

# Study on Investment Pattern among Working Women in Chandigarh City

## Abstract

Saving and investment is necessity for development of economy. Women contribution in saving and investment activities cannot be ignored. Saving and investment is embodied in nature of women as they are always engrossed in saving some amount of their family income for securing the family against future uncertainties. Today's women are more aware and empowered, and keenly involved in investment activities than before. They invest their saving into different avenues for getting a good return in form of regular income or as capital appreciation. The present study is conducted on 300 working women in Chandigarh. An effort is made to examine investment pattern of working women, the preferred sector for investment and timing of investment by them. The study revealed that women in Chandigarh preferred the government sector for investing their savings. They were investing in less risky financial assets to maintain liquidity and physical assets for capital appreciation. The study suggested that the financial institution should promote the women to invest in corporate securities.

**Keywords:** Investment, Investment Pattern, Working Women, Investment Avenues.

## Introduction

As the circulation of blood is necessary for the survival of a human being in the same way money is need for living a hassle free life. Proper management of money is important for creating wealth and fulfilling future financial needs. It is a wise step that brings the financial security to the individuals by reducing the uncertainties of future. A person makes investment with an expectation of earning some returns. Returns may be either in form of regular income or capital appreciation but with fluctuating nature that is called risk. That's why; investing activities becomes a more challenging task for every individual. It is essential for investors to identify the risk and return characteristics of avenues before investing. Investment activity not only provides security to the individual but also works as a fuel for a developing economy.

Investments may be of two types- financial investment and physical investment. Financial investment comprises deposits in banks and post office, PPF, Pension fund, life insurance policy, corporate securities, mutual fund and government securities etc. Physical investment contains the real estate and precious metal. This avenue covers a wide variability in risk and return level. A person can invest in any avenue that suits best to him. But saving is a necessity to invest.

A person can be saver but not investor. It is necessary for him to invest his savings. In India, Household sector has crucial role in capital formation as a major contributor in domestic saving. Women are the main component of household sector. We cannot ignore the role of women as today's women are playing an important role in every sector of Indian economy. They represent almost half of the workforce of the country. Today's women have more potential to earn because of increasing literacy rate. As a result they become financial independent. In past they have to depend on the income of their father and spouse. So they played a negligible role in investment decision. Now, women impact not only consumer purchase decisions as well as investment decisions (Shanthi and Murugesan, 2016). The purpose of every investor is to choose that avenues that provides return as well as safety of their funds. They make investment at different occasions for different time horizons in continuity with their need and fulfillment objectives. The overall objective is to make investment for securing future.

A lot of literature is available on the individual investor behaviour but the gender base and regional studies are limited. The present study is

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an effort to make a gender study as well as regional study. The present study tries to focus on the investment pattern of working women of Chandigarh. The study will provide the insights of investment behaviour of working women.

#### Review of Literature

Bhardwaj et al. (2013) interviewed the 50 employees of different department of Bahra University of Solan to study their saving and investment pattern. The employees preferred the banks, post office, life insurance and provident fund to invest because of more stability of return. The study of 251 households of two major cities of India- Mumbai and Delhi concluded that bank deposits and real state were the most preferred form of investment but stock market investment was the most popular in Mumbai (Gupta and Agarwal 2013). Middle aged women preferred the investment in real estate whereas the young women invested in shares, mutual fund and fixed deposits (Sellappan et al. 2013). The study of the teachers of Rajkot revealed that Life insurance and Post office saving were most preferred avenues and their main objective of investment was better future of their children followed by high return and tax benefits (Virani 2013). Pandian and Thangadurai (2013) found that young investors preferred the risky investment avenues. Jain (2014) revealed that the precaution for future motivates for saving. Fixed deposit was the most preferred avenue because of safety, regular income and saving of tax followed by gold.

#### Objectives of The Study

Following are the main objectives of the study.

1. To analyze the investment pattern of working women in Chandigarh.
2. To identify the most preferred sector for investment among working women in Chandigarh.
3. To examine investment timing preferred by working women in Chandigarh.
4. To provide suggestion on the basis of findings.

#### Research Methodology

The present study is based on both primary and secondary data. A structured questionnaire has been used to collect data from the 300 working women of Chandigarh. Convenience sampling was used to collect data. All the sectors- public, private and government are covered to make sample more representative. Beside this professionals, self-employed are also contacted to take their response. The secondary data form books, reports published and unpublished sources are used. Frequency, mean rank, percentage and chi-square tests are used to analyze the data.

#### Analysis and Interpretation

In this section, the study intends to investigate the preferred duration of investment, preferred sector of investment and time horizon of investment. A series of questions were asked from the respondent to achieve the objective.

