



Investment Behaviour of Women Investor in Coimbatore City

Dr. G. Santhiyavalli¹ and M. Usharani²

1. Professor, Dept. of Commerce

Avinashilingam Institute for Home Science and Higher Education for Women, Coimbatore

2. Ph.D. Research Scholar, Dept. of Commerce

Avinashilingam Institute for Home Science and Higher Education for Women, Coimbatore

Abstract: Women play a pivotal role in the overall progress of a country .In India there are 591.4 million women as against 628.8 million men as per the census 2011. According to Diane Mariechild , “A woman is the full circle. Within her is the power to create, nurture and transform”. Traditionally, the right to make investment decisions normally belongs to men. The status of women in India has been growing over the past few decades. To know the investment behaviour of women in Coimbatore city, the study was conducted. It is found that, women investors seem to be quite risk averse, and prefer to invest in assets that are safe and offer security to their principal amount. The study concludes that the investment process empowers women to be confident, to be forward looking and trains them to take independent financial decision in their long term interest of their family.

Key words: Investment, Social empowerment, investment avenues, Women investor

INTRODUCTION

Savings and investment are considered as the major determinant of economic growth and development. Investments are made by households, corporate and government agencies. In India households generate almost 90 percent of the country’s savings. According to IMF WEO, 2012 report Indian economy ranks 3rd largest in the world, with 32 per cent of savings and 34 per cent of gross domestic investment (% of GDP). Sustained growth of output is possible only when there is an increase in the propensity to save and invest.

Women play a pivotal role in the overall progress of a country. They have the potential to change their own economic status, as well as that of the communities and countries in which they live. In India there are 591.4 million women as against 628.8 million men as per the census 2011. According to Diane Mariechild , “A woman is the full circle. Within her is the power to create, nurture and transform”. Traditionally, the right to make investment decisions normally belongs to men. The status of women in India has been growing over the past few decades. Today they

have more earning potential and more influence over financial decisions than ever before. They are now making a bigger share of the decision over whether to invest in stocks, bonds or real estate. In future they may be the dominant source of economic growth. Women’s economic participation and empowerment are fundamental to strengthening their rights and enabling them to have control over their lives and exert influence in society. The economic wealth of a country is seriously depleted if about half of the nation’s human resource is neglected. The paper focuses on the investment behaviour of women investors in Coimbatore city.

Table 1: Average Savings rate of India during the five - year plan period

| Five year plan | Gross Domestic Savings Rate (per cent) | Average annual rate of change in the savings rate (percentage) |
|----------------|---|--|
| First plan | 9.2 | |

| | | |
|---------------------------|------|------|
| (1951-1956) | | |
| Second plan (1956-1961) | 10.6 | 0.3 |
| Third plan (1961-1966) | 12.1 | 0.3 |
| Fourth plan (1969-1974) | 14.7 | 0.5 |
| Fifth plan (1974-1979) | 18.5 | 0.8 |
| Sixth plan (1980-1985) | 17.9 | -0.1 |
| Seventh plan (1985-1990) | 20.0 | 0.4 |
| Eight plan (1992-1997) | 22.9 | 0.6 |
| Ninth plan (1997-2002) | 23.6 | 0.1 |
| Tenth plan (2002-2007) | 31.3 | 1.5 |
| Eleventh plan (2007-2011) | 33.7 | 0.6 |

Source: Central statistics office

Table 1 shows clearly the average savings rate during the five year plan period. The gross domestic savings rate increases gradually from 9.2 per cent to 33.7 per cent which implies that people are more interested in savings.

REVIEW OF LITERATURE

Kabra, G., Mishra, P.K. and Dash M.K. (2010)¹, have studied the factors effecting investment behaviour and found that investors age and gender are the main factors which decide the risk taking capacity of investors. Aged people prefer less risky investment and the young people were ready to take risk to earn more income.

Syed Tabassum sultana (2009)² has conducted a study on, “An Empirical study of Indian Individual Investor Behavior” and analyses the characteristics of the Indian individual investors. He also made an attempt to discover the relationship between the risk tolerances level and age, gender of an individual investor on the basis of the survey. The study found that irrespective of gender, 41 per cent were found low risk tolerance and others have high risk tolerance.

Ajmi Jy.A. (2008)³, analysed the determinants of risk tolerance of individual investors with the help of the questionnaire and collected responses from

1500 respondents. He concluded that men are less risk averse than women, less educated investors are less likely to take risk and age factor is also important in risk tolerance and also investors are more risk tolerance than the less wealthy investors.

