Chapter: 1

Introduction of the study & Research Methodology
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1.1. INTRODUCTION

India is basically a rural based agriculture country where 68.84 percent of the total population living in rural areas. Likewise, in pune, around 40 percent of the total population is living in rural areas. From this total population, 52 percent are men and 48 percent are women. Therefore, it is more important to uplift the economic life of rural people to make India a developed country. This is possible only through increasing the rate of saving and proper investment of the people of rural areas.

Women are playing crucial role in each and every sector of economy whether it is industry or agriculture. Women in every part of the world are playing the same role, what differentiates them are their demographics, culture, social and religious factors. There can be no progress in the economy of the country without the participation of its women. As they are 48 percent part of our total population and so, it’s very important to study about their savings and investment habit.

Indian society is economic oriented from vedic period to the seventh century. The economy was well organized they had properly realized the importance of financial matters. That is why a materially prosperous society gives its best thought to finance. Arya chanakya was the first to discuss finance systematically. Chanakya was postulated four principles in the verse, “Arth, Mulya, Dharm, Kam”. “Finance religion, married life and salvation” are the four aspect based on money. Money is the foundation of these four principles. Unfortunately only two of the four principles survive in today’s modern society. To earn money is man’s nature and there is nothing wrong in having desire to earn money properly and to prosper. Once you realize the importance of money, it becomes natural to earn it. Saving is the most important aspect, but it is rather more difficult than earning money.
Everyone must try to create wealth and understand the meaning of “Dhan Nidhanam Anugamami,” means “wealth depends on saving” and its importance is universally acknowledged. Protection of wealth includes saving and the wise have always advised the common people to save money. Chankya said, “Jalbindu Nipatenh Kramshah Puryetch Ghat.” You will become wealthy by saving bit by bit. The proverb “Thembe Thembe Tale Sache” has its origin in chanakya’s verse.

You are the master of your own destiny. You can change it. Take decision without wasting time in thinking and don’t change the decision in difficult times. Core of people leads a miserable life, because sometimes somebody had given their adverse opinion resulting in the loss of their self-confidence.

Anyone can dream about becoming rich but very few make a determine effort systematic planning and strong desire to become rich. Life is a game of chess and the player opposite you is a ‘time’, you make an error when you waste time. So, I say if other can get what they want, why not you?

‘Savings’ is an indispensable word for measuring economic behavior of human beings. We observe that insect like ant has the urge of saving for rainy season. Again, snake also saves for winter season. As the human being is a superior creature among all creatures, therefore, saving is innate by nature.

Before analyzing the saving and investment of rural women it is important to bring some facts to light about the word ‘saving and investment’. ‘Saving’ are the unconsummated earning of an individual consumption and capital formation including investment. Again saving may be defined as changes in earned surplus or earned net worth of an economic unit. National saving constitutes the sum of net changes in the worth of all economic units in an economy. Saving has been defined by C.S.O. as the excess of current income over current expenditure and is the balancing item on the income and outlay accounts of producing enterprise and households, government administration and other final consumers. For the estimation of domestic saving, the whole economy is broadly classified into three institutional sectors, i.e., (a) household (b) private corporate and (c) public. The savings of the
household sector can be measured by (i) total financial saving and (ii) savings in the form of physical assets. The financial saving includes possession of currency, net deposit, investment in shares, debentures and govt. securities and small saving whereas, the physical asset include machinery, equipment, construction, inventories, etc., held by an individual. Secondly, the saving of the private corporate sector constitutes the net saving of non-government, non-financial companies, private financial institutions and cooperative institutions as revealed from the profit and loss account and balance sheet of these companies. Thirdly, the saving of the public sector includes the net savings of both department and non-department shown as the excess of current expenditure of the government. Likewise, investment may be defined as deployment of funds in any type of economic activity for future return. It generates funds for future, which helps in the development of economy of a country.

