

A Study on Urban Working Women's Attitude towards Mutual Fund Investment in Jaipur District, Rajasthan

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ABSTRACT

During the past few years, stock market and mutual funds is the most attracted option to make investment. In today's complex financial scenario, mutual funds are an ideal investment vehicle for women investors' to diversify their portfolio of investment. A Mutual fund is an investment fund that pools money from many investors to purchase equities, bonds and other securities. It provides benefits to the investors of good return, less risk, liquidity, tax benefits, etc. The primary data has been collected using structured questionnaire and Secondary data has been collected from journals, books, reports, magazines and other published data's.

The main purpose of doing this research is to know about the Preference of urban working women towards various mutual fund schemes of Jaipur district, Rajasthan (India). Using Random sampling technique, sample size of 100 working women is taken having different demographic profiles. This study analyzes the impact of demographic factors on the women's attitude towards investment in mutual funds.

Key Words: Women investment behavior, Mutual Fund, Demographic factors, Saving habits

Introduction

“The grim of irony of investing, then, is that we investors as a group not only don’t get what we pay for, we get precisely what we don’t pay for. So if we pay for nothing, we get everything.”

“Mutual fund is a type of professionally-managed collective investment scheme that pools the savings of number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities.” Mutual funds help the investors in providing the benefits of Liquidity, high return, tax savings, diversification, manage inflation, convenience, etc.

“A Mutual Fund is the most suitable investment for a common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost”. With the increase in role of women in financial activities, women’s are identified as a better saver as compared to men. Traditionally, women’s participation in the financial investments was very less and they were mostly engaged in household related activities. Women’s were very hesitant in taking the decisions relating to the financial matters and largely the decisions relating to investment were taken by men’s in the family.

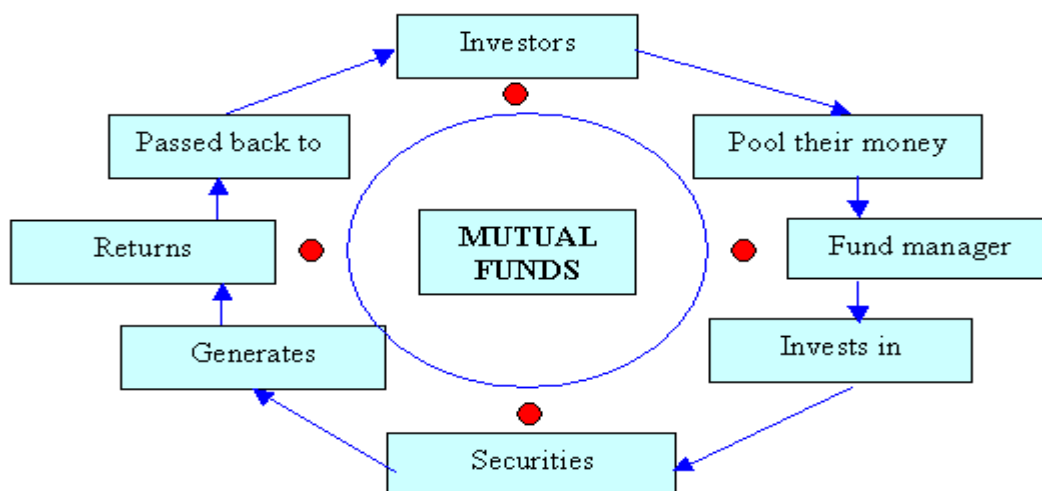
But with the increase in level of education, women started working and they gained knowledge about various aspects of investment and as a result they invest in various investment avenues such as shares, debentures, commodities, mutual funds and bank deposits. Now they contribute a greater part in managing and saving the money. An attempt has been made to identify various factors which influence women investors’ buying behavior, to evaluate the level of awareness among women investors and to analyze the preferred investment avenues. While investing, married working women are more impacted by various family related matters such as child education, child marriage, life protection and medical expenses than unmarried women.

Employed women are more motivated to save and invest because of their earning power. They have the quality to manage their money in an effective and better way. They are also motivated by the investment behavior of their colleagues at workplace. Working women in urban areas give more precedence to their career and professional ambitions as they want to secure their future and want to make more returns on their investments. Their thinking

and perception is changing and they are adapting to the investment in various financial products.

Women in India are now participating in all the activities such as education, politics, science & technology, etc. With the change in scenario and increasing awareness, they have started participating in investing their money in various investment avenues and are not just depending upon their family members for their financial needs. The present research study focuses upon working women's attitude towards mutual fund investment and influence of some demographic factors such as age, marital status, etc. responsible for investment behavior of women.

