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THEORETICAL VIEW OF WOMEN INVESTORS

2.1 INTRODUCTION

Men and women are born equal and both play an important role in the creation and development of family in particular and society in general. In the traditional family husband earns for the family and wife maintains it. Her role was mainly confined to domestic works. She creates life, nurtures, guards and strengthens it. She plays the role of wife, mother, sister, sister-in-law, daughter, daughter-in-law, grand-daughter etc. She is the transmitter of tradition and the instrument by which the family culture is preserved.

Women’s role which was confined to domestic areas has now switched over to the other areas where she is competing with her male counterpart. This is due to the education she is getting, the women centered policies, programmes of the government and the job opportunities available to her in the wake of modernization, urbanization, industrialization, liberalization, globalization etc. The opportunities available to women paved the way for economic independence and their involvement in political and social sphere has increased to a great extent.

There were times when the prime role of women was confined to her household duties. But as times changed, the world realized that her potential was meant to be explored in various fields. Today’s women is a hard taskmaster, managing between a homely wife, a shrewd boss, a genuine companion, with such ease and grace that is remarkably appreciable.
The prosperity and growth of a nation is measured by the status and development of its women as they not only constitute half of its population, but also influence the growth of the remaining half of the population. Since time immemorial women are known for juggling and balancing many roles at a time. The rural sector is of utmost importance to the Indian economy, not only because of the income generated and the employment potential of this sector but also because of the limit set by this sector to the growth of other sectors. The upliftment of the rural economy depends on the mobilization of savings and their transfer to the enterprising investors.

2.2 STATUS OF WOMEN IN INDIA

The status of women in India has been subject to many great changes over the past few millennia. From equal status with men in ancient times through the low points of the medieval period, to the promotion of equal rights by many reformers, the history of women in India has been eventful. In modern India, women have adorned high offices including that of the President, Prime minister, Speaker of Loksabha, etc.

In India, traditionally men have been the bread winners where as women typically ran the household and saved for the rainy days. This was the scenario, till women started working and took the command of financial matters. Today holds the key to happiness; hence women should plan their finances and investment well. Women have to save on a regular basis and smallest of the surplus income they like to invest prudently. The role of women has changed from “Savers to Investors”. Most of the working rural women have regular income because they work on the basis of wages. Savings are seen as insurance against foreseeable future difficulties which are completely unpredictable. Therefore women investors insure themselves against
future risks by saving in the form of various investments such as deposits, gold, lands, and herds or by hoarding money.

A woman, if employed, she is the best asset of not only to her husband but also to their entire family. Though money is a sole vital factor for a competent living, the source of it is also equally much significant. Generally the source happens to be a job. Hence, for a family man, his earnings alone are not copious for a happy life. Wife’s employment, investment, in that sense, is a significant and inevitable source for a better maintaining of a family.

The status and role of women is vacillating all over the world. Women’s stepping out of the confines of the households multiplied their roles and responsibilities. They have to shoulders their domestic responsibilities as well as say themselves in the professional arena. But the balance between the two fronts is guileful exercise. The tilt on any side to a state of conflict generated from the related role. (Nilima S, 2005).

2.3 WOMEN AND SAVINGS

Saving schemes are very important for countries which are experiencing deficiencies in economic growth. There is a need for saving mobilization which means advocating the need for more and more savings to improve the economic policies. It is human need to save. Savings are to keep something for the future, by foregoing its consumption in the present day. A person earns with the objective of being able to spend and fulfill various basic needs. Keynes paradox of thrift advocates that individual savings are good for an economy. However, overall savings for an
economy are bad as they pull down the consumption, reducing down the national income of the economy.

Savings is a habit specially embodied to woman. Even in the past when women mainly depended on their income. They used to save to meet emergencies as well as for future requirements. Many forces have contributed to the growth of the newly emerging middle class working women in India. The socio-economic liberation of Indian women has itself being a product of, and an instrument in the change in their lives due to employment. A deep of vital change has taken place in the economic condition and personal status of women in the recent past.

