



A study on financial literacy among women investors in Patna: A reality or a utopia

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Abstract

Investment is acknowledged as one of the powerful tool for every individual. Investors typically perform technical or fundamental analysis to determine favorable investment opportunities and generally prefer to minimize risk while maximizing returns. Looking at the contemporary world we find most of the women who are financially independent and invest. Earlier they prefer saving rather than investing.

This study investigates about the financial literacy, investment pattern, and risk appetite among women investors in Patna. Understanding the investment pattern of women investors by taking their responses on various factors like risk, return, safety, liquidity, etc.

The results obtained after survey depicts that saving, financial knowledge, have influence on investment decision of women investors and financial literacy is yet to satiate.

Keywords: Investment, financial literacy, investment pattern, risk appetite

Introduction

Investment is an economic activity which involves creation of assets or exchange of assets with the motive of earning profit. It is the employment of funds with the purpose of earning additional income or growth in value. The person making investment has to part with his funds. The funds may be converted into monetary assets or a claim on future money for a return. This return is an award for abstaining from present consumption for parting with the money or liquidity and for taking a risk. The risk may be about the return on investment, time of waiting, safety of funds etc. It is an activity that is engaged in by people who have savings, i.e., Investments are made from savings, or in other words, people invest their savings, but all savers are not Investment is an activity which is different from saving.

The essential quality of an investment is that it involves something for reward. Investment involves the commitment of resources which have been saved in the hope that some benefits will accrue in the future. Thus, investment may be defined as "a commitment of funds made in the expectation of some positive rate of return "since the return is expected to realize in future, there is a possibility that the return actually realized is lower than the return expected to be realized. This possibility of variation in the actual return is known as investment risk. Thus, every investment involves return and risk.

Investment types

Systematic investment plan

SIP refers to investment in mutual funds regularly with a fixed amount of money in a disciplined manner.

It helps to invest a fixed amount of money regularly in various mutual funds schemes depending on your financial goals.

It is a medium to invest in mutual fund scheme. It provides regular investment mode in mutual fund. A SIP enforces a disciplined approach towards investing

Stocks

Stocks are a type of security that gives stockholders a share of stock in a corporation. An individual unit of stock is known as a share.

Mutual fund

Mutual fund can be defined as a trust that pools together investment from different investors having common investment objectives. Here, objective mean needs in terms of return time span and principal amount. Most investors utilize investing in mutual funds as part of their retirement planning. Investors buy shares in mutual funds. Each share represents an investor's part ownership in the fund and the income it generates.

Objectives

1. To identify factors affecting investment decision of working women.
2. This study helps to understand the investment pattern of women investors while making investment decision related to financial returns.
3. To know the risk appetite of women investors. Ownership in a company. Stocks also are called 'equities'. A stockholder is any individual who buys shares of
4. To study the level of financial literacy of women investors of Patna.

To identify which factors they give priority while investing.

Hypotheses

Following hypotheses were considered for the study:

H1: Working women are significantly aware of the basic fundamentals of investments.

H2: They are financial proficient & are well versed with investment avenues.

Research methodology

The study aims at financial literacy among women investors with reference to Patna.

Data collection

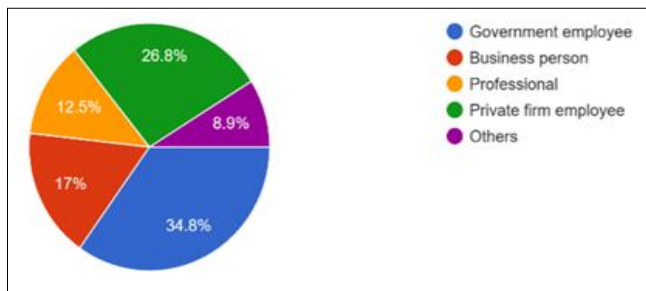
Primary Method of Data collection was done through online survey conducted via Google forms and one to one interview.

Further to support the purpose of the research, self-prepared questionnaires were circulated amongst working women of different sectors through offline visit and google forms.

Secondary Method of data collection, we relied on books, articles and took references from the internet.