Figure 1: Mutual Fund Operation Flow Chart



Review of Literature

Desigan et al (2006) “conducted a study on attitude of women investors towards investment and found that women investors basically hesitate investing in mutual funds due to the reasons like lack of knowledge about the investment, market fluctuations, various risks associated with investment and other related problems. They said in past, women's dependence was mainly on his spouses income and they used to do the savings in order to meet the unforeseen conditions and for future activities as well. In those days,

women did not have any awareness about various investment avenues. But with the change in time, the scenario ha scenario has changed”.

Beckmann and Menkhoff (2008) reported that “women tend to be more risk averse, less confident and behave less competitively oriented. They said that these three domains as risk taking, confident decision making and tough competition are highly important in the financial industry in which women’s behave indifferently”.

Martenson (2008) said that “women’s particularly face the problem of what their financial situation will be at the time of retirement because of their lack of awareness. The reason is that women are very less interested in managing their money and to make long-term investments. The study analyzed that how the pension investments were made by the Swedish population within their state pension system. The study revealed that men were motivated to make financial investments and were more profit-oriented than women”.

Mehta and Shah (2012) conducted “a study on investors for mutual funds of Ahmedabad and Baroda city and the study reveal the major factors that influence buying behavior mutual funds investors and the sources that investors rely more while making investment and preferable mode to invest in mutual funds”.

Singh (2012) conducted his research in “Ranchi region to analyze the impact of various factors responsible for investment in mutual funds. The study revealed that most of the people are having lack of awareness towards mutual funds functioning. Various demographic factors such gender, income and level of education have significant influence on the mutual fund investment. Whereas the factors like age and occupation don’t influence the investors towards decision regarding mutual funds investment”.

Prabhavathi and Kishore (2013) said that “investors have their own risk appetite and believe in market they are entering in. People are interested towards investment in fixed deposits as they find it as a risk free investment option. People make very less investment in commodity and currency market due to lack of knowledge and high risk attached to it”.

Rathnamani (2013) conducted a research in “Trichy to analyze the investor’s attitude towards mutual funds investment and the study revealed that investor’s preferred to invest in mutual fund because of the benefits of high return at low level of risk, safety and

liquidity. Investors preferred taking moderate and low level risk and most of the investor's belong to moderate investment style”.

Sellappan et al. (2013) conducted a “survey of women investors to study the impact of age factors and marital status towards investment in financial instruments. It was found out that younger women mostly like to invest in shares, mutual funds, insurance and fixed deposits as compared to older women. It also said that married women are more curious in making investment than the unmarried”.

Sharma and Pandya (2013) said that “most of the people have lack of awareness about the functioning of mutual funds. Investors are mostly attracted by the features such as return potential, liquidity and flexibility followed by transparency and affordability. Investors mostly prefer investing their money in Bank F.D's as compared to mutual fund investments”.

Kumar and Bansal (2014) said that “mutual funds are the most preferred investment instruments among people. Mutual funds investment helps in providing higher interest and yields good principal amount at the end of maturity period of the investment. The Mutual fund companies should come forward in providing full support in designing the investor's portfolio, full disclosure of the information related to investor, proper consultancy in understanding the terms and conditions of different mutual fund schemes to satisfy the needs of the investors”.

Objectives Of The Study

1. To study and analyze the investment avenues preferred by working women.
2. To analyze the factors that influences most while buying mutual funds.
3. To analyze the investors perception and awareness regarding Mutual funds investment.
4. To analyze the preferred time of holding investments.
5. To analyze the return expected on the investments made.
6. To analyze the most preferred mode for buying mutual funds.

Research Methodology

The present study attempts to evaluate women investor's awareness and adoption towards mutual funds schemes. The study is based on the primary research and Descriptive research study is done to carry out research using convenient sampling technique.

Data collection of 100 working women investor's of Jaipur district were taken using primary sources such as through direct interview and questionnaire and Secondary data has been collected from various books, magazines, journals, newspapers and websites.

The data collected from the respondents vary having different age groups, marital status and monthly income. The respondents taken for the study are of different age groups ranging from 20 years to 50 years & above. Among them, 65 are married women and 23 are unmarried. The monthly salary of the respondents is in between 10000 - 40000 & above and it was found that most of them were earning good ranging 20000-25000 monthly.

