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Commerce

TO STUDY EFFECT OF FINANCIAL LITERACY ON INVESTMENT DECISION OF WORKING WOMEN IN NORTH GUJARAT

KEY WORDS: Financial Literacy, Investment