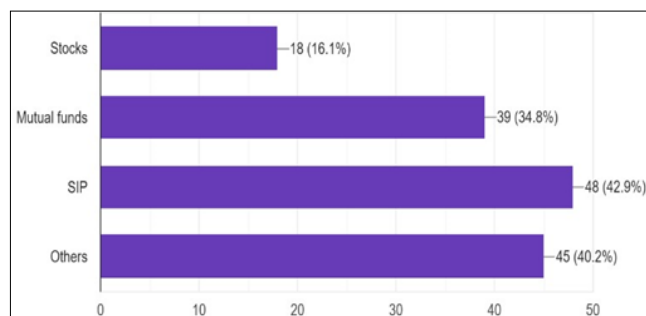
Data Analysis and interpretation

Table 1: Working women in different sectors



The ratio of women working in government sector is more which consist of 34.8% which includes working in government banks, government schools, colleges etc. The ratio of women in private form is 26.8% which consist of private banks, private schools, private colleges and private companies. The women engaged in business consists of 17% which runs are shop or boutique or some small businesses. The working women in business consists of 17% which runs are shop or boutique or some small businesses. The working women in profession is 12.5% which consists of advocates, etc. The ratio of working women in other field consist of 8.9%.

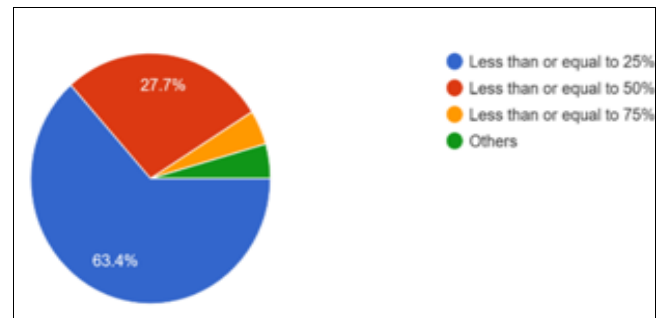
Table 1.2: Investment types of working women



Most of the women prefer to invest in systematic investment plan (SIP) which is 42.9% Most of them who have proper financial literacy invest in all of the above that is mutual funds, stocks and SIP. The study also shows that others ratio

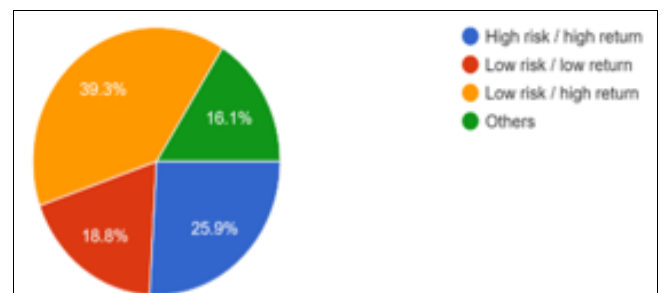
is more than stock and mutual funds which shows that working women still lack financial literacy. Others percentage is 40.2%. Mutual funds constitute of 34.8% and stock constitute of 16.1% which is very low.

Table 1.3: Percentage of savings from total income



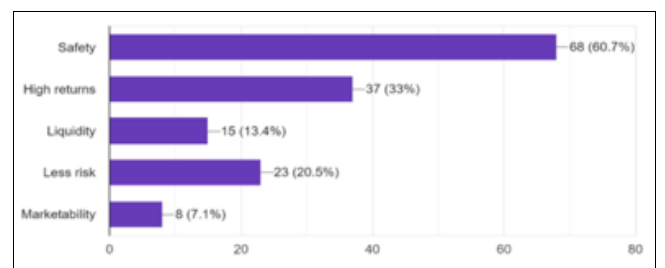
The percentage of saving among women investors are more likely to be less than or equal to 25% which depends on their personal income. The percentage of women with less than 25% of savings is 63.4% as shown in the above pie chart. 27.7% women saves less than or equal to 50% of their income which gives more chances of investing. Less than or equal to 75% constitute of very less percentage.

Table 1.4: Risk and Return



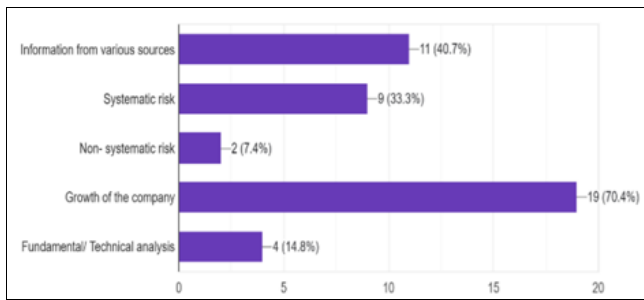
Most of the women prefer low risk and expect high return which constitute of 39.3%. They see their safety while investing while on the other hand they want high return as well. 25.9% are high risk takers and expect high return. 18.8% women takes less risk and less return. Others percentage is 16.1%.