It is accepted fact now that women have to play a prominent role in the overall economic development of our nation, as they constitute 50 per cent of the total population, “when women move forward, the family moves, the village moves,” claimed Jawaharlal Nehru. It is recognized through out the world that only when women are in the mainstream of progress can economic and social development be possible and meaningful.

Freedom depends on economic conditions more than other reasons. Now, the present women, who is equally employed, through their education have knowledge about various aspects of investment and as result they invest in various investment avenues such as shares, debentures, mutual funds and bank deposits. Indian savings market has been expanding over the period and there is a steady increase of household savings.
2.4 INVESTMENT MANTRAS FOR WOMEN INVESTORS

Women are not as active as men when it comes to investing money. They generally keep themselves away from taking investment decisions, they are well known for spending money or keeping it idle, rather than investing it for earning more. Even non working women are mostly dependent on their spouses for meeting their day to day expenses. Though to some extend it is true that women are dependent on their spouses for finance, they should also think about their future.

Women should start thinking and understanding the importance of money, savings and its investment aspect to avoid critical situations at any stage of their lives. They need to develop skills to plan for their financial needs. Generally women tend to keep cash idle rather than investing it. They tend to think that this “idle cash” can be easily used to meet expenses beauty parlours, jewellery etc.

However, as an exception few women invest in less risk avenues such as bank deposits and post office schemes. They generally avoid risky options such as equities, as they think that it is difficult to understand equity market trends, patterns and as they volatile in nature.

2.5 FACTORS INFLUENCING INVESTMENT DECISION

Each and every person can be specially differentiated on various parameters. Their investment decisions depend on various attributes. There are so many factors which influence their investment decisions. Every one has their own requirements. So, accordingly they take decisions.
Personal investment is affected by the level of knowledge, an individual investor possess about different investment instruments. The knowledge of the relationship between risk and return along with the knowledge of industrial sectors, economic indicators, companies performance analysis techniques, portfolio management techniques etc., affect the investment decision of individuals.

The source of information regarding investment avenues also guides the investment decisions. One of the most important factors affecting personal investment is the availability of disposal funds. Apart from all these factors, invested money should be convertible into cash in the hour of need and this is an important factor which affects personal investment.

The success of every investment decision has become increasingly important in recent times. Making sound investment decision requires both knowledge and skill. Skill is needed to evaluate risk and return associated with an investment decision. Knowledge is required regarding the complex investment alternatives available in the economic environment.

2.6 CHALLENGES AND OPPORTUNITIES FACED BY WOMEN INVESTORS

The challenges and opportunities faced by women today honors some women of substance, puts forward some social issues and hopes to offer realistic means towards creation of a gender unbiased society. Women today have scaled great heights. They are impervious to the traditional beliefs of our society in a non-defiant but affirming way. They know what they want. They are not apprehensive in
discovering their capacity and carving their own niche in these contemporary yet conventional times. They know striding a fight balance between personal life and career is challenge and they learnt to conquer it with grace of savings.

Swearing by the principles of equal opportunities as propagated by the constitution itself, the role and contribution of women in society at large can never be completely underlined, however it is articulated. It is imperative today that each woman investors should understand the role what she plays in society. However, there is a need to address certain challenges faced generally by women today.

2.7 SAVINGS AND INVESTMENT

Savings is the simple process of putting aside the earnings, usually in the form of cash in hand or savings account or in the form of some highly liquid and safe instruments such as government issued treasury bills. While, investment is spending money or capital to purchase an asset that would generate secure and reasonable returns, income or capital appreciation over a period of time. Saving is rather a passive activity. It needs nothing more than putting aside a certain amount from what we earn regularly as an income. Investment is much more active in nature. It involves spending money usually from the savings to purchase a particular asset. Thus savings is usually short term in nature but investment has much larger in time lasting up to several decades. Savings is mostly done with banks or even at home in the form of cash.

Savings and Investment are really parts of the same process in which investment starts where saving ends or the process of savings is preliminary to the
process of investment. Savings can be considered as the base of foundation for the investment. But it is also important to understand that investment is not the sole or exclusive purpose of saving. Investment is a vehicle that is used for long term financial objectives.