The women's are earning good monthly salary and they can easily spend some part of their income in making some investments and it would help in raising their standard of living as well.

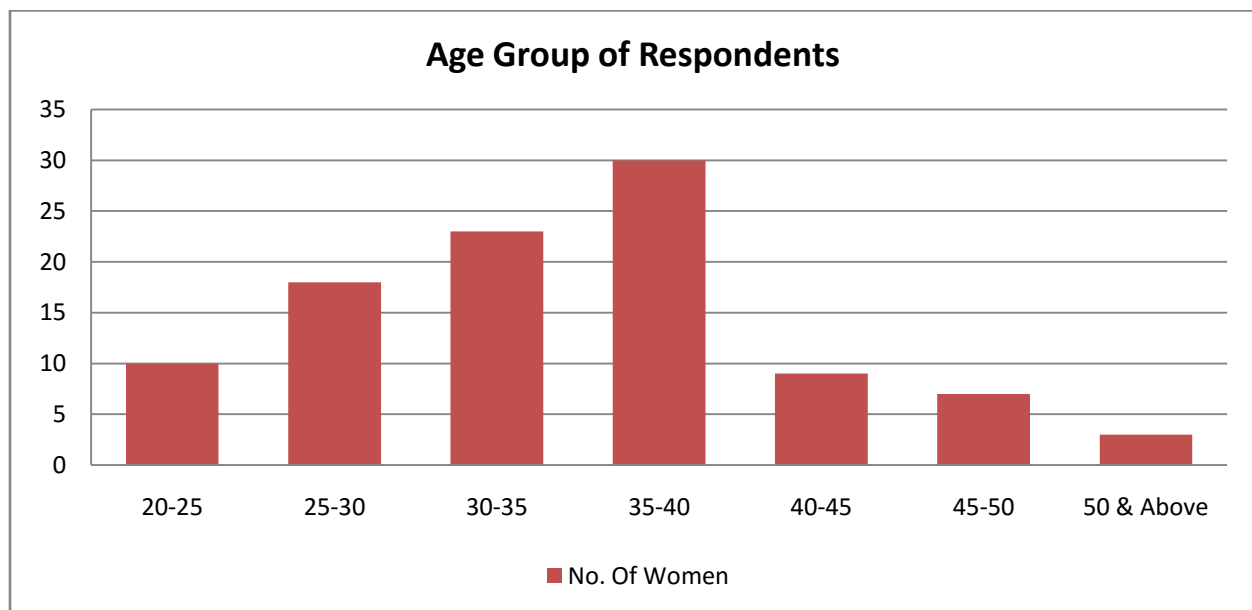


Chart 1: Age group of Respondents

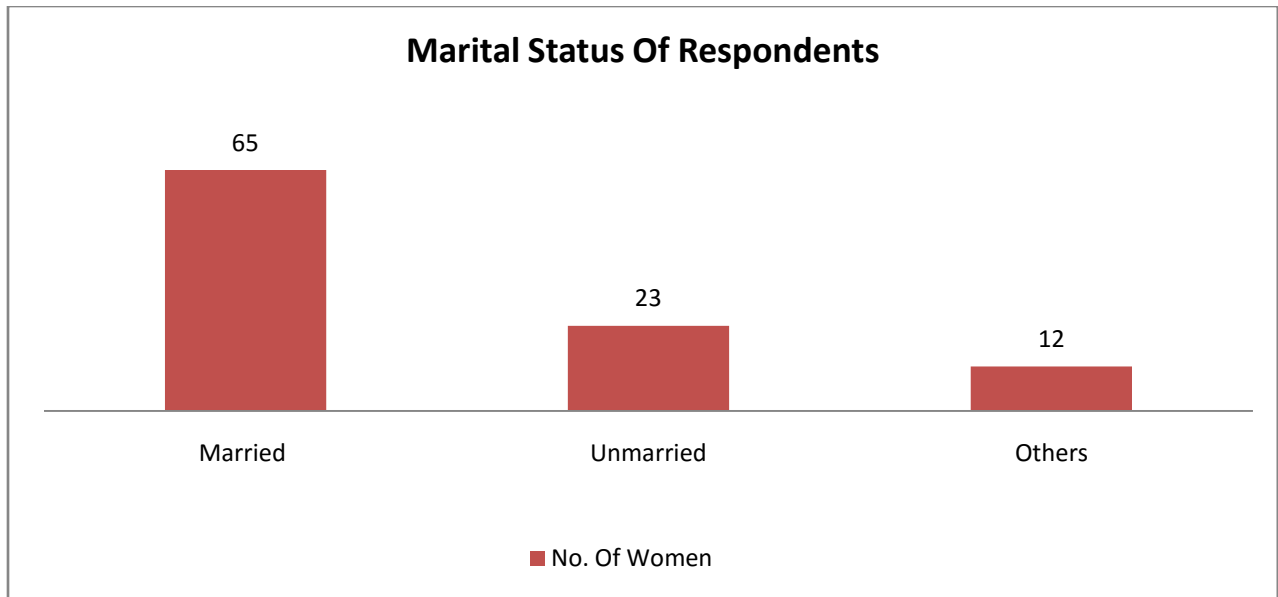


Chart 2: Marital status of Respondents

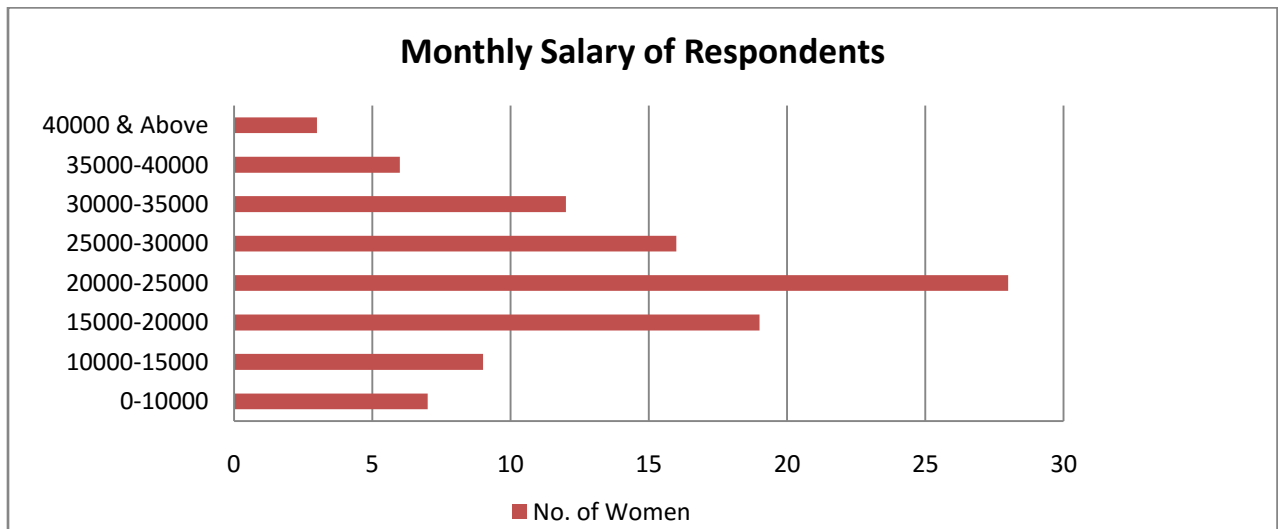


Chart 3: Monthly salary of respondents.

Scope Of The Study

The research involves a general study related to working women investors' attitude towards mutual funds investment. The research would reveal results regarding the impact of various demographic factors on investment attitude of working women investors towards mutual funds and their perception towards investment in mutual funds.

- This study will provide working women investment attitude to the mutual funds companies.

- It will help the mutual funds companies to identify the attitude and awareness of various working women investors and to improve the marketing of mutual funds.

Analysis & Findings

The study conducted on working women attitude towards mutual funds investment shows that fixed deposits is most preferred investment option as compared to mutual funds, real estate, post office schemes, etc. As the women's started working and are now earning for their livelihood, they are also thinking for their future returns.

They are now not just managing their money at homes but they have started managing their corpus by investing in various investment avenues and are reaping the returns out of them.