Kaur and Punia (2008)⁴, have conducted a study about working women of Hissar District of Haryana, through the study they observed that most of the working women apt for job out of the gross economic necessity (50 percent), followed by the urge to raise economic status (23 percent), to make use of education (11 percent) to have independent income (9 percent) and the remaining due to miscellaneous motives.

Powell and Ansic (1997)⁵, have argued in their study, “Gender differences in risk behaviour in financial decision making: An experimental analysis” , that it could be because of different investment strategies as men and women are motivated by different “needs”. They put forward the idea that these different “needs” and therefore strategies, may be that women are looking more for security whereas men are looking for returns

STATEMENT OF PROBLEM

Women are considered as the weaker section of the society, when compared to men. In olden days women were not given any right to take any important decision. But now the trend has been changing gradually, women are educated; they are allowed to work and to take financial decisions. This research is conducted with a focus to know the investment behavior of the women investors, factors considered while taking investment decisions and to know how the investment influences the empowerment of women in the society.

OBJECTIVES OF THE STUDY

1. To study the socio- economic profile of women investors in Coimbatore city.
2. To study their investment behaviour.
3. To analyse the influence of investment in social empowerment of women

RESEARCH METHODOLOGY

The study is fully based on the primary data. The required data for the study has been collected through the survey method with the help of a

structured questionnaire. The survey was carried among 75 women investors of Coimbatore city. Percentage analysis, chi-square analysis and ranking methods were used to analyse the collected data.

LIMITATIONS OF THE STUDY

1. No generalisation is possible as the study is based on the 75 women investors.
2. The survey is conducted only in Coimbatore city.
3. The result is based on the information given by the individuals, so it may be biased.

RESULTS AND DISCUSSIONS

SOCIO-ECONOMIC PROFILE OF THE WOMEN INVESTORS

The following table gives details about the profile of the investors.

Table 2: Presents the socio-economic profile of the respondents

| Variables | No. of respondents | |
|----------------------------------|--------------------|------------|
| | Total | Percentage |
| Age in completed years | | |
| Below 25 years | 11 | 15 |
| 25-35 years | 44 | 59 |
| 35-45 years | 13 | 17 |
| Above 45 years | 7 | 9 |
| Total | 75 | 100 |
| Educational Qualification | | |
| Schools | 10 | 13 |
| Graduate | 33 | 44 |
| Post graduate | 15 | 20 |
| Professional degree | 17 | 23 |

| | | |
|-----------------------|-----------|------------|
| Total | 75 | 100 |
| Marital Status | | |
| Single | 18 | 24 |
| Married | 57 | 76 |
| Total | 75 | 100 |
| Occupation | | |
| Government employee | 10 | 13 |
| Private Employee | 32 | 43 |
| Self employed | 21 | 28 |
| House wife | 12 | 16 |
| Total | 75 | 100 |
| Annual income | | |
| < Rs. 1,50,000 | 21 | 28 |
| Rs.1,50,000 -2,50,000 | 30 | 40 |
| Rs.2,50,000-3,50,000 | 19 | 25 |
| Rs.3,50,000 and above | 5 | 7 |
| Total | 75 | 100 |

Source: primary data

Table 2 reveals the socio-economic profile of women investors. 59 per cent of the respondents belong to the age group of 25-35 years. 44 per cent of the respondents are graduates. 76 per cent of the respondents were found to be married. 43 per cent of them employed in private sector and 40 per cent of the investors are earning an annual income between Rs.1, 50,000 - Rs. 2, 50,000.

INVESTMENT BEHAVIOUR OF WOMEN INVESTORS

The following tables provide informations relating to the investment behaviour of women investors in Coimbatore city.