Investment is purely with an intention to use money or any other asset with a hope to generate income in the future or a capital gain, and risk is a integral part of every investment. Savings are funded, generally by either reducing the current expenses or doing some extra work to have extra amount available for savings. People save or invest money based factors, such as availability of funds, sources of the funds, liquidity and risk and return trade. Future forecast is another critical reason that helps in the decision of either saving or Investment. The level of savings in the economy depends on a number of factors;

1. A higher interest rate will give a greater return on savings as banks offer more favorable rates.
2. Poor return on investment in stocks and shares and other forms of investment make savings comparably better.
3. Poor expectation for future economic growth, wages and job opportunities will increase savings in preparation for better future.

2.8 SAVINGS AND INVESTMENT PATTERN OF WOMEN INVESTORS

In India the socio economic profile of the people changes dramatically. Today people are not only spending on products and services, earlier considered a luxury but are also looking at smarter ways of investing their money. This is mainly due to the fact, that people today not only have a wider choice of investing in different saving
instruments, but are also more educated and aware about their choices. Women are now moving beyond the traditional savings options of Fixed Deposits, Post office savings to wider investment options in the form of Insurance, Mutual funds, Bonds, Equities and even property.

Income minus expenditure is equal to Savings. In today’s rapidly changing financial environment, it is critical that individuals not only protect and enhance their current financial resources, but also prepare for future security and against loss of income. This requires careful planning and prudent management of ones financial assets.

Savings is a natural human activity because some large purchases cannot be afforded immediately. Financial planning is the key and the first step towards fulfilling ones dreams and aspirations. Good planning ensures financial security for the family throughout life. An important component of a sound financial plan is not only the inclusion of life insurance coverage in the plan. It is therefore unique needs with qualified financial planning advisers who can assist in determining the right plan and amount of coverage required.

Saving and Investment are two key macro variables with micro foundations, which play a significant role in economic growth. Savings enable people to manage emergencies, to smooth out peak income and expenditure to make investment in homes, families and businesses and to provide for old age. Savings encourages cohesion among women investors and serve as a reserve for repayment of loan from financial institutions. Even though the women investors are poor, they contribute
some amount of money as savings on a regular basis. Most of the women investors feel that savings is an important activity but the amount they save every month is not uniform. Though some of the women investors are uneducated, they come to know about various savings and investment avenues with the help of agents, family members and friends. Regular savings and investment is valuable in developing an informal rural financial system which can be a great benefit of women. Systematic savings among women also helps to ensure good loan repayment rates.

The savings of women in investors provides the source of funds to make small investments such as LIC schemes, Post office savings schemes, Bank Deposits, Chit Fund, Mutual Funds are some of the key saving instrument. With the advent of the investment options in the market, consumers are now exposed to an array of modern and innovative products. For example, depending on the needs of the customers, life insurers have introduced customized products in the market. Women investors also prefer Insurance policy because they have to pay only small amount of money every year and they prefer savings in post office because they can withdraw their amount at times of necessity.

Women in India now participate in all activities such as education, politics, media, art & culture, service sectors, science and technology, etc. More investment improves lot of rural women which creates a “virtuous circle” of better education, improved health and higher income and women need to be given the right to have more control over productive assets like land, water and credit.
2.9 PROFILE OF INVESTMENT SCHEMES

Money occupies an important place in the modern economy for the efficient and smooth functioning. In a modern economy, current money income represents the remuneration of product services. The recipients of income spend the major part of it on current consumption and save the rest representing a factor claim on the society. Capital formation is the most crucial and strategic determinant of economic growth. It implies the capacity to save and invest. India being a developing country requires capital formation.

Though savings and investment objective can be achieved when individual savings and investments have been properly planned promoted and channeled.

Investing is an activity that fascinated people from all walks of life regardless of the occupational status, education and family background. Money and information are the basis and major factor affecting investment decision. Various investment opportunities are available for an individual to invest in the savings.

