

Investment opportunities for women in stock exchange – A study with reference to Dakshina Kannada District”

Principal investigator: Sushma R.Shetty

EXECUTIVE SUMMARY

An executive summary of the final report of work done on the minor research project of Sushma R. Shetty., Department of Commerce, Canara College, Mangaluru entitled, “Investment opportunities for women in stock exchange – A study with reference to Dakshina Kannada District” vide UGC letter number 2108-MRP/15 -16/KAMA003/UGC-SWRO Dated: 25.04.2016

INTRODUCTION

To invest is to allocate money in the expectation of some benefit in the future. Investors generally expect higher returns from the riskier investments. Stock exchange is one important constituent of capital market. Stock Exchange is an organized market for the purchase and sale of industrial and financial security. It is convenient place where trading in securities is conducted in systematic manner i.e. as per certain rules and regulations.

In the present scenario, women are considered to be better investors than men. According to the research from fidelity investments, men save 7.9% of their salaries whereas women save 8.3%. The research of Terrance Odean and Brad Barber, showed women outperform men annually by about one percentage. It looked at the accounts of around 60,000 investors, about one quarter of them are women. Female investors signed into their accounts 45% less frequently than male investors. Many surveys indicate that women do more research and are better matching their investments to their goals, trade less and remain calmer during market upheavals. Of course men can be marvelous investors too and in some areas women would be wise to take their counsel. But women have a different and valuable approach that can help almost anyone become a better investor; Women make roughly 70% of household purchases, putting them in a great position to benefit from the strategy. Women approach risk differently than men. Studies show that men are more inclined to behave like baseball sluggers, who swing for their fences; women by contrast, are more like contact hitters who are satisfied with string of singles.

When it comes to financial planning for women, the basics remain the same for men and women. However, financial planners say that the approach differs when one considers the

fact that the habit of savings is ingrained in women is much more than men, higher life expectancy and a relatively lower knowledge of finance and investments. The basics of financial planning requires one to first set the goals for investing and the time line to achieve the goals. Then the person needs to look at his/her cash flows to decide how much one can save and invest.

According to a financial planner, in Indian families, it is mostly seen that the decisions about finance and investments are not with women, but men. On the other hand with the life expectancy of women in India a couple of years more than men, on the later part of their lives, women live alone for a few more years. With relatively less knowledge about finance and investing, they face problems. The situation is aggravated by the spread of culture of nuclear families in India where children, after they grow up and start working, also live separately. So eventually women, in their old age, are increasingly finding it difficult to manage their finances. So it's important that women start participating in the financial planning process in a family.

Women and stock exchange

Most of women have common fear of the stock market. Majority of them consider stock market investment a sort of gambling. There is no doubt that lack of knowledge about the stock market makes them think so. This is the reason that most open shun from the stock market investment. But the reality is that little patience, careful study of the market and even a little fund can see through the stock market. One can always have some extra money by investing in stock market instead of keeping them low yielding bank accounts.

Objectives of the Research study

The main objectives of this study are

- To study the investment pattern of female investors.
- To study the investment decision taken by the female investors in stock exchange.
- To find out the risk bearing capacity of the women section while making investment decision.
- To find out reasons for investment and sources from which women get information to investment in stock market.

RESEARCH METHODOLOGY

The research design is analytical in nature. The study is based on primary and secondary data. The primary data is collected through structural questionnaire.

Secondary data was gathered through books, journals, newspapers, and websites for the review literature.

A sample size of 200 respondents was selected. To study the determinants influencing factors and independent factors, a structured questionnaire was prepared. The first part of the questionnaire consist of the background information of the respondents such as age, marital status, occupation of family, family income, number of members in family and their dependant, Monthly savings etc.

The second part of the questionnaire consists of the questions relating to the main purpose of the study .This part enables empherical study on the approximate size of investments of shares, the factors considered while investing in shares and their perception towards the investment in stock market and their experiences.

Both primary and secondary data were made use of in the preparation of the report. The data collected were drawn into the suitable graphs to arrive at the conclusions. For empirical analysis, descriptive statistical tools such as percentage and average have been applied.

- ❖ Collection of secondary data on the subject from books, magazines, websites and newspapers.
- ❖ Collection of primary data through personal interview and written questionnaire.
- ❖ Designing the sample size to 200 women investors.
- ❖ Classification & tabulation of information collected for analysis and interpretation.

Area of Study:

This Minor research is carried out in Dakshina Kannada of Karnataka state.

Sample Design: The sample consists of 200 respondents from Dakshina Kannada Districts. The respondents are randomly selected from some of the Taluks of DakshinaKannada.Dakshina Kannada District comprises of Mangaluru, Belthangadi, Bantwal, Puttur and SulliaTaluks. The respondents belonged to different Taluks of Dakshina Kannada. More respondents were selected from Mangaluru District keeping in mind the area and the large population residing in the Taluk. Comparatively the population in Sullia, Bantwal and Belthangadi was less, so less number of respondents was selected from these Taluks. The Respondents from both rural and urban areas were selected for the study.