Table 3: Investment objectives

| Factors | R - 1 | R- 2 | R - 3 | R - 4 | R - 5 | Total score |
|------------------------|-------|------|-------|-------|-------|-------------|
| Regular income | 33 | 10 | 15 | 12 | 5 | 279 |
| Children's education | 12 | 31 | 5 | 17 | 10 | 243 |
| Wealth creation | 3 | 19 | 20 | 10 | 23 | 180 |
| Provide for retirement | 9 | 5 | 19 | 16 | 26 | 194 |

| | | | | | | |
|--------------------------|----|----|----|----|----|-----|
| Meeting medical expenses | 10 | 14 | 19 | 9 | 23 | 204 |
| Tax benefit | 11 | 15 | 17 | 21 | 11 | 219 |
| Meeting contingencies | - | 10 | 17 | 13 | 31 | 190 |

Source: Compiled from primary data

Table 3 shows the investment objectives of the women investors in Coimbatore city. All the investors felt that regular income is the primary investment objective for their investment with total score of 279; children's education is ranked as the second investment objective as majority of the investors belongs to the age group of 25-35 and are married. More than 80 per cent of the investors are employed and thus they ranked Tax benefit as third important objective with the total score of 219.

Table 4: Source of information

| Source | Number of Respondents | Percentage (%) |
|--------------|-----------------------|----------------|
| News papers | 20 | 27 |
| Magazines / | 7 | 9 |
| Financial | 14 | 18 |
| Internet | 3 | 4 |
| Friends and | 31 | 41 |
| Total | 75 | 100 |

Source: Compiled from primary data

From the above table it could be understood that, the major source of information for investment was the friends and relatives with 41 per cent, followed by news papers with 27 per cent, financial advisor with 18 per cent, journals with 9 per cent and Internet was considered as the source of information by 4 per cent of women investors.

Table 5: Preferred Investment Avenues

| Investment avenues | Number of Respondents | Percentage (%) |
|-----------------------|-----------------------|----------------|
| Government securities | 6 | 8 |
| Bank deposits | 21 | 28 |
| Provident fund | 3 | 4 |
| Insurance schemes | 10 | 13 |
| Mutual funds | 7 | 9 |
| Shares/debentures | 2 | 3 |
| Real estates | 3 | 4 |
| Gold | 23 | 31 |
| Total | 75 | 100 |

Source: Compiled from primary data

Table 5 clearly explains about the preferred investment avenues of women investors. 31 per cent of the women investors prefer to invest in Gold, followed by 28 per cent of the respondents prefer to invest in bank and only 3 per cent of the investors prefer to invest in shares/ debentures. It implies that women investors would like to avoid risk particularly the risk of losing any principal amount.

Table 6 - Investment decision

| Particulars | Number | of | Percentage |
|--------------|-----------|----|------------|
| Independent | 45 | | 60 |
| Dependent | 30 | | 40 |
| Total | 75 | | 100 |

Source: Compiled from primary data

Out of 75 respondents 45 of them are free to take their own investment decisions and 30 investors depends their relatives and friends for their investment decision. More than 75 per cent of the surveyed investors are educated; and can able to take investment decisions independently.

Table 7: Duration of Investment

| Period of investment | Number of respondents | Percentage (%) |
|----------------------|-----------------------|----------------|
| Less than 1 year | 11 | 15 |
| 1 to 3years | 37 | 49 |
| 3 to 5 years | 18 | 24 |
| More than 5 years | 9 | 12 |
| Total | 75 | 100 |

Source: Compiled from primary data

Among the total sample size of 75, 15 per cent of the respondents prefer to invest less than 1 year, 49 per cent of women investors prefer to invest between 1 to 3 years and 24 per cent of the respondents preferred to invest between 3 to 5 years. Only 12 per cent of the investors prefer to invest more than five years.

Table 8: Factors Influencing Investment Decision

| Factors | Rank 1 | Rank 2 | Rank 3 | Rank 4 | Rank 5 | Total score |
|----------------------|--------|--------|--------|--------|--------|-------------|
| Capital appreciation | - | 10 | 17 | 13 | 35 | 152 |
| Safety | 31 | 22 | 3 | 8 | 11 | 279 |
| Liquidity | 12 | 21 | 20 | 9 | 13 | 235 |
| Tax benefit | 23 | 7 | - | 36 | 9 | 224 |
| Returns | 9 | 15 | 35 | 9 | 7 | 233 |

Source: Compiled from primary data

Table 8 portrays the factors influencing investment decision of women investors. Safety is ranked as the most influencing factor with total score of 279 and capital appreciation is ranked as the least influencing factor with total score of 152. It implies that women prefer to invest in low risk investment, though the returns are low. Hence they are said as conservative investors.