Investments have become a basic necessity for everyone. In our country there is rapid growth in investment. More number of investors is investing their funds in different types of investment opportunities. Investing wisely is a function of investor’s specific needs and goals. Each investor has different objectives that need to be met depending on age, income and attitude towards risk. Investors have to work out with their investment profile to determine which investments are right for them and should consider important factors such as a personal status, plans and constraints.
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. Investments have the essential quality that involves waiting for rewards. It involves the commitment of resources which have saved from current consumption, the hope that some benefits will accrue in future. Investment is classified into financial and economic terms.

Financial investment means allocation of monetary resources to assets that are expected to yield some gain or positive return over a given period of time. These assets range from safe investments to risky investments.

Economic investments have a rather precise meaning in the literature of economic theory. It includes net additions to the capital; stock of society, by capital stock of society is meant those goods which are used in the production of other goods.

The hand that rocks the cradle rules the world is a popular savings about women. Saving is a habit specially embodied to women. Even in the past, when women mainly depended on their spouse’s income, they used to save to meet emergencies as well as for future activities. In those days women did not have any awareness about various investment outlets. But as time passed, the scenario has totally changed.

As per the recent International Labor Organization (ILO) report, the deepening economic and job crisis across the globe is expected to increase the number of unemployed women by up to 22 million in the year 2009. The global employment
trends (GET) report by ILO indicated that, of the 3 billion people employed around the world in 2008, 1.2 billion were women (40.4%). It said that, in 2009, the global unemployment rate for women could reach 7.4%, compared to 7% for men.

Financial independence is a very crucial thing for women in today’s world. Women from different age groups should start investing from the early stages of their lives to secure the future and for better lifestyle.

Going by the trend it is noticed that women have been more comfortable with savings in bank accounts, storing money in lockers, or buying gold or bonds. Though they are known for saving for a rainy day, they might not be smart in taking investment decisions.

Women love to save on a regular basis and smallest of the surplus income they like to invest prudently. Systematic Investment Plans (SIPs) in mutual funds is a big hit amidst working women. This has enabled them build up a disciplined approach towards investing. Here women are benefited from the power of compounding and rupee cost averaging.

2.10 INVESTMENT PATTERN

It indicates the choice of preferences in their investment in different assets. The women investors may prefer to invest their money in physical and financial assets. This investment pattern may differ according to the investor’s demographics and behavior. The investment pattern in the present study covers various investment patterns of savings both in the form of physical and financial assets.
2.11 INVESTOR’S PREFERENCES

Women investor’s preferences are showing the willingness to invest in a particular or a set of assets in the present situation. The Indian capital market has proved a fertile ground for investors to make money. As a matter of fact, a great public disenchantment with paper assets has begun during 1980s. Of late, the investor’s preference seems to have shifted from equity to debt capital. The investor’s preference may significantly differ according to their location. The rural and urban background of the investors may lead to the investor’s preference among the various choices.

2.12 INVESTORS BEHAVIOUR

The investor behaviour represents the financial behavior of the individual. As a sign of dynamic financial system, innovations in financial technology is taking place, increasing use of finance instruments and reliance on the financial institutions by different investors is becoming wide and sophisticated. The clever investors have widely diverse taste for different wealth forms. All investment offer in general uncertain future returns and asset holders may be distinguished according to the degree of utility or disutility they expect to receive from bearing risks. The investors can be grouped into risk neutrals, risk averters and risk lowers. Each investor tries to build good portfolio. A good portfolio is more than a long list of good stocks and bonds¹.

2.13 INDIVIDUAL BEHAVIOUR

Risk may be defined as the chance that an investor will not achieve the terminal amount necessary at time required. The investor must understand that they cannot avoid risk and it is not possible to find a risk-free investment. Hence, he must decide regarding the categories of risk to which they willing to expose their portfolio and understand the return implications of that risk exposure. Risk is actually not a question of objectivity for most people; it is subjective question. Individuals risk tolerance is unique and subjective to change influenced by the investors wealth position, health, family situation, age, temperament, etc. The Social Perception Scale (SPS) and Behaviour Prediction Scale (BPS) are used to measure the individual behaviour towards risk.