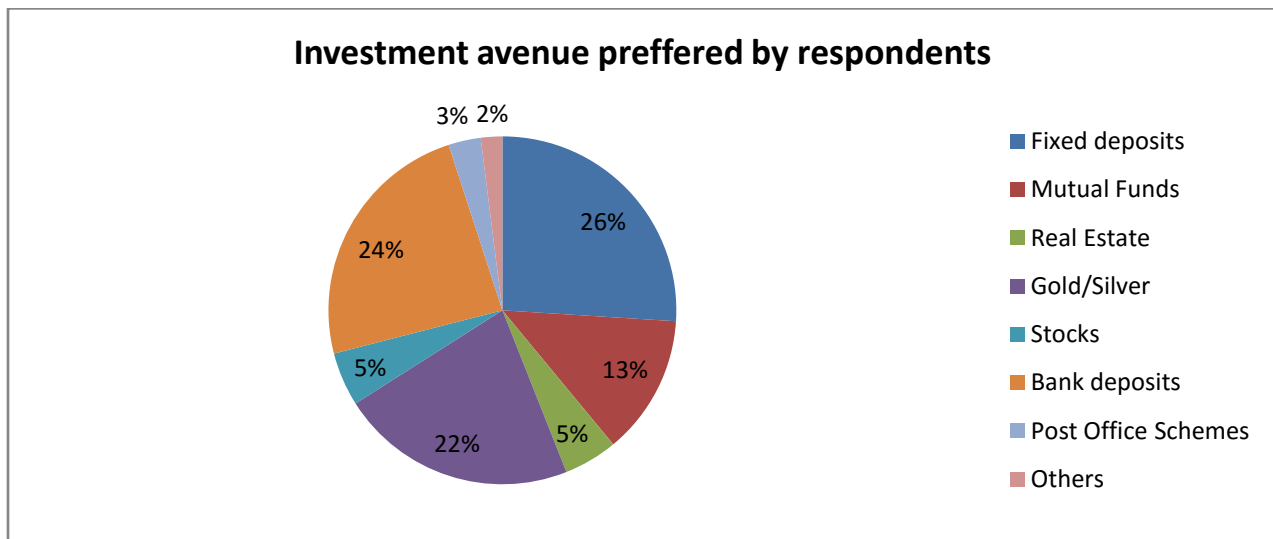


Chart 4: Investment Avenue preferred by respondents

Chart 4 shows that the most preferred investment option for the investors is fixed deposits and bank deposits is on 2nd number. 3rd is the investment in Gold/Silver and it's not for the purpose of investment but for the sake of making jewelry. And then the respondents preferred making investment in mutual funds as they think it's risky to invest and they are not sure about the returns. Preference of the investors is to invest in the safe mode and

secondly earning high returns. Respondents mainly preferred safe destination for investment and then returns comes on the second place.

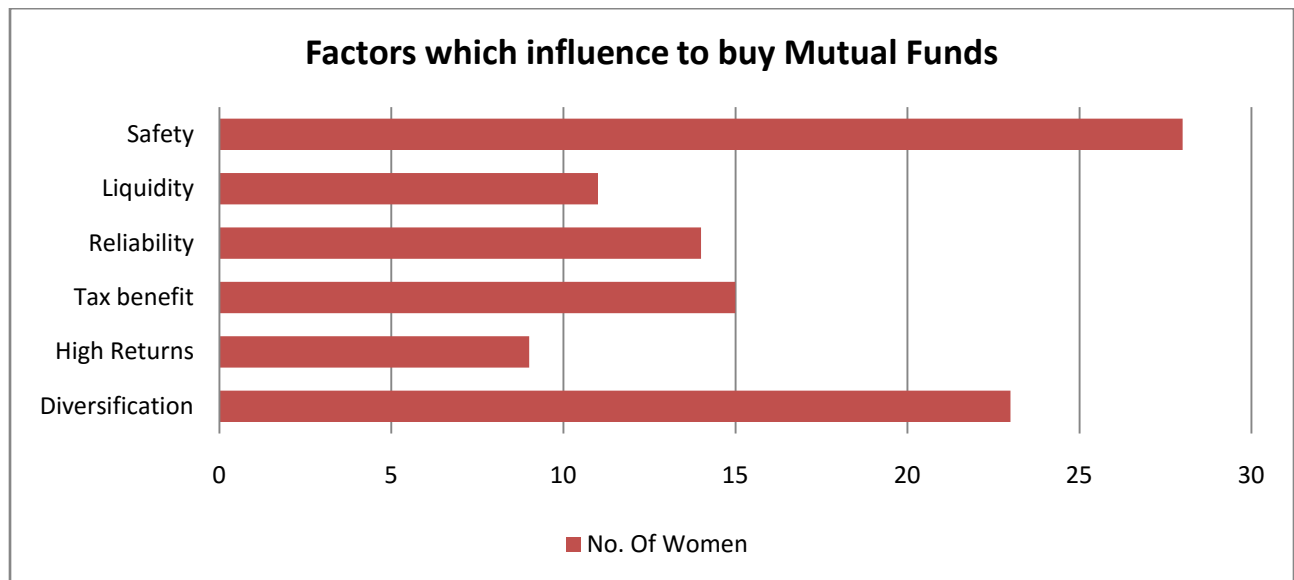


Chart 5: Factors which influence to buy Mutual Funds

Chart 5 shows that the factor which allures the most to respondents is safety. As women's are risk averse and they prefer making investment which is safe and less risky. The respondents secondly preferred mutual funds because of the factor of diversification and then for tax benefits. As the factors like reliability, liquidity and high returns had less influence on making the decision for investment in mutual funds. Respondents were majorly influenced by the safety factor and secondly because of its diversification feature as they can diversify their portfolio by making investment in mutual funds.

