



“A Study of Investment Objectives of Women Investors”

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Abstract

Every woman investor has a unique choice of investment option based on her specific needs and objectives. Every investment option has its own benefits. This study explores the association of demographic factors with the investment objectives affecting the preference of investment options of the women investors. The investors' decisions depend on the risk and return relationship of various investment avenues influenced by the psychology of the investors. In this study, a survey approach has been adopted using a structured questionnaire. The sample has been collected from 100 respondents. The study has been taken within the geographical area of the Bhopal district in Madhya Pradesh State of Central India.

Keywords: Financial planning, Investment pattern, money management, investor, financial goals, demographics, investment factors

1. Introduction

Investment is the basic need of every individual for their financial well-being. Practically everybody makes investment in different investment avenues based on needs and goals. Every investment avenue has certain characteristics that impact its risk and return and aid in achieving different investment objectives of the Investors. Some of the key objectives of investment are the safety of the principal invested, capital growth, generation of regular income, tax saving, the need for liquidity, quick returns. As per traditional financial theories, investors are assumed to be rational thinkers and aim for wealth maximization based on the risk and return trade-off.

However, as per behavioral finance, the risk profile and attitude of every individual investor differ depending on various factors like demographics profile, objectives of investment, etc like some investors may prefer liquidity over returns; some may desire quick returns taking an extra risk or some may invest for tax benefit. Thus, there are several objectives and expectations of investors which may impact the individual behavior towards their choice of investment avenues.

This research aims to study six investment objectives affecting the investors' choice of the investment: preference towards the safety of principal, desire to earn regular income, capital growth of the investment amount, to earn quick returns, tax benefit, and liquidity and understanding impact of demographic variables of age and gender on these investment objectives. Thus the goal of the research paper is to gain a better understanding as to how individual investors use their scarce resource money to meet their financial goals.

2. Literature Review

Vickie L. Bajtelsmit & Alexandra Bernasek (1996) concluded that gender differences in wealth will not serve as an accurate indicator of risk preferences. Greater efforts need to be made, particularly in the design of surveys, to acquire information that allows researchers to distinguish between the influence of discrimination and individual choice, as well as the determinants of choice

Prof. Priya Vasagadekar (2014), in their study; investment awareness among Indian working women with reference to Pune region As far as the Indian scenario is concerned, working women here have started doing investments slowly. The percentage of working women who take their own financial decisions for making investments is low. Many times, they rely on their husbands or parents to make investment decisions. There is still a class of working women who just don't bother much about making investments out of their income. This is because their husbands are financially very strong & these female working professionals join somewhere with the sole intention of killing the time or they don't want to sit at home idle. The reason for not making investments on their own might be male dominance in some cases

Dr. N. Dharani Dr. M. Inbalakshmi, J. Murugapandi, (Investment Pattern of Working Women in Dindigul District, European academic research volume II issue 7, 2014 ISSN 2286-4822) In this paper author tried to conclude that the success of every investment decision has become increasingly important in recent times. Making sound investment decisions requires both knowledge and skill. The working women investors have different expectations from the investment as their needs differ such as savings, safety, interest and capital appreciation. The researcher identified the relationship between the factors influencing the level of awareness of various investments and factors influencing the benefits. Investors describe the safety of funds as their priority for choosing an investment. So the government should provide more investor protection tools like better laws and regulation

Ranjana Pandey, "Economic Participation of Women – A Study of Credit and Savings," (2000). found that a majority of the woman was not engaged in savings and credit activities. Lack of ownership of resources was a reason for the non-availability of loans. Kulwant Singh, "Globalization and Employment Status of Women in India" paper submitted National Seminar on Opportunity and Challenges Before Women, New Delhi (2004) Kulwant Sing (2004) found that women working at the upper levels of job hierarchy carried out investment activities on their own. The

percentage of working women who were consulted while making investments was higher in the public sector than in the private sector.