#### Investment Pattern of working women

Different investment avenues are characterized differently. **Table 1** exhibits the duration of investment in the different investment avenues. The frequencies and percent are used to describe the results.

**Table 1: Duration of investing in different assets**

|                              | Not invested | Less than one year | 1 - 3 Year | 3 - 5 Year | More than 5 year |
|------------------------------|--------------|--------------------|------------|------------|------------------|
| Bank Deposit                 | 1 (.3%)      | 78 (26%)           | 109 (36%)  | 54 (18%)   | 58 (19%)         |
| Post Office Schemes          | 96 (32%)     | 9 (3%)             | 33 (11%)   | 111 (37%)  | 51 (17%)         |
| Insurance Policies           | 29 (10%)     | 1 (.3%)            | 1 (.3%)    | 6 (2%)     | 263 (88%)        |
| Gold and silver              | 69 (23%)     | 7 (2%)             | 9 (3%)     | 9 (3%)     | 206 (69%)        |
| Real Estate                  | 193 (64%)    | 1 (.3%)            | 2 (.7%)    | 9 (3%)     | 95 (32%)         |
| Mutual Fund                  | 173 (58%)    | 1 (.3%)            | 19 (6%)    | 56 (19%)   | 51 (17%)         |
| Shares and Debentures        | 250 (83%)    | 18 (6%)            | 14 (5%)    | 10 (3%)    | 8 (3%)           |
| NSC/KVP                      | 234 (78%)    | 0 (0%)             | 0 (0%)     | 5 (5%)     | 61 (20%)         |
| PPF                          | 96 (32%)     | 1 (.3%)            | 1 (.3%)    | 1 (.3%)    | 201 (67%)        |
| Government Securities/ Bonds | 248 (83%)    | 0 (0%)             | 2 (.7%)    | 26 (9%)    | 24 (8%)          |
| Pension Schemes              | 162 (54%)    | 0 (0%)             | 2 (.7%)    | 2 (.7%)    | 134 (45%)        |

Above table 1 shows that most of the working women has invested in bank deposits between 1- 3 years (n = 109, 36%), followed by less than 1 year (n=78, 26%). 19% invest in bank deposits for more than 5 years and 18% for 3 to 5 years. In post office schemes majority of the working women has invested for 3 to 5 years (n=111, 37%), followed by 32% respondents who has never invested in the post office schemes. 17% has invested for more than 5 years, 11% for 1-3 years and 3% for less than 1 year (refer table 27). Insurance plans are meant for

long term; therefore, 88% of the working women have invested in insurance plan for more than 5 years. 10% do not purchase any insurance policy. 2% invested for 3 to 5 years. Gold and silver are also long term investments and generally once invested would remain forever. 69% of the working invested in precious metals for more than 5years, followed by 23% who do not invest in it. Only 3% has invested for 3-5 years, 3% for 1-3 years, and 2% for less than one year. Real estate is also meant for long term investment as its transaction cost is very high and lots

of paper work formality needs to be completed. 64% working women never made any investment in real estate and 32% who invested in real estate invested for more than 5 years and only 3% invested for 3 -5 years. Regarding mutual funds, 58% of working women has never invested in it. 19% of the working women have invested in MFs for 3-5 years and 17% for more than 5 years. Only 6% invested in MFs for 1-3 years. Shares and debentures are tradable instruments and risky in nature. The ROI depends upon the market conditions. 83% of the working women have never invested in shares and debentures. 6% invested for less than 1 year, 5% for 1-3 year, 3% for 3-5 years, and 3% for more than 5 years. NSC/KVP is the debt instruments having maturity of 5 years. 78% has never invested in NSC/KVP and has remaining invested for 5 years or more than that. PPF is also the long term investment. 32% of working women has never invested in PPFs and remaining 67% has invested for more than 5

years. 83% of the working women have never invested in government securities or bonds as it is not easy to enter into this directly. 8% has invested in it for more than 5 years, and 9% invest for 3-5 years. Pension schemes are also long term investments as these mature in the old age of the investor. 54% do not invest in any pension schemes and remaining 45% has invested in it for more than 5 years (refer table 1).

**Preferred Sector of Investment**

Sector wise, the four sectors of investment are – government, semi-government, private and foreign sector. The respondents were asked to express their preferred sector of investment. The respondents were allowed to choose more than one option as they might be investing in different sectors at one time depending upon various factors. Frequencies and percentage are used to interpret the results (refer table 2).