Table 1.5: Factors which working women give priority while investing



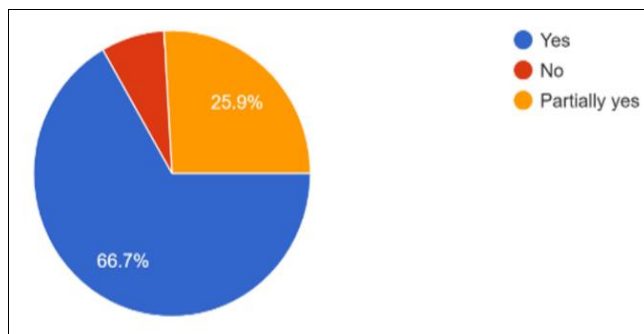
First and the foremost thing is the safety of the money. Everyone wants to see the safe side first and in monetary terms safety is the priority for almost every investor The percentage of safety is 60.7%. There are women who give priority to high returns first which consist of 33%. Less risk is also the priority for many which constitute of 20.5%. Liquidity 13.4% and marketability 7.1%. There are multiple things on which an investor looks at while investing.

Table 1.6: Factors that affect investment decision



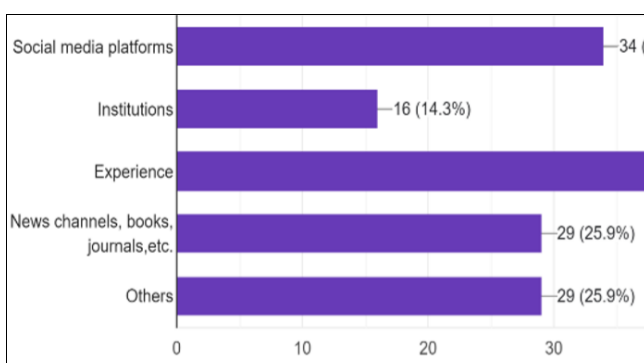
Growth of the company is the major factor that affect the investment decision of women which constitute of 70.4%. formation from various sources constitute of 40.7%. systematic risk is another factor that affects investment decision of women whicg constitute of 33.3%. fundamental and technical analysis percentage is 14.8%. non systematic risk constitute of 7.4%.

Table 1.7: Financial literacy of working women



From the above data we can see that 66.7% women have the financial literacy and they are aware about investment. 7.4% of women do not have financial literacy. The women who have partially idea or aware about financial literacy and investment are 25.9%.

Table 1.8: Sources of financial knowledge



The women who get the financial knowledge from social media platforms constitute of 30.4%. Majority of the women get their financial knowledge from experience which constitute of 37.5%. News channels, books journals constitute of 25.9%. institutions constitute of 14.3%. others constitute of 25.9%.

Major findings

Analysis and interpretation of the data following findings were emerged:

Researcher's perception.

- The one who is earning profit on investment prefers to do reinvestment to gain more and more profit which concludes 43.8%.
- Women lack investing confidence: only little percentage of women think they make better investors despite research showing that they earn consistently better returns.
- Women tend to invest more conservatively: about 60.7% women give priority to safety while they invest.
- Women are less confident in their investing ability as 39.3% women are investing in financial securities which give low risk/high return.

Conclusion

From the study it is concluded that women are less aware of investment pattern and the number of women investors in stock market is comparatively low. Hence there is a wide scope in further analysis in this area including more number of respondents. Hence the study concluded that there is more need of awareness among women investors to enhance their financial knowledge and to improve their investment pattern so that they become financial proficient.

Suggestions

Need for financial literacy

Certain sectors have full knowledge of investment and are financially literate. A part of all the sectors still lack financial literacy. There is still need for financial literacy among working women so that they should become financial proficient.

Understanding investment pattern

Majority of the women tend to invest in safe securities. They have little or no knowledge of stocks and prefer to invest in SIPs and mutual funds. They need to know and figure out the investment pattern so that they can utilise their savings in the best possible way to gain more profit. Understanding investment pattern is essential to invest in different securities.

Women tend to invest in securities that has zero risk or less risk, they don't want to invest in stocks and kind of securities that need to be watched every time.

Need to work on personal finance

Women are working in different sectors but they don't invest their money proficiently. They prefer saving but saving money will not help the money to grow, after few years the value of that money will be less because of inflation.

Anxious and hesitant

Women are underconfident and rely on their parents or husband. They lack confidence and hesitate to invest.

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