1.2 STATEMENT OF THE PROBLEM

Statement of the problem is:-

AN ANALITICAL STUDY OF SAVINGS AND INVESTMENTS HABITS OF WOMEN IN RURAL AREA

1.3 OBJECTIVES OF THE STUDY

The principle objectives of study are as follows:

A. To assess the sources of income.
B. To assess the investment potential of women in rural area.
C. To examine the criteria of investment decision in a family.
D. To identify the investment objective and their impact on investment.
E. To study the investment inclination of rural women.
1.4 JUSTIFICATION OF THE OBJECTIVES

Saving and investment is basically depends on the income or earning of an individual. Here researcher wants to study the habit of saving and investment and that can be measured only on the basis of assessment of source of income.

Rate of saving and investment may be based on the investment potential of women and so it is needful to assess the investment potential of women in rural area.

For study this subject it is very important to acquire knowledge about the role of women in a family regarding investment decision. So, according to researcher it is necessary to examine criteria of investment decision in a family.

There may be variation in objectives such as safety, liquidity and profitability. So, for finding out specific objectives which preferred by the rural women, and which influencing rate of saving and investing, researcher find it necessary to identify the investment objective and their impact on investment.

Saving in a particular investment avenue is depending on the inclination of investor. So to get know the status of saving regarding various aspect it feels important to study the inclination rate of women regarding every investment avenue.

1.5 HYPOTHESIS OF THE STUDY

The researcher has formulated the following hypothesis for the purpose of study undertaken.

A. Women investors adopt prudent approach toward investment decision.
B. Rural women investor adopts a conservative approach while selecting an avenue of investment.
C. There is a need to reorient women investor’s philosophy as to their attitude towards investment avenues & savings.
1.6 JUSTIFICATION OF HYPOTHESIS

A. It is generally believed that women akin to adoption of right and systematic approach towards investment. They prefer a low risk and conscious approach towards investment, as the decision taken by women shows higher viability & profitability.

B. The rural women usually have Ltd. Financial earning on regular basis. They also are influence by very conventional belief & ideas. As such their approaches toward investment become less risk taker and they prefer to stick to conventional system of investment.

C. It is also believed that there is absence of financial life and lack of systematic knowledge of modern commercial and economic activity. It results in adopting of an improper and in poor approach towards investment options. Rural women are attribution with this kind of ignorance which results a faulty attitude towards investment. Hence it is necessary that rural women should given right kind training for investment.

1.7 WORKING DEFINATIONS OF TERMS USED

Saving and Investment

Savings-The concept of saving plays an important role in an economic analysis. Saving is defined as the difference between the income and consumption. The term saving means the activity by which the claims to resources, which might be put to the current consumption are set aside and so become available for other purposes. Saving is the excess of income over expenditure. Thus, saving = income-expenditure.

Investments-The term investment means different for different persons. If one person has given money to some other, it may be his loan, which may be considered his investment for return. If a person has purchase
10gram of gold for the purpose of price appreciation it is his investment. Thus there are different types of investment, for different persons.

Investment may be defined as flow of expenditure on new fixed capital goods like houses, machinery, factories etc. or an addition to inventories. In ordinary usage the term investment means investment in real estate, insurance policies securities, shares, debentures, equities etc. for the individual it is the exchange of money or cash for a future claim or money or the purchase of security of a promise to pay at a later date along with interest as it is the price of shares, funds and debenture.

Savings & Investment Habits:-

It is the ability and activity toward finance. More specifically it refers to a set of thoughts and actions which a person follows while he/she take decision regarding savings and investment. Also it is a specific quality and intellectual of an individual which affect their financial decisions as a whole.

Financial literacy:-

Financial literacy is the ability to understand finance. More specifically it refers to the set of skills and knowledge that allows an individual to make informed and affective decision through their understanding of finance. Raising financial literacy supports inclusion and enhances the wellbeing of the community.