**Table 2: Respondents' Preferred Sectors of Investment**

| Sector of investment                 | No  |     | Yes |     | Mean Rank | Chi-square/Cochran's Q |
|--------------------------------------|-----|-----|-----|-----|-----------|------------------------|
| <b>Government</b>                    | 16  | 5%  | 284 | 95% | 3.44      | 524.37**               |
| <b>Private</b>                       | 102 | 34% | 198 | 66% | 2.86      |                        |
| <b>Foreign</b>                       | 298 | 99% | 2   | 1%  | 1.56      |                        |
| <b>Semi-Government (Cooperative)</b> | 209 | 70% | 91  | 30% | 2.15      |                        |

\*\* significant @1% level; \* significant @5% level.

**Figure 1: Respondents' Preferred Sectors of Investment**

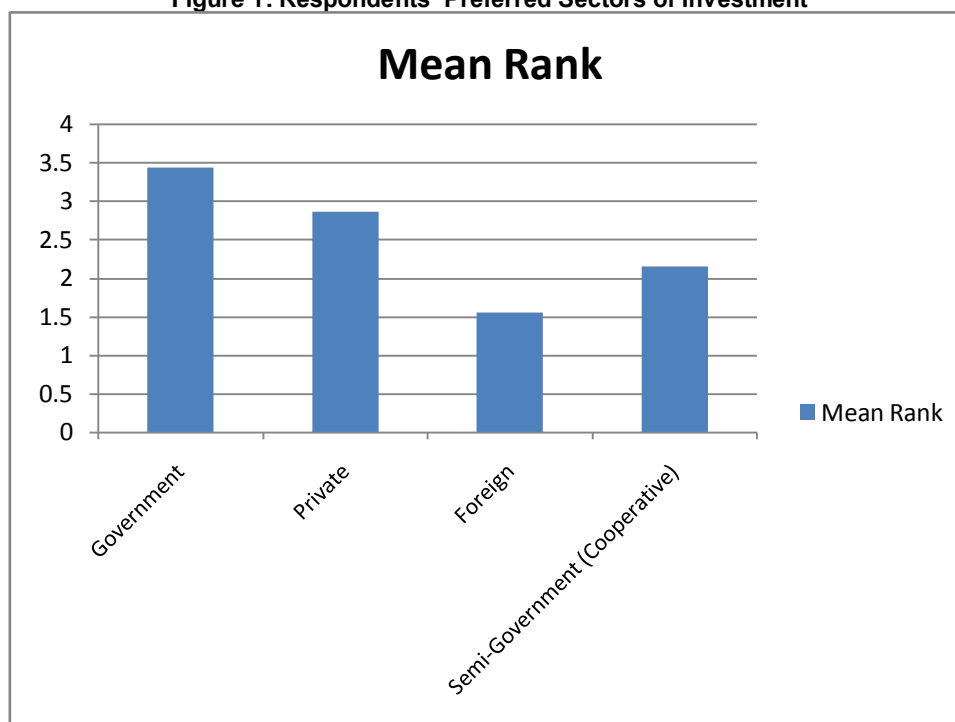


Figure 1 explicit that most preferred sector of investment is government sector (PPF, post office, pension funds and government securities) as 95% of the respondents are preferred to invest in this sector. Private sector (real estate, gold, corporate securities and Mutual Fund) is also highly preferred as 66% were investing in private sector. A large proportion

investing in private sector and government sector would be common. Only 1% is investing in foreign sector. This is because of very limited opportunities to invest in foreign sector. Women are unaware of investment avenues in this sector and this increases the risk of loss of fund. 30% has made their investment in semi-government sector. The mean

ranks suggest that the government sector is the most preferred sector, followed by private sector and semi-government sector. Foreign sector is least preferred. Further Cochran's Q statistics is used to test if the proportion of working women investing in different sectors is same. The Cochran's Q statistics is found to be highly significant suggesting that the proportion of women making investment in different sectors is not same (refer table 2).

**Time of investment**

The working women were asked to express when do they usually make investment? The respondents were offered an exhaustive list of occasions on which in general working women makes investments. The respondents were asked to choose as many as options that describe their answer best. Frequency and percent are used to describe the results and exhibited in **table 3**. The sum of frequencies is more than 100% because multiple choices and overlap between the choices.

**Table 3: Respondents Preferred Occasions to Make Investment**

| Investment occasion     | No  |     | Yes |     | Mean Rank | Chi-square/Cochran's Q |
|-------------------------|-----|-----|-----|-----|-----------|------------------------|
|                         | No  | %   | Yes | %   |           |                        |
| When money is available | 91  | 30% | 209 | 70% | 6.12      | 433.01**               |
| After gap of few months | 182 | 61% | 118 | 39% | 4.91      |                        |
| After a year            | 241 | 80% | 59  | 20% | 4.12      |                        |
| Each month              | 157 | 52% | 143 | 48% | 5.24      |                        |
| At Festivals            | 248 | 83% | 52  | 17% | 4.03      |                        |
| At Birthdays            | 242 | 81% | 58  | 19% | 4.11      |                        |
| Extra Money             | 250 | 83% | 50  | 17% | 4.00      |                        |
| When market is booming  | 290 | 97% | 10  | 3%  | 3.47      |                        |

\*\* significant @1% level; \* significant @5% level.