Shaik Pasha Majeeb Abdul, Murty Dr. T. N., R.Vamsee Krishna, Gopi Kiran V.Hemantha (2012), through their research article on investment objective of the retail equity investors in India found that equity investors give more importance to liquidity, quick returns, capital growth and safety in equity investment more than any other factors. Rakesh K and Shrinivas V.S.M (2013) in a study on individual investment behavior in mutual funds on Executive and Non-Executives observed that a large number of investors invested in bank-sponsored mutual funds because of security compared to lesser investors invested in institutions because of their returns. A smaller number of investors invested in the private sector & joint venture to maximize their gains and to hedge against risk.

3. Objectives

1. To find out the investment objectives of women investors.
2. To study the relationship between investment objective and the selection of investment options.
3. To know the Investment preference in portfolio
3. To know the investment preferences of women as per investment objective

4. Hypotheses

- H1 There is no relationship between investment options and investment objectives.
- H2 There is no relationship between investment preference and investment objective.

5. Research Methodology

The research methodology adopted for this research work aims to find out investment objectives and factors related to women investors and their objectives of investment. In this study, hypotheses of the research problem tested by applying appropriate tools and techniques of data collection and analysis. This study was initiated by the secondary data analysis and focused group discussion to know the basic financial habits and preferences of women investors.

The target population for the study is women investors from Bhopal, Madhya Pradesh. The target respondents include women investors from different segments of age, qualification, occupation, income level, who are active investors and take their own financial decisions. The primary data for the study is collected through a structured questionnaire exploring the financial habits of individual investors and their preferences and objectives of investment. The questionnaire consists of close-ended questions on the financial behavior of women investors. The responses were collected through mails and by personal interactions through a hard copy.

Secondary data has been collected from research papers, web portals and financial surveys. Chi-square test and percentage analysis is used for data analysis.

6. Data Analysis

Investment preference in portfolio

		Count	Column N %
investment in portfolio-share	Yes	102	51. %
	No	98	49. %
investment in portfolio-. Mutual funds	Yes	154	77 %
	No	66	23 %
investment in a portfolio- Fixed deposit	Yes	165	82.5 %
	no	35	17.5 %
investment in portfollio-gold/Silver	yes	140	70 %
	No	60	30 %
investment in portfolio-NSS/PPF/PF	Yes	48	24 %
	No	152	76 %
investment in the portfolio-Real estate	Yes	36	18 %
	no	164	82 %
investment in portfolio-Insurance policies	Yes	112	56 %
	No	88	44 %

The investment preferences of respondents are very interesting to analyze. Around half of the respondents prefer to invest in shares (51%) and the other half (49 %) do not prefer. Mutual funds being advertised very well in media are getting really preferred by the masses. 77% of women who attended the study preferred to invest in mutual funds while remaining (23 %) does not. A fixed deposit is one of the safest and known investment methods is preferred by 82.5 % of respondents. Gold and silver also being one of the known and age-old methods of investment are preferred by 70 % of respondents. NSS/PPF/PF being major investment options for salaried employees is not that much preferred by this study sample. Only 24 % of the total had preferred any of these methods. 18 % of the total respondents preferred Real estate as an investment option. India is a developing country and due to a large marketing and tax saving options, insurance policies are getting more popular. This study also shows around 56 % of respondents preferring insurance policies.

Selection of investment options as per Investment objectives

S. No	Investment option	High returns		Tax saving		liquidity		Low risk		safety	
		No	Percent	No	Percent	No	Percent	No	Percent	No	Percent
1	Shares	131	65.5	30	15	35	17.5 %	4	2	0	0
2	Mutual Funds	43	21.5	77	38.5	18	9.0	46	23	16	8
3	Fixed Deposits	13	6.5	32	16.0	43	21.5	52	26	60	30
4	Gold /Silver	17	8.5	11	5.5	72	36	54	27	46	23
5	NSS/PPF/PF	16	8	53	26.5	21	10.5	38	19	72	36
6	Real Estate	109	54.5	19	9.5	20	10	31	15.5	21	10.5
7	Insurance Policy	49	24.5	47	23.5	10	5.0	26	13.0	66	33

Different respondents in this study have different objectives for investing in a particular option. 65.5% prefer shares for its high return whereas 17.5% thinks of liquidity before investing in shares, 15 % thinks shares to be a tax-saving investment and 2 % thinks shares are a low-risk investment. None of the respondents sees shares as an investment option for safety.