Table 9: Risk tolerance level of women investors

| Particulars | Number of | Percentage |
|-------------|-----------|------------|
| Very high | 4 | 5 |
| High | 21 | 28 |
| Average | 44 | 59 |

| | | |
|--------------|-----------|------------|
| Low | 3 | 4 |
| Very low | 3 | 4 |
| Total | 75 | 100 |

Source: Compiled from primary data

Table 9 shows the risk tolerance level of women investors. 59 per cent of the women investors have an average risk tolerance level and 28 per cent of the women have high risk tolerance level. 5 per cent of the respondents have very high risk tolerance level and only 4 per cent of the women have low and very low risk tolerance level. It implies that women investors are not ready to take high risk even though they are educated and are employed.

Table 10: Social empowerment of women

| Particulars | SA | A | N | DA | SDA | Total score | WAS |
|---|-----------|-----------|-----------|-----------|-----------|-------------|------|
| I feel confident and secured due to my investment | 31 | 21 | 5 | 14 | 4 | 286 | 3.81 |
| My investment reduces future financial worries | 12 | 7 | 40 | 11 | 5 | 235 | 3.13 |
| I can financially support my family with the help of investment | 7 | 12 | 14 | 25 | 17 | 192 | 2.56 |
| I can easily work on my own idea without depending on others | 20 | 3 | 12 | 10 | 30 | 198 | 2.64 |
| I can take big financial decision | 5 | 32 | 4 | 15 | 19 | 214 | 2.85 |
| Total | 75 | 75 | 75 | 75 | 75 | | |

Source: Compiled from primary data

SA= Strongly agree A= Agree N= Neutral DA= Disagree SDE= strongly disagree

Five point rating scale was used to find the opinion of the women investors in respect of their social empowerment. The investment made by them increases the confident level and security with weighted average score of 3.81, reduces their future financial worries with the score of 3.13 and helps in

taking big investment decisions with a score of 2.85.

INFLUENCE OF PERSONAL FACTORS IN THE SELECTION OF INVESTMENT AVENUES BY WOMEN INVESTORS

Chi square test was applied to study the influence of personal factors of women investors in their

selection of preferred investment avenues. The results are presented in table 11.

Hypothesis: The personal factors of the respondents have no significant influence in the selection of investment avenues.

Table 11- Chi-square analysis of personal factors and preferred investment avenues

| | | Age | | | | |
|---------------------------|-----------------------|-----------|-----------|-----------|----------|---|
| | | Below 25 | 25-35 | 35-45 | Above 45 | |
| Investment avenues | Government securities | 2 | 4 | 0 | 0 | The chi square is: 40.613, d.o.f.: 21. The hypothesis is rejected. Therefore Age has significant influence on the selection of investment avenues |
| | Bank deposits | 7 | 13 | 1 | 0 | |
| | Provident fund | 0 | 2 | 0 | 1 | |
| | Insurance schemes | 1 | 7 | 1 | 1 | |
| | Mutual fund | 1 | 3 | 2 | 1 | |
| | Shares/debentures | 0 | 0 | 1 | 1 | |
| | Real estates | 0 | 2 | 1 | 0 | |
| | Gold | 0 | 12 | 7 | 4 | |
| Total | | 11 | 43 | 13 | 8 | |

| | | Educational qualification | | | | |
|---------------------------|-----------------------|---------------------------|----------|---------------|--------------|--|
| | | School level | Graduate | Post graduate | Professional | |
| Investment avenues | Government securities | 1 | 3 | 2 | 0 | The chi square is: 40.263, d.o.f.: 21. The hypothesis is rejected. Therefore Educational qualification has significant influence on the selection of investment avenues. |
| | Bank deposits | 4 | 3 | 10 | 4 | |
| | Provident fund | 0 | 2 | 0 | 1 | |
| | Insurance schemes | 3 | 6 | 0 | 1 | |
| | Mutual fund | 0 | 5 | 0 | 2 | |
| | Shares/debentures | 1 | 0 | 0 | 1 | |

| | | | | | |
|--------------|--------------|-----------|-----------|-----------|-----------|
| | Real estates | 0 | 1 | 2 | 0 |
| | Gold | 1 | 13 | 1 | 8 |
| Total | | 10 | 33 | 15 | 17 |

| | | Occupation | | | |
|---------------------------|-----------------------|---------------------|------------------|---------------|------------|
| | | Government employee | Private employee | Self employed | House wife |
| Investment avenues | Government securities | 0 | 4 | 0 | 2 |
| | Bank deposits | 0 | 12 | 3 | 6 |
| | Provident fund | 1 | 0 | 2 | 0 |
| | Insurance schemes | 0 | 7 | 3 | 0 |
| | Mutual fund | 2 | 3 | 1 | 1 |
| | Shares/debenture | 1 | 0 | 1 | 0 |
| | Real estates | 0 | 0 | 1 | 2 |
| | Gold | 6 | 6 | 10 | 1 |
| Total | | 10 | 32 | 21 | 12 |