**Figure 2 respondents preferred occasions to make investment**

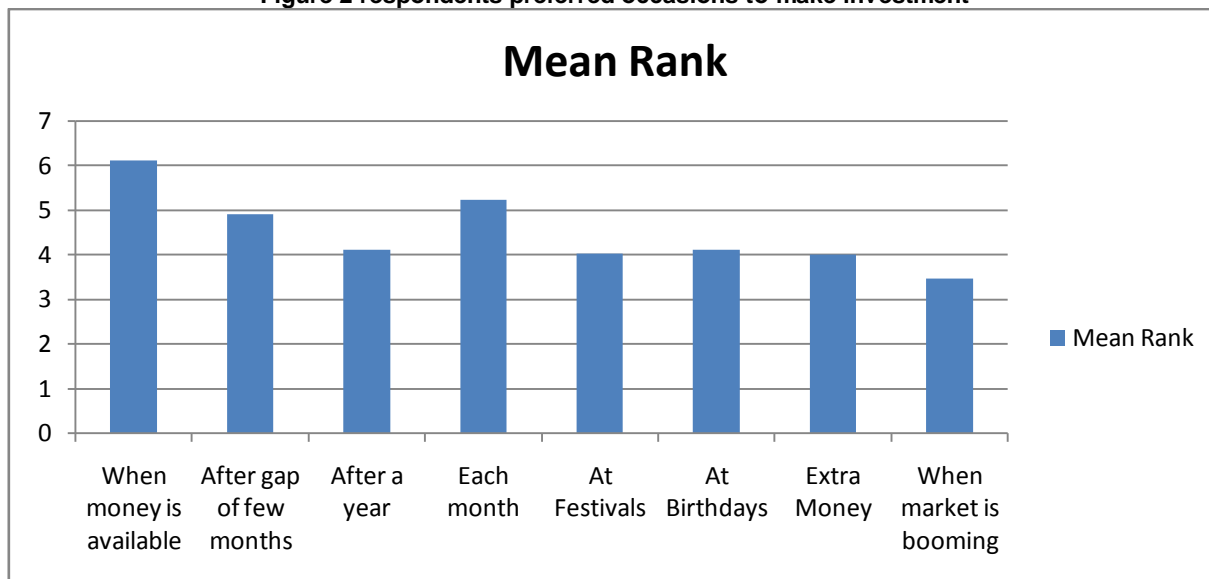


Table 3 reveals that majority of the working women use to make investment when money is available with them (n=209, 70%). At the second place is periodic monthly investment (n=143, 48%) as the working women deposit the money in the PPF/EPF or RD accounts every month which is directly deducted from the bank account. For this kind of investment they do not have to visit bank or financial institution every month. This is one of the most common habits of saving among the working women. Also, 39% of the women are investing after gap of few months. They would save money for few months and then put into some investment instrument. 20% are investing after a year. In order to tax benefit, one has to show the investment.

Therefore, these women would invest once a year to avail the tax benefit. 19% would invest some amount on birthday along with at other occasions. 17% investment is used to make at the time of festivals and when extra money is available. It is very common in India to make investment on festivals like Diwali and Dhantares, people generally buy gold or property etc. Only 3% of working women is used to invest when the stock market is in the book phase. When stock market is in the Bull Run, this is best time to make quick money. Further Cochran's Q statistics is used to test if the proportion of working women investing at different occasions is same. The result of Cochran's Q is found to be highly significant suggesting that the

proportion of women making investment at different occasions is not same (refer table 3).

#### **Conclusion**

The study concluded that the working women made the investment when money was available. They did not want to keep surplus amount because more liquidity leads to the unnecessary and wasteful expenses. That's why they preferred to invest the surplus. They preferred the government sector to make monthly investment. Government sector was preferred because of safety but women that wished to get high return go for investment in the private sector. The women preferred to invest in bank deposit to maintain liquidity, insurance for secure future and gold for capital appreciation. They had less interest in investing in capital market because of high risk and low awareness level. The study suggested that financial institution should make efforts to encourage and educate the women to invest in capital market either directly or indirectly through mutual funds. Mostly the women are investing for short duration, so they should be motivated for long term and productive purposes.

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