On the other hand, 38.5% of women consider mutual funds for its tax saving option, whereas 23.0% thinks it as a low-risk investment. 21.5% invest in mutual funds for its high returns while 9.0% invests because of liquidity. 8 % only thinks the mutual fund to be a safer investment option.

30% women invest in Fixed deposit for safety objective, 26% invest with the objective of low risk, 21.5% invest with the objective of liquidity, 16% invest in fixed deposit with the objective of tax saving and 6.5 % women invest in FD with the objective of high returns. 36% prefer gold/silver for its liquidity whereas 27% think of low risk before investing in gold silver, 23 % think gold to silver to be a tax safer investment and 8.5 % think gold/silver are high return investment. 5.5% of the respondents see gold/silver as an investment option for Tax saving.

On the other hand, 36 % of women consider NSS/PPF/PF for its tax saving option, whereas 23.0% thinks it as a low-risk investment. 21.5% invest in mutual funds for its high returns while 9.0% invests because of liquidity. 8 % only thinks the mutual fund to be a safer investment option. 54.5 % prefer Real estate for its High returns whereas 15.5 thinks of low risk before investing in real estate, 10.5 % think Real estate to be a tax safer investment and 10 % think real estate is a liquid investment. 9.5% of the respondents see real estate as an investment option for tax saving. 33% of women consider insurance is the safest option, whereas 24.5% thinks it as a high return investment. 23.5% invest in insurance for tax saving while 13% invests because of low risk. 5 % thinks insurance to be a liquid option.

H2: There is no significant relationship between investment objective and investment option**investment objective in shares**

	Observed N	Expected N	Residual
High Returns	128	50.0	78.0
Tax Saving	10	50.0	-40.0
Liquidity	53	50.0	3.0
Low Risk	9	50.0	-41.0
Total	200		

The table below, investment objective in shares, provides the observed frequencies (Observed N) for each objective, as well as the expected frequencies (Expected N), which are the frequencies expected if the null hypothesis is true. The difference between the observed and expected frequencies is provided in the Residual column.

investment objective in MF

	Observed N	Expected N	Residual
High Returns	42	40.0	2.0
Tax saving	79	40.0	39.0
Liquidity	18	40.0	-22.0
Low Risk	46	40.0	6.0
Safety	15	40.0	-25.0
Total	200		

The table below, investment objective in Mutual Fund, provides the observed frequencies (Observed N) for each objective, as well as the expected frequencies (Expected N), which are the frequencies expected if the null hypothesis is true. The difference between the observed and expected frequencies is provided in the Residual column.

investment objective in FD

	Observed N	Expected N	Residual
High Returns	15	40.0	-25.0
tax saving	34	40.0	-16.0
Liquidity	45	40.0	5.0
Low Risk	54	40.0	14.0
safety	52	40.0	12.0
Total	200		

The table below, investment objective in Fixed Deposit, provides the observed frequencies (Observed N) for each objective, as well as the expected frequencies (Expected N), which are the frequencies expected if the null hypothesis is true. The difference between the observed and expected frequencies is provided in the Residual column.

investment objective in Gold/silver

	Observed N	Expected N	Residual
High Returns	17	40.0	-23.0
Tax saving	12	40.0	-28.0
Liquidity	72	40.0	32.0
Low Risk	53	40.0	13.0
Safety	46	40.0	6.0
Total	200		