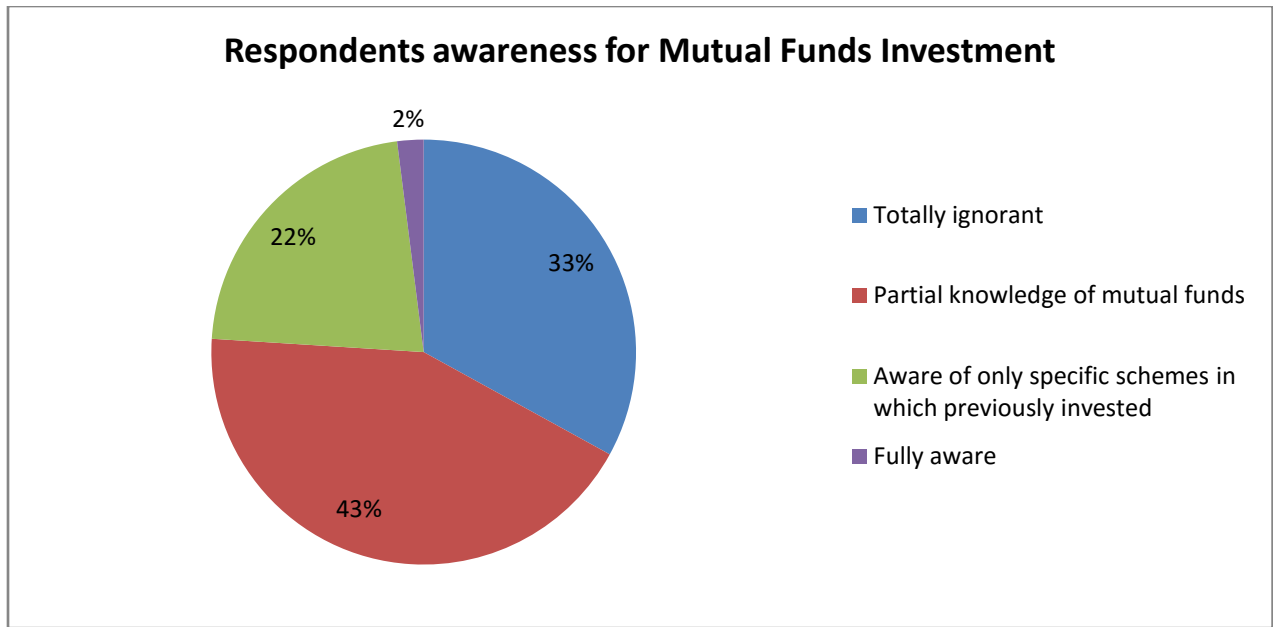


Chart 6: Respondents awareness for Mutual Funds Investment

Chart 6 depicts that almost half of the respondents have partial knowledge of mutual funds and because of this reason they don't prefer making investment in mutual funds. 33 respondents are totally ignorant about the mutual funds and 22 respondents are aware of only specific schemes in which they have previously invested. And the remaining only 2 respondents are fully aware of the mutual funds. The reason of less investment in mutual funds is the lack of awareness on the part of investors and thinking it as a risky investment option.