2.14 REASON FOR INCREASING POPULARITY OF INVESTMENTS

Investing has been an activity confined to the rich and business class in the past. This can be attributed to the fact that availability of investable funds is a prerequisite to deployment of funds. But today, we find that investment has become a household world and is very popular with people from all walks of life.

The following are the reasons for increasing the popularity of investment;

- Increasing working population, larger family incomes and consequent higher savings.
- Provisions of tax incentives in respect of investment in specified channels.
- Increasing tendency of people to hedge against inflation.
- Availability of large and attractive investment alteration.
- Increase in investment related publicity.
- Ability of investments to provide income and capital gains etc.
2.15 IMPORTANCE OF INVESTMENTS

Investments are both important and useful in the context of present day conditions. Some factors that have made investment decisions increasingly important such as;

- Longer life expectancy
- Increasing rate of taxation
- Interest rate
- Inflation
- Investment channels

2.16 INVESTMENT MEDIA

Many type of investment media or channels for making investment are available. A sound investment programme can be constructed if the investor familiarizes himself with the various alternative available investments. Investment Medias are several kinds- some of the investments are simple and other represent complex problems for analysis and investigation. Some investments are appropriate for one type of investors and other may be suitable to another person.

Many alternative investments exist. These can be categorized in many ways. The investment alternatives are given below:

I. Direct Investment Alternatives

II. Indirect Investment Alternatives
I. DIRECT INVESTMENT ALTERNATIVES

A. Fixed Principal Investment
   1. Cash
   2. Savings account
   3. Savings Certificate
   4. Government Bonds
   5. Corporate Bonds and Debentures
   6. Post office investment schemes

B. Variable Principal Securities
   1. Equity shares
   2. Convertible Debentures

C. Non Security Investment
   1. Real Estate
   2. Mortgages
   3. Commodities
   4. Business ventures
   5. Art, Antiques and other valuables

II. INDIRECT INVESTMENT ALTERNATIVES

- Pension fund
- Provident fund
- Insurance
- Investment companies
- UTI and other funds
Normally a person is likely to spend more than their income while she is at the initial stage of earning. The balance amount is generally borrowed. During the peak earnings, she will repay what she has borrowed and save for their retirement, whereas after retires, they spend more than their income, drawings on savings. When looking at savings, we find that a series of economists have proposed savings as a model for economic growth and prosperity in the region. Most economies, be it socialistic or mixed economic systems, have observed a prime concern for high savings. Even with capitalistic economies leaving US economy, which has negative savings, all strive for a minimum level of savings. Savings provide a sustained economic growth model\(^2\).

Investment is the paramount requirement to consolidate the growth process. In agriculture, we enhance public and private investment in the infrastructure required to support expansion, diversification and value addition. In the industrial sector, both public sector and private sector will be allowed to space to grow and compete with each other. Government will pay the leading role in proving and facilitating investment in public goods. The capital market, banks, insurance companies, pension funds and superannuation funds would have a crucial role in mobilizing and disbursing the financial resources required to sustain high investment.

### 2.17 Trends and Pattern of Savings and Investment

There has been a consistent increase in savings and investment rates in India through the post-independence period, though with considerable fluctuations from year to year. The Gross Domestic savings rate in Savings/Investment sector increased

\(^{2}\) P.Chidambaram, Finance India, the quarterly journal of Indian Institute of Finance, Delhi, June 2005, Vol.XIX No.1, p.8
from 6.2% in the early 1950s to 24.3% in the mid of 2000s. The private corporate sector savings rate is increased from 0.9% in 1950s to 4.1% in 2004. The public sector savings rate is increased from 1.8% in 1950s to 4.6% in 1985 and then declined to -0.3 in 2004. It reveals that there was a significant increase in the savings rate only in private sector.

2.18 SAVINGS BEHAVIOR IN INDIA

The economic policy is of a crucial nature in understanding domestic savings and investment behavior and the relationship between investment and growth. This is particularly true for a country like India, where a highly interventionist government has followed a complex set of economic policies in a wide variety of areas and sectors since independence. During pre independence era in India, people spent most of their income on consumption and only a small amount of income was left in the form of savings. As a result the savings rate was very low, especially in the rural sector.