Summary of Observations

The study was undertaken to find out the investment opportunities of women in stock market in Dakshina Kannada district of Karnataka State. During the study the sample of 200 respondents were taken randomly from different parts of Dakshina Kannada. The following are the finding of the study.

1. There are only 14% of respondents in the age group of 18 to 20 years, the highest number i.e, 30% of respondents are from 20 to 30 years of age, 20% from 30 to 40 years, 25% from 40 to 50 years of age and rest 11% from the age group of above 50. The highest number of age group involved in stock market investment is between 20-30 and least number is of the age above 50. It is observed that age group from younger generation are more attracted to stock market investment.
2. 20% of the respondents who invested in the stock exchange were single and 70% of the respondents were married and less than 10% were divorced and widow among the respondents. Majority of the respondents were married this may be because of the increased responsibility of savings for the future after marriage.
3. The study showed that 60% of the women were salaried and 13% of them were homemakers and 14% were retired women among them and 13% were self-employed women. It was clear that women who were salaried invested more in the stock market. It was also observed in the study that the women who were salaried had more opportunity to invest because of their financial independence.
4. According to this up to 13% of the respondents annual income was up to 100000 and 37% of the respondents annual income was above 100000 and 31% of the respondents annual income was above 200000 and 19 % of the respondents were above 500000. The study showed that the level of income was not really a constraint for women to invest in the stock exchange.
5. 14% of the respondent savings were below 5000 and 15% of the respondent monthly savings is above 20000. The amount of savings among the respondents is different depending on the monthly income and their commitments. Some women try to save more and invest in different avenues to reap more profit. In this study it was shown that most of the respondents had savings above 5000 to 10000.
6. It was found that 46% of the respondents invested less than 25% of their savings in stock market. 47% of them invested less than 50% of their savings and 6% of respondents invested less than 75% and 1% of the respondents invested more than 75% of their savings in the stock exchange. It was found that the respondents invested certain portion of their savings in the stock market. Most of the women in Dakshina Kannada invested half of their savings in the stock market and very less women had the courage to invest more than 75% of their savings in the stock exchange.

7. 34% of the respondents invested in stock market from less than a year. So it is observed that most of the respondents were experienced for less than a year in the stock market and fewer portions of the respondents had good experience for a longer period investing in the stock market. This may be due to the lack of knowledge and also that in the recent days, stock market became popular among women and they have realized the importance of investment.
8. 29% of them earning per share and 32% of them considered company profile for investing in the stock market. So it is found that most of the respondents consider the company profile and the Earning per share as a major factor along with others factors for investing in the stock market.,
9. 47% of them said Advice of the brokers and 31% of them said Newspaper and periodicals. Women find it more convenient to seek the advice of the brokers while investing in the stock market.
10. 48% of them said that they invest on banking sector. According to the study it was found that most of the respondents invested in banking sectors as they might have felt it is more reliable compared to other sectors. Respondents even considered IT and pharmacy sector also while investing.
11. 54% of the respondents said dividend of shares influence in selecting the shares. It was found that dividend had a major role to play while selecting the shares; the respondent would select that sector of shares where dividend is more. Even capital gains and tax benefits were considered as an important factor by many respondents while selecting the shares.
12. 57% of the respondents said that their short term goal of investment is returns and 19% of them said it was liquidity and 24% of them said that they invested for the purpose of safety. So the short term goal of the investment of an individual depends upon one's own choice and also the financial condition of an investor plays a major role in the short term goal of investment. It was found that major part of the women population invested in stock exchange for the purpose of good returns on their investments.
13. 20% of the respondents said that their long term goal was retirement corpus and 15% of them said that it was daughter's marriage and 40% of the respondents said it was Children's future and 25% of the respondents said that their long term goal was to have a dream house. The long term goal of investment of each individual differs from each other's. Everyone's priorities are different in life. Based on their priorities they chose their long term goal of investment.

SUGGESTIONS AND RECOMMENDATIONS

1. In every sector there is constant change and up gradation. In stock market investments also changes are required. Proper training should be provided to the women investors. Necessary training centers may be set up for women in different levels to provide skills through appropriate professional training on different sectors of Investments.
2. Various facilities should be provided in the universities and other research and development institutions to train small groups of women in the Stock market investment.
3. Proper guidelines have to be framed to protect the exploitation of the women investors in the stock market.
4. It is very important to meet the grievances by the women investors. This will give them the courage and confidence for active participation in stock market investment.
5. Financial support must be extended by the term lending institutions with low rate of interest to the women who invest in the stock exchange.
6. Proper Training centers have to be opened in the remote areas to provide knowledge about the investment opportunities available to the women in the stock market.
7. To retain the new female investors in the capital market and to make them aware of the opportunities and challenges and to make them efficient in taking investment decision, the regulatory bodies should arrange more training programmes, awareness programmes and seminars for the investors especially for the females.
8. Female investors should take investment decision on the basis of company profile, research and expert opinion. They should avoid their sentiments and other investor's suggestions in this regard.
9. Brokerage houses may open more branches in different locations to encourage the women investors to invest their savings in the capital market.
10. Female investors should be given regular information about the invested companies by the brokerage houses in a more convenient form which is easily accessible by all female investors.