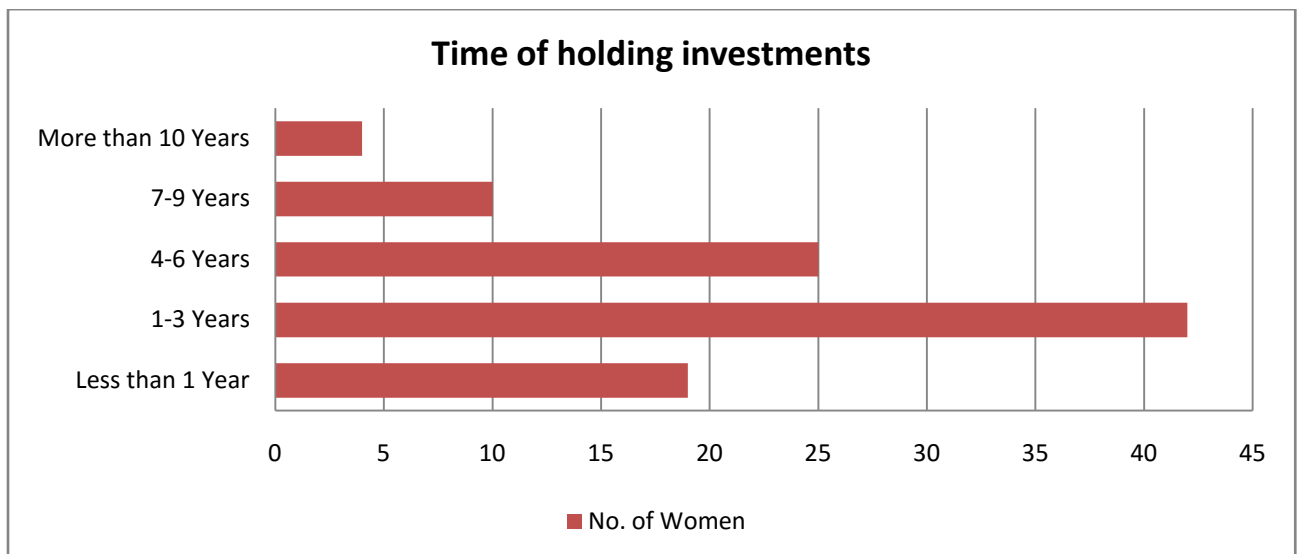


Chart 7: Time of holding investments

Chart 7 reveals that 42 respondents prefer to hold investment in mutual funds for one-three years period, 25 respondents for four-six years period and 19 respondents prefer to invest for less than one year. The remaining 14 respondents prefer holding their investments in mutual funds for seven years and above time period. So, it can be concluded that 86% respondents hold their investment for not less than six years.

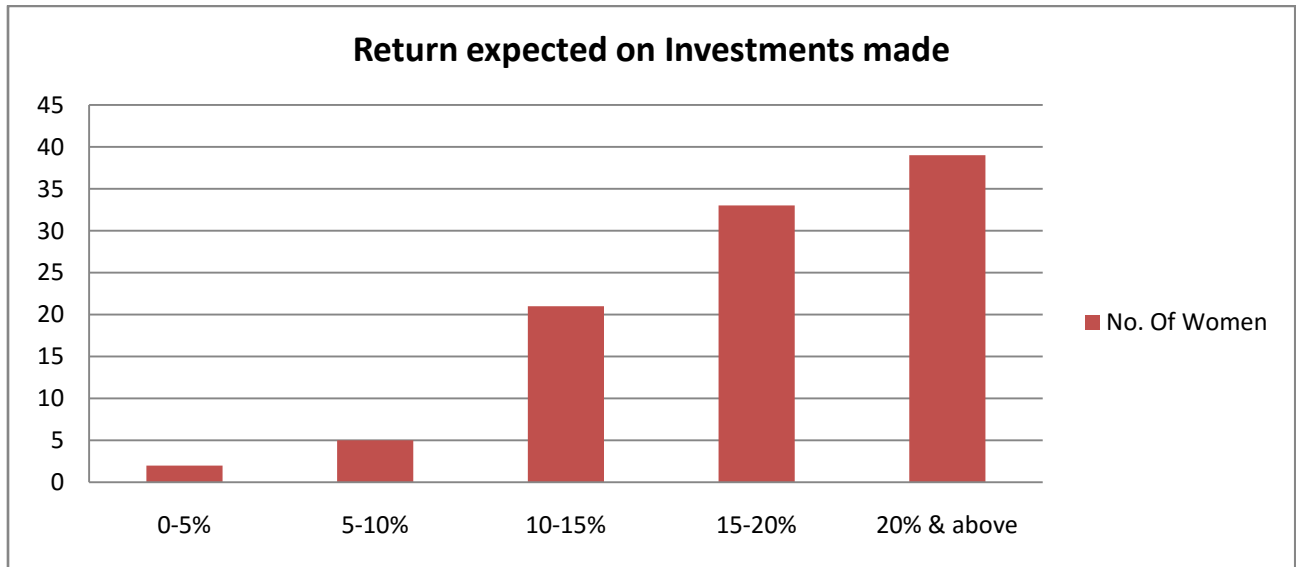


Chart 8: Return expected on Investments made

Chart 8 shows that 40 respondents expect 20% & above return on the investments made by them and 33 respondents expect 15-20% return on their investment. 21 respondents expect 10-15% return and the rest 7 respondents expect the return below 10%. Investors have the attitude to earn high returns with less risk on the investments made. As most of the respondents prefer making investments in fixed deposits, so they earn the return ranging between 5-10%.