1.8 UNIVERCE& SAMPLE SIZE

The district of pune is divided in 13 tehsil. The researcher has decided to select five tehsil from total. Therefore territorial population is five tehsil these are, Dound, Mulshi, Bhor, Khed and Haveli. The researcher has decided
to take 30 representative women from each tehsil. Thus the final sample would have been 150. The details of the sample are as follows:

Table No.1.1. Sample Selection

<table>
<thead>
<tr>
<th>Tehsil</th>
<th>Sample size</th>
<th>Purpose</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>T 1</td>
<td>30</td>
<td>To Collect Significant Data</td>
<td>There are 15 tehsil (including 2 taluka cities) in pune district divided into 5 district subdivision. Here researcher has taken 5 tehsil as representative from each district subdivision.</td>
</tr>
<tr>
<td>T 2</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>T 3</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>T 4</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>T 5</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The researcher has used convenient sampling method for convenience of the study.

*The sample selection process in following manner:-*

Though the target was placed at 150 actual sample process was processed as follows:-

- Total number of respondents to be contacted to 150
- Number of respondents communicated 245
- Number of partly filled incomplete questionnaire are 65
- Available sample for analysis 161
- Final sample size is 150
1.9 SOURCES OF DATA COLLECTION

For the purpose of the study, the data at hand was inadequate and hence, it becomes necessary to collect the data that was appropriate. So, data has obtained from both primary and secondary source.

1.9.1 Type of Research:-

Type of research is explanatory and data is collected using inferential approach.

1.9.2 Data Required:-

The data required for the study is based on data collected from primary sources supplemented by data collected from secondary sources. Two part questionnaire were designed for collection of primary data. Data such as concept of saving, concept of investment, concept of financial literacy, source of income, different investment avenues available, demographic details of the investors, their current investment and investment inclination, sources of information, importance of parameters for investment and awareness regarding investment avenues.

1.9.3 Data Sources:-

1. **Primary data**-The information required for the study has been collected through different sources. Primary data has been collected with the help of schedule for assessing financial literacy and inclination of respondent toward investment avenues. Primary source has been used to collect and assess the knowledge regarding finance among respondents, current investment of respondent, approach of respondent, information about investment, important parameters in investment and preference toward financial advisors.
Table 1.2. Details of Primary Data

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Nature</th>
<th>Class of representative</th>
<th>Instrument</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To collect data regarding investment habits of respondents</td>
<td>Women</td>
<td>Questionnaire</td>
<td>Present study is related with attitude, habits and pattern of investors</td>
</tr>
</tbody>
</table>

2. **Secondary data** - secondary data was collected through two main sources which are related to the subjects of the project study.

Table 1.3. Details of Secondary Data

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Nature</th>
<th>Source</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To collect data regarding savings, investment and investment habits of women, their behavior as saver, investor and decision maker</td>
<td>Traditional source &amp; Innovative source</td>
<td>To collect appropriate and supportive information regarding investment climate, pattern and term of investment, their impact on investment</td>
</tr>
</tbody>
</table>

i. **Traditional sources**: - such as census, gazetteer, newspaper, magazines, journals, govt. report, etc.

ii. **Innovative sources**: - Various websites, online report, e-mail, phone-mobile contacts or discussion, internet searching, internet blogs etc.

Through secondary source information about savings in India, household saving, saving rate of India in different period, pattern of household saving, factors influencing saving are collected and studied.
1.9.4. Instrument:-

Table 1.4. Details of Instrument

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Nature of Instrument</th>
<th>Purpose</th>
<th>Classification of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Questionnaire</td>
<td>To check financial knowledge and awareness of respondents. To check their involvement in decision making. To check out investment inclination of rural women</td>
<td>Women from rural area</td>
</tr>
</tbody>
</table>

Structured schedule was used to collect data from respondents.

Schedule contain two parts part A and part B

*Part A:* - part A includes questions on financial knowledge which are asked to check the awareness of respondents regarding investment avenues, information or guidance regarding investment and investment avenues.