2.19 GENERAL BEHAVIOUR OF WOMEN INVESTORS

Gone are the days when men were deemed masters of moolah as recent studies have proved that women are wiser investors than men. Different risk perception by women and men generate different emotional responses, leading to different investment behaviours. Recent and past research has shown that these psychological differences inherently make women better investors. The first point to be noted here is how women like to be in absolute control. This trait is observed not only at work but also home. Women adore being in control of their environment at all costs. They

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might take time in doing so but will achieve it somehow. Being in control denotes order and women like order just as much.

The world of investment is full of apprehension, uncertainty and unfamiliarity. These certainly do not project what women would want from any situation. In such situations women behave in a very typical womanly fashion – they get anxious and strained. But these negative outcomes instigate women to fare as better investors. When they are unsure, they exercise caution and invest gingerly. To women, having a safer investment at times is better than facing losses.

As a woman, and an investor, shaping of financial future is as important as the many other roles they play in life. That's why taking control today is essential in realizing their dreams for tomorrow. Whether women are just beginning to develop their investment strategy or are refining a current one, it's important to keep in mind that they should build a financial legacy for long term. At various stages of your life, you are faced with important investment and financial decisions. Your success in making these decisions with the help of a sound investment strategy can have a major impact on your income, net worth and, ultimately, quality of life in retirement.

Women today have more earning potential and more influence over financial decisions than ever before. Women represent almost half of the workforce and many businesses are owned or managed by women. Many women influence or control the majority of all consumer purchase decisions and many of the investment decisions. As a result, it is important for women to focus on finances now more than ever.
Throughout their lives, as a woman, they will be faced with different financial challenges than their male counterparts. If women are going to take control of their financial future, it’s important that they recognize those differences and empower themselves.

Earning money is only half the equation for achieving financial independence. Effectively putting your money to work for you is equally important. Though the size of household income matters, how to manage the money women have - to meet short-term obligations as well as long-term goals - determines how they live today and in the future. That’s why taking control of their finances is so important. The challenges of investing are unique for each individual. In addition, circumstances are frequently different for women - and whatever choices you make will be better as a result of greater knowledge of the underlying issues and your options.

2.20 WOMEN ARE MORE LIKELY TO LIVE LONGER

As a woman; the life expectancy is at an all time high. In fact, 90% of women eventually end up living on their own. To help ensure that women will be able to maintain their lifestyle, they should stay involved in investment decisions and consider planning for the unexpected early on.

2.21 WOMEN ARE MORE LIKELY TO HAVE DEPENDENTS TO CARE FOR

With a growing divorce rate, the number of single mothers is on the rise. Providing for and raising a family, while also saving for college and retirement, can
be a daunting task. One way to help ensure that you have enough savings is to invest a small amount regularly through a systematic investment plan.

2.22 WOMEN ARE LESS LIKELY TO TAKE INVESTMENT RISKS

For whatever reason, many women are less willing than men to take risks. Yet, a certain degree of risk is necessary to build a well-diversified portfolio. By learning all about investing, women can become more comfortable making investment decisions that involve different levels of risk.

2.23 UNIQUE NEEDS

Virtually every investor faces special circumstances. Primary investment of an individual and the unique risk profile that results from employment can play a big role in determining a suitable investment portfolio for women. These unique needs often center on a woman’s stage in the life cycle. Retirement, housing and children’s education and many other factors demand for funds and investment policy will depend in part on the proximity of this expenditure.

2.24 CONCLUSION

Since this research has been conducted on the women investors and a study of their investment behavior, it becomes important to understand the different types of investors. Women Investors have their own investing styles: some are risk takers by nature, willing to gamble large amounts of money on highly speculative investments. Others prefer the safety and security of cash in the bank even if it means that the actual buying power of their money is slowly dwindling because of inflation. Most people fall somewhere in between these extremes, and are willing to assume some risk, with the expectation that they’ll be rewarded with higher returns.