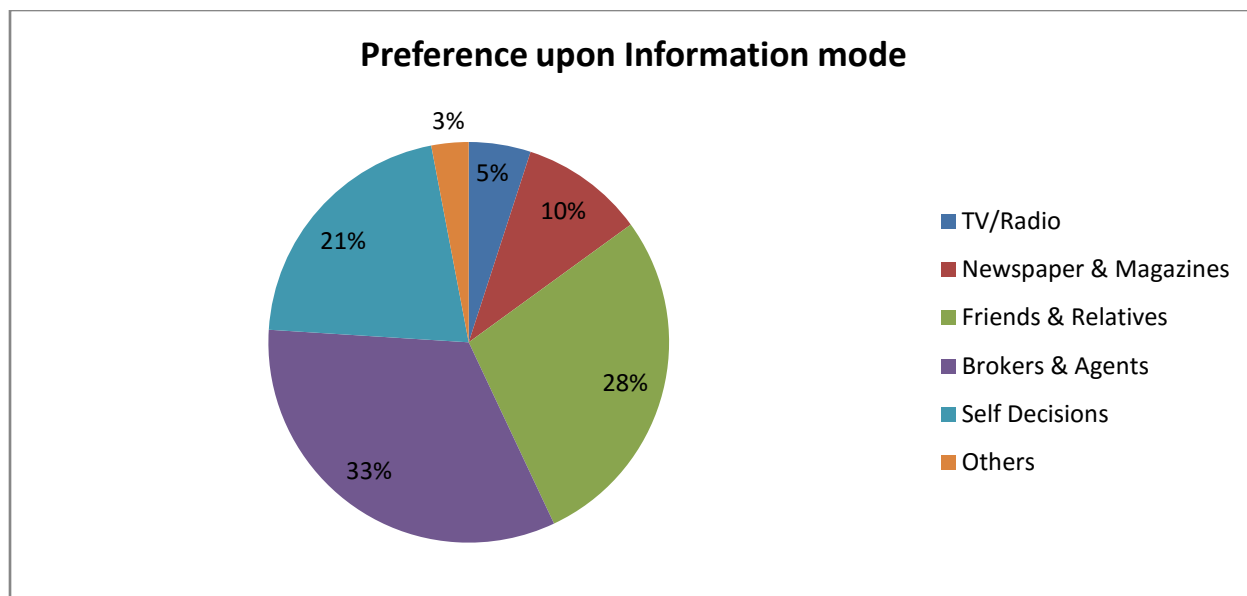


Chart 9: Preference upon Information mode

Chart 9 depicts that the 33% respondents prefer taking help of Brokers & agents for making investment in mutual funds and 28% respondents invest in mutual funds as per suggestions and information given by their friends and relatives. 21% respondents make investment in mutual funds as per their own decisions by applying their skills and knowledge. And the remaining respondents take help of newspapers, magazines, television and other sources of information for making investment as they have less knowledge of mutual funds.

Conclusion

Mutual fund is the most attractive investment option for women to diversify their portfolio and help the investor's in providing optimized return on their earnings. Mutual funds are very safe with close to zero risk. Women investors can increase their returns on their corpus by making investment in mutual funds which will diversify their portfolio and reduce the risk on investment made.

Women investors are risk averse and they generally prefer investments carrying low risk and yielding high returns. They have lack of awareness of mutual fund investments and due to that they avoid investing in mutual funds and prefer investing in fixed and bank deposits having less risk. Women investors prefer to hold investment for one to three years period and they prefer taking help of the brokers and agents for making investment in mutual

funds. It is important for the investor's to gain knowledge of mutual fund investments, companies in the field, mutual fund experts, as the investors are easily misguided by various advertisements and offers promoted by various financial institutions.

Mutual fund companies should come forward with their full support to help the investor's in designing their portfolios, ensuring full disclosure of related information, providing proper consultancy services to the investors in understanding terms and conditions of different mutual fund schemes and provide tax rebates from the government on investment in mutual funds.

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