*Part B:* - part B includes questions on investment of investors in future. The questions like respondent’s current investment in different avenues, inclination towards investment avenues, from where do they collect information regarding investment avenues, preference toward financial adviser, parameters in investment etc.

1.9.5 Pilot Testing:-

Pilot testing has been carried out to check the validity of schedule and determine whether schedule generates sufficient data for using proposed statistical tools and to test the hypotheses stated. It also ensured that respondents are able to perceive questions as they are meant to be and changes to be made in schedule for final study.

For pilot testing 30 samples were collected. Data has been filled in MS Excel sheet and analyzed with the help of statistical tools. After the feedback of the respondent all remaining questionnaire have been distributed and collect the information.
1.10 DATA ANALYSIS:-

For the purpose of analysis of collected data, various statistical tools like correlation, mean, rank are used. For data feeding and analysis excel sheet and SPSS software are used.

1.11 OUTCOME OF THE STUDY:-

The study of saving and investment habits of rural women will try to identify some of the important issues relating to the economic development of rural area. Though the study will be confined to pune district, the findings shall be equally applicable to all over the country. The findings of the present study will help the rural women to construct their financial plan and increase awareness about the choice of appropriate investment avenue. At the same time, the present findings of the study will immensely help the various financial institutions working in the rural area to formulate their investment policy targeted to rural women.

1.12. PRESENTATION OF THE STUDY

The present study has been presented in six chapters they are as follows

Chapter 1:

Introduction of the Study and Methodology

It deals with introduction, selection of the subject, Objective of the study, justification of objective, working definitions of term used, universe and sample size, sources of data collection, Hypothesis, Research Methodology, Method of Analysis, Outcome, Limitations of the study,
Chapter 2:

Review of Literature

This chapter is deals with the review of research articles studied by the researcher. In this chapter researcher has tried to study the literature based on the different countries related to investment of women as their personal financial plan and priority given by women to different aspect compared to men. This chapter also include conclusion made by researcher on the basis of literature.

Chapter 3:

Conceptual Framework

This chapter deals with introduction, concept of investment, nature & characteristics of investment, views regarding investment, role of investment in economy, relationship between saving, investment and economic growth, investment habit and its impact on economy, factors motivating investment habits.

Chapter 4:

Women, Savings and Investment

This chapter is related to women’s saving and investment pattern, habit, feature of women as investor, profile of representative Indian women investor, factors motivating investment by women, relationship between education, employment and saving among women, impact of financial literacy on Indian investment.
Chapter 5:

Data Analysis and Interpretation

The chapter deals with the analysis of the collected data through schedules and its tabular presentation.

Chapter 6:

Observation, Conclusion and Recommendation

This chapter deals with certain findings, suggestions and conclusion based on data analysis. Here the observation is based on data analysis and interpretation, conclusion is based on observation made and recommendation has made by researcher as she found necessary to after overall study and discussion with respondents.

1.13 LIMITATION OF THE STUDY

Researcher has mainly focused on the investor’s choice as risky investment avenues like shares and mutual fund and the traditional like gold and silver Therefore following are the main critical limitation of the study

A. The researcher has made all possible effort during the course of data collection and personal interview. Since the target respondents are from rural area and level of literacy is low maximum effort was made to present the question and as real and simplified as possible. But, some gaps might have remained unnoticed.

B. The methodology followed and tools employed in the analysis of the data involved certain merits as well as demerits of their own and also reflect the limitations of the data base.

C. As the findings and conclusions of this study are based on data collected from the selected respondents in the study area, it cannot be generalized for the other areas.
Data pertaining to income, saving, investment, choices of investment avenues, was gathered from the selected respondents directly. There were no proper records maintained at the individual level. Thus, the information given by the selected respondents may not be accurate. However, utmost care was taken by the researcher to ensure accuracy.