 Lakhs	68	45.3	60.7
above 1 Lakhs	59	39.3	100.0
Total	150	100.0	

TABLE NO 4

The investors who save 1 lakh and above per annum are 68 (45.3%) followed by investors who save less than Rs. 25,000 per annum numbering 5(3.3%). Those who save between Rs. 25,000 – Rs. 50,000 are 18(12%)

RANKING OF THE OBJECTIVES OF SAVING

S.NO	OBJECTIVES OF SAVING	WMV	RANK
1	I save for my children's education.	3.8	I
2	I save for my daughter's marriage.	3.7	II
3	I save for contingencies.	3.7	II
4	I save to purchase a house.	3.3	IV
5	I save for tax benefits.	3.3	IV
6	I save to provide for my retirement.	2	VI

Source: Primary data

TABLE NO 5

The objectives of savings are ranked in the above table using weighted mean values of the responses given by the investors in the questionnaire. Saving for children's education takes the lead with the W.M.V. of 3.8. This is in conformity with the study conducted by NCAER and Aviva Life (2010) which says that 48 per cent of the people save for their children's education. This is followed by the other two objectives namely daughter's marriage and providing for

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retirement scoring the W.M.V of 3.7 each as the second rank; Saving for tax benefits and purchasing a house are ranked as the IV objective and saving for contingencies is the last objective Hence it is proved that children's education is the prime motive behind saving.

8. SOURCES OF INVESTMENT INFORMATION

There are many sources of investment information. The sources which are mainly used or preferred by the investors should be identified to communicate with the investors very effectively. Individual investors are widely scattered and knowledge of the best media through which investors can be contacted would offer many advantages to the financial intermediaries and regulatory authorities. Financial Literacy programmes can be effectively conducted by identifying the sources of information which are mostly preferred by the investors.

RANKING OF THE SOURCES OF INVESTMENT INFORMATION

S.NO	SOURCES	WMV	RANK
1	Professional advisor	4.4	I
2	Business news channels like CNBS, NDTV Profit	3.7	II
3	Family and friends	3.5	III
4	Magazine and news papers	3.4	IV
5	Investment websites	3	V
6	Books	2.1	VI

Source: Primary data

TABLE NO 6

The sources of investment information related to Professional Advisers are ranked first scoring a W.M.V value of 4.4. Business News Channels like CNBC, NDTV Profit are getting the Second place. The family and Friends of the Investors occupy the third place followed by the others. From the above it is clear that most of the investors are dependent on the Professional Advisers. The Consultation Paper released by the Committee on Investor Awareness and Protection, chaired by D.Swarup, Chairman of the Pension Fund Regulatory and Development Authority (PFRDA) begins with the need for regulation of the market for financial products in India and to educate the consumer. The committee has pointed out that most of the dissemination of information relating to financial products takes place through the distributors or intermediaries. Hence a financial adviser does two tasks namely disseminating the information and also undertaking financial planning.

ONE WAY ANALYSIS OF VARIANCE AMONG EDUCATION QUALIFICATION WITH REGARD TO INVESTMENT BEHAVIOR

		SUM OF SQUARES	DF	MEAN SQUARE	F	SIG.
Hearing	Between Groups	.138	3	.046	.282	.838
	Within Groups	23.862	146	.163		

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	Total	24.000	149			
Short term gain	Between Groups	.686	3	.229	.139	.936
	Within Groups	239.908	146	1.643		
	Total	240.593	149			
Risk tolerance	Between Groups	1.565	3	.522	2.579	.056
	Within Groups	29.528	146	.202		
	Total	31.093	149			
Perception	Between Groups	2.001	3	.667	2.796	.042
	Within Groups	34.832	146	.239		
	Total	36.833	149			
Investors awareness	Between Groups	6.006	3	2.002	1.072	.363
	Within Groups	272.554	146	1.867		
	Total	278.560	149			

TABLE NO 7

G1 = Self Employed G2 = Employed in Government G3 = Employed in private G4 = Retired
Table -7 reveals the following results on the basis of the F Test

The herd behavior varies significantly among the respondents belonging to different academic qualifications. The mean scores of the different groups as specified above signify a significant difference among the group. Her instincts based on the mean scores are highest for G2 for graduates and lowest for Professionals. The preference for short term gain varies significantly among the respondents belonging to different academic qualifications. The mean score is the highest for respondents belonging to the group G1 - High School qualifications. The table 5.29 reveals a significant difference among the respondents with respect to the level of risk tolerance. The F Test above reveals that there is significant difference among respondents with respect to perception of capital market as indicated by the mean scores for the different groups. The perception of the respondents with respect to corporate governance does not vary significantly among the different academic levels of the respondents. The level of investor awareness does not vary significantly among the respondents belonging to different educational levels.

ONE WAY ANALYSIS OF VARIANCE AMONG OCCUPATION WITH REGARD TO INVESTMENT BEHAVIOR

		SUM OF SQUARES	DF	MEAN SQUARE	F	SIG.
Hearing	Between Groups	.138	3	.046	.282	.838
	Within Groups	23.862	146	.163		
	Total	24.000	149			
Short term gain	Between Groups	.686	3	.229	.139	.936
	Within Groups	239.908	146	1.643		
	Total	240.593	149			
Risk tolerance	Between Groups	1.565	3	.522	2.579	.056

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	Within Groups	29.528	146	.202		
	Total	31.093	149			
Perception	Between Groups	2.001	3	.667	2.796	.042
	Within Groups	34.832	146	.239		
	Total	36.833	149			
Investors awareness	Between Groups	6.006	3	2.002	1.072	.363
	Within Groups	272.554	146	1.867		
	Total	278.560	149			

TABLE NO 8

The herd behavior varies significantly among the respondents belonging to different occupation. It is evident from the mean scores as given in table 5-30 for the variable herd behavior. The preference for short term gain of the respondents varies significantly among the group. The mean scores given for the variable shows there is a difference in value among the group. The level of risk tolerance of the employees varies significantly between the groups as evident from table 5-30. The risk tolerance level of the retired investors is much different from others. The perception towards capital market does not differ significantly among the respondents belonging to different occupation levels. The mean scores for the variable do not differ significantly among the different groups. The perception of the respondents towards corporate governance does not differ significantly among the groups belonging to different occupation. The level of investor awareness varies significantly among the respondents belonging to different occupations.

9. SUGGESTIONS

SUMMARY

The analysis of the above variables with the age groups confirm the fact that respondents in the age group of 25-35 differ from other groups with respect to Group Behavior, preference for short term gain, risk tolerance. Investors in the age group of 25-35 show a higher level of Group Behavior, risk tolerance and preference for short gain. The respondents in the age group of 35-45 differ from the rest of the age groups with respect to investor awareness.

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.

10. 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

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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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