The table below, investment objective in Gold/silver, provides the observed frequencies (Observed N) for each objective, as well as the expected frequencies (Expected N), which are the frequencies expected if the null hypothesis is true. The difference between the observed and expected frequencies is provided in the Residual column.

investment objective in NSS/PPF/PF

	Observed N	Expected N	Residual
High Return	17	40.0	-23.0
Tax saving	53	40.0	13.0
Liquidity	22	40.0	-18.0
Low Risk	37	40.0	-3.0
Safety	71	40.0	31.0
Total	200		

The table below, investment objective in NSS/PPF/PF, provides the observed frequencies (Observed N) for each objective, as well as the expected frequencies (Expected N), which are the frequencies expected if the null hypothesis is true. The difference between the observed and expected frequencies is provided in the Residual column.

investment objective in Ins policy

	Observed N	Expected N	Residual
High return	49	40.0	9.0
Tax Saving	47	40.0	7.0
Liquidity	10	40.0	-30.0
Low Risk	27	40.0	-13.0
Safety	67	40.0	27.0
Total	200		

investment objective in Real Estate

	Observed N	Expected N	Residual
High Return	109	40.0	69.0
taax Saving	19	40.0	-21.0
Liquidity	23	40.0	-17.0
Low Risk	24	40.0	-16.0
safety	25	40.0	-15.0
Total	200		

The table below, investment objective in Real Estate, provides the observed frequencies (Observed N) for each objective, as well as the expected frequencies (Expected N), which are the frequencies expected if the null hypothesis is true. The difference between the observed and expected frequencies is provided in the Residual column.

The table below, **investment objective in the Insurance policy**, provides the observed frequencies (Observed N) for each objective, as well as the expected frequencies (Expected N), which are the frequencies expected if the null hypothesis is true. The difference between the observed and expected frequencies is provided in the Residual column. The chi-square test result revealed that there is a significant association ($p < .05$) between the investment objective and investment option.

7. Findings

65.5% of women want to invest in shares with the objective of high return

38.5% of women consider mutual funds for its tax saving option

30% of women prefer to invest in Fixed deposit for safety objective

36% prefer gold/silver for its liquidity

36 % of women consider NSS/PPF/PF for its tax saving option

54.5 % prefer Real estate for its High returns

33% of women consider insurance is the safest option

Chi-square test applied to find out the association between investment objective and investment option and it was found that women investor invest as per their investment objective

Test Statistics

	investment objective in shares	investment objective in MF	investment objective in FD	investment objective in Gold/silver	investment objective in NSS/PPF/PF	investment objective in Real Estate	investment objective in Insurance policy
Chi-Square	630.147 ^a	182.850 ^b	96.833 ^b	194.317 ^b	147.933 ^b	457.717 ^b	147.650 ^b
Df	3	4	4	4	4	4	4
Asymp. Sig.	.000	.000	.000	.000	.000	.000	.000

8. Limitations

1. This study was conducted in the Bhopal district of Madhya Pradesh hence the results reflect the investment objective preferences of this district investors only. The result cannot be generalized for other parts of the country.
2. The sample size was 200 respondents which may give a chance of sampling error.
3. The responses of the sample population could be biased as they might be reluctant to share financial information about the investment pattern.

9. Scope for future research

The study is specific to investors of Bhopal district and cannot be generalized to other parts of the country thus the similar study can be conducted for various cities of the country. The study recognizes the existence of relationship/no relationship between investment objective and investment preferences. Further researches can be directed towards

other investment objectives like capital appreciation, acquiring the fixed asset, etc and other factors influencing the decision of the investors can be studied.

10. Conclusion

This study has helped in finding the relationship between investment objective and investment preference of the investors. It is concluded that that high return is the main objective for preferring share and real estate as an investment option. a mutual fund is preferred with the tax-saving objective. safety objective is fulfilled by investing in fixed deposit and NSS/PPF/PF and insurance. gold silver is the most liquid investment option.

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