The chi square is: 40.663, d.o.f.: 21. The hypothesis is rejected. Therefore Occupational status has significant influence on the selection of investment avenues.

| | | Marital status | |
|---------------------------|-----------------------|----------------|---------|
| | | Single | Married |
| Investment avenues | Government securities | 0 | 6 |
| | Bank deposits | 0 | 15 |
| | Provident fund | 0 | 3 |
| | Insurance schemes | 7 | 3 |
| | Mutual fund | 1 | 6 |

The chi square is: 30.1, d.o.f.: 7. The hypothesis is accepted. Therefore Marital status has no significant influence on the selection of investment avenues.

| | | | | |
|--|-------------------|-----------|-----------|--|
| | Shares/debentures | 1 | 1 | |
| | Real estates | 1 | 2 | |
| | Gold | 8 | 21 | |
| | Total | 18 | 57 | |

| | | Annual income | | | | |
|---------------------------|-----------------------|---------------|---------------|---------------|----------|---|
| | | < 150000 | 150000-250000 | 250000-350000 | >350000 | |
| Investment avenues | Government securities | 4 | 2 | 0 | 0 | The chi square is: 40.417, d.o.f.: 21. The hypothesis is rejected. Therefore Annual income has significant influence on the selection of investment avenues. |
| | Bank deposits | 2 | 14 | 4 | 1 | |
| | Provident fund | 3 | 0 | 0 | 0 | |
| | Insurance schemes | 0 | 2 | 7 | 1 | |
| | Mutual fund | 3 | 1 | 2 | 1 | |
| | Shares/debenture | 1 | 1 | 0 | 0 | |
| | Real estates | 0 | 3 | 0 | 0 | |
| | Gold | 8 | 7 | 6 | 2 | |
| Total | | 21 | 30 | 19 | 5 | |

Source: Compiled from primary data

It is found from the table 11 that, the hypothesis is accepted in only one case and in other four cases the hypothesis is rejected. It shows that age, educational qualification, annual income and occupation have significant influence on the preference of investment avenues

Hypothesis: Investments made by the respondents have no significant influence on the social empowerment of women.

Table 11 - Chi-square analysis of Investment made by women investor and social empowerment

| | | Social empowerment | | | | Financial decisions | |
|---------------------------|-----------------------|-----------------------|------------------------|----------------|-------------------|---------------------|--|
| | | Confident and secured | Reduces future worries | Support family | Execute own ideas | | |
| Investment avenues | Government securities | 0 | 0 | 2 | 5 | 1 | The chi square is: 42.417, d.o.f.: 21. The hypothesis is rejected. Therefore Investment influences on social empowerment of women. |
| | Bank deposits | 3 | 0 | 14 | 8 | 11 | |
| | Provident fund | 2 | 1 | 0 | 3 | 4 | |
| | Insurance schemes | 3 | 0 | 2 | 4 | 5 | |
| | Mutual fund | 1 | 2 | 1 | 1 | 0 | |
| | Shares/debenture | 1 | 1 | 1 | 2 | 3 | |
| | Real estates | 1 | 0 | 3 | 4 | 1 | |
| | Gold | 10 | 6 | 7 | 1 | 1 | |

Source: Compiled from primary data

Table 12 reveals that, investment influences highly on the social empowerment of women by giving them confident and security to their lives.

SUGGESTIONS

1. Our study revealed that, Investment in shares and debentures was preferred by only few women investors. SEBI may take steps to encourage women investors to invest in corporate securities by creating greater awareness.
2. Most of the investors invest in low risk investments such as gold and fixed deposits.
New financial products must be developed to attract this category of investors.
3. The government may think of granting tax incentives to attract women investors.

CONCLUSION

Women investors seem to be quite risk averse, and prefer to invest in assets that are safe and offer security to their principal amount. As women play a key role in building and rebuilding economies around the world, it is important to encourage their participation in financial markets so that the unutilized money will come to the financial market that consequently develop the economy of the nation. Besides that the investment process empowers women to be confident, to be forward looking and trains them to take independent financial decision in their long term interest of their family.

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