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# Women Contribution to Indian Financial Market: A Conceptual Study

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***Abstract***

The women involvement is equally important as men to enhance the economic condition of a country. The discriminatory practices create an inequality that prevents women from participation in the stock market, especially when investment decisions are taken by men.Generally, people prefer investment in the gold, bank deposits, post office deposits, land and life insurance. Traditionally, investment avenues were less and didn't require any analytical skills. The long-lasting volatility nature of the stock market has scared people to park their avenues. The diverse literature suggests that inadequate returns, distorted information, the risk of losing money and financial literacy are the major cause to resistthe investment in stock market. In the present study focuses the assessment on active participation in the investment decision making especially in the stock market. This study would be able to analyse the impediments behind their less participation and would empower the investors through financial literacy.

*Keywords: Financial literacy, Stock market participation, Women.*

## Introduction

India"s Eleventh Five Year Plan (2007-12) has recognized for the first time that women are not just as equal citizens but as agents of economic and social growth. The approach to gender equity in the plan is based on the recognition that interventions in favour of women must be multi pronged and they must provide women with basic entitlements to address the reality of globalization and ensure an environment free from all forms of discriminations, disparities deprivations and of violence against women. India has committed to facilitate the Millennium Development Goals (MDG) and is a signatory to many International Conventions, including Convention for Elimination of all forms of Discrimination against Women because any development strategy will be lop sided without involving women who constitute half of the world population.

Indian stock market is sentiment based and plays a crucial role in the development of the economic growth of a country. All the investment instruments consider the risk point of view due to variability in return, liquidity andfear of losing the principal amount. The selection of alternative depends on the return and risk profile of investors. The investment volume increases as the increase in the number of investors irrespective of men and women. All individuals possess different risk-taking capability according to their investment objectives. Some women are conservative in nature and earn comparatively less return than those are not conservative. Inadequate information & inadequate return and improper financial resources are the major capital market factors which resist the contribution in the Indian stock market (Van et al., 2007;Elkhal& Chen, 2013). In this paper, the critical analysis is done on the

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participation of women in the stock market with the help of reviewing empirical studies. This study also identifies the reasons for low contribution of women investors in light of risky behaviour, confidence level, and financial literacy.

The involvement of women in business and finance has increased rapidly in the past few decades. The present woman is equally employed and has knowledge about various aspects of business and finance. Women these days are not only corporate directors and officers, but also investors in firms. As women become bigger players in the corporate sector, it may not be comforting to know that women investors face certain distinct disadvantages being new, limited participants in the securities market, disadvantages that are mainly due to gender-dependent or sex-based differences. Women face discriminatory practices when they seek entry into certain occupations, especially male-dominated ones (Hemingway, 2009). Moreover, the lack of access to investment information prevents women from making investment in the stock market.

## Review of Literature

A voluminous past studies available to advocate the difference in financial behaviour on a gender basis. This study draws attention on the women as an earner and they equally contributing in every sector of the country. Now the women become autonomous and exercise their right in the decision making which ultimately increase the contribution in the investment. Previous studies discussed that women prefer a less risky investment than men (Hariharan et al., 2000; Barber &Odean, 2001).Hariharan et al. (2000) stated thatmen are risk tolerant in nature compared to women.Odean (1998) and Barber &Odean (2001) stated under their study that women prefer safer strategy in terms of investing in the stock market while men prefer risky investment in order to get the higher return.

Other studies claimed that women havea low-income level which automatically slower their investment rate than men (Blau& Kahn, 2000; O'Neill, 2003). Women are more curious in nature to know more actual information about the return and other aspects of the investment. Madhusoodanan (1997) argued that the risk tolerance and overconfidence of investors are the most important factor in the stock market returns. Literature also finds a strong association of risk- tolerance capacity of women with the demographic factors (Venkateshraj, 2015). Masters and Meier (1998) exerted that the risk-taking ability is the same in both men and women entrepreneurs.

It has been point out that the companies should undertake a measure to understand the psychology of investor which would be helpful in determining different portfolio according to their risk behaviour, return expectation and liquidity perspective. Bhabha et al. (2015) have resulted that the level of income, financial security and return are the critical factors in the active contribution of women.  Kanagaraj et al. (2014) identified that women prefer only risk free investment avenues and analyse the risk & return aspect for only a few selected companies or investment avenues (Veeramani&Karthikeyan, 2014). Arti et al. (2011)

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concluded that women possess low educational level thanmen that resulted in low confidence in decision making.

There are large numbers of investment avenues available in both primary and secondary that will increase the chance of information overload. This situation creates confusion and makes investor unable to take investment decision in the stock market. Brown and Cliff (2004) concluded that investor’s education and investment knowledge is very less and need proper orientation programme on the investment. Goodman (2004) has found that people prefer only safer option irrespective to the availability of a wide range of investment option. Married women prefer pension option and help their family’s expenditure (Bernasek and Shwiff, 2001; Reddy et al., 2005).

Kathirvel&Mekala (2010)opine that majority of women are unable to analyse the historical rate due to low knowledge, doesn’t enjoy investing in the stock market and purchased stocks without any proper analysis than men. Epstein& Freedman (1994) identified that investor belief on the social information in order to take the right decision in terms of quality, safety.Desigan et al. (2006) argued that there are several difficulties faced by women while investing in the stock market and they don’t prefer high-risk category stock.Kaur&Vohra (2012) have concluded that gender discrimination, misperception of financial advisors, lack of optimism, and risk-averse attitude of women were effective factors to limit their participation in the stock market.

Several academic research hasapproached to identify the reasons or impediments for the low contribution of women in the stock market as shown in the below Table1.

**Table1: Empirical Literature on theReasons of Low Contribution of Women inthe Stock Market**

| S.N. | Authors | Sample Size | No. of Female Investors included in their Study | Reasons /Factors |
|---|---|---|---|---|
| 1. | **Hemavathy&Gurusamy (2015)** | 100 | 84 women who are interested in equity. | Confidence level, Financial literacy & Inadequate return |
| 2. | **Kansal (2015)** | 152 | 152 women | Risk , Financial literacy |
| 3. | **Desigan et al. (2006)** | 150 | 150 women | Risk, Procedure complexities |
| 4. | **Singh and Yadav (2016)** | 40 | 100women | Significant perception difference in considering ownership structure of company |

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| | | | | & female more rely on their friend's advice for participation. |
| 5. | **Kathirvel and Mekala (2010)** | 150 | 150 women | Lack of basic investment knowledge. |
| 6. | **Chavali and Mohanraj (2016)** | 101 | 48women | Prefer less risky investment or having low risk tolerant capacity |
| 7. | **Raut et al. (2018)** | 376 | 87women | Financial literacy, Herding |
| 8. | **Kannadhasan (2015)** | 778 | 168 | Women having a lower level of financial risk behaviour and financial risk tolerance. |
| **S.N.** | **Authors** | **Sample Size** | **No. of Female Investors included in their Study** | **Reasons /Factors** |
| 9. | **Lin (2011)** | 554 | 281 | Lack of confidence |
| 10. | **Chin (2012)** | 250 | 76 | Risk, Low self-confidence. |
| 11. | **Bashir et al. (2013)** | 225 | 103 | Risk tolerance, Herding |

*Source: Author's compilation*

## Discussion

A significant contribution has been made by women to reduce the economic burden of the country and their families. Previous studies have been conducted in the light of women's participation in the stock market & resulted in different aspects. The present study may be having a new concept to study the results of empirical studies &emphasises the most general reasons which cause the low contribution of women investors.The participation of women has gradually increased because of knowledge and employment in different sectors. Apart from that, women face distinct behaviour for being new and limited participant in the stock market and experiences discriminatory practices when they entered into the financial market (Heminway, 2008). Gender-dependent, lack of information access reduces participation of women from making stock market investment.

Desigan et al. (2006) and Colgan& Goodman (2004) identified the main emphasis on retirement plan and stock market procedure was comparatively difficult from other avenues. Blease&Sohl (2008) and Dwyer et al. (2002) have found that women have family responsibilities, unavailability of time to understand the stock market investment and socially influence from the opinion of their friends (Embrey and Fox, 1997). Other empirical studies have identified the lack of wealth, investment information, and confidence that restrict the women investors (Barber and Odean, 2001; Kathirvel and Mekala, 2010; Nath et al., 2009). Women have low risk-taking capacity & chose safe investments (Chin, 2012; Chavali and Mohanraj, 2016; Kannadhasan, 2015; Bashir et al., 2013).

Hemavathy&Gurusamy (2015), Kansal (2015) and Raut et al. (2018) have exerted that thefinancial literacy is one of the major impediments for the low contribution of women investors. In addition, the inadequate returns because of high risk involved in the investment have restricted women (Hemavathy&Gurusamy, 2015;Kansal, 2015). Other evidences indicated the presence of herding in the behaviour women to follow the mass decisions (Raut et al., 2018; Bashir et al., 2013).

Hemavathy&Gurusamy (2015), Lin (2011), Chin (2012) found the women investors are not very sure about their decision that shown the lack of confidence in the investment decisions. In contrary, Singh and Yadav (2016) stated that women have shown less concern about the company's performance and relied on information gathered from social interaction. These factors prevail in all over the world in the form of stereotype and psychology of women and somehow related to the weak economic status of women.

The above discussion has been summarized that there are diverse impediments that restrict women to enter into the stock market.

## Conclusion

This paper is related to examine the participation of women in the stock market by reviewing published empirical work. The contribution of progressive women is limited only in few sectors including stock market due to its complicated functioning. The women participation cascade down because of low awareness level of equity oriented securities that create complexities to grasp the opportunity of long-term investment. The primary choice of women to park their income in gold, real-estate, and mutual funds that make more confident about investment decisions. SEBI should run some awareness programme to meet the objective of higher participation of women investors. SEBI should endeavour to protect the interest of women investors and ensure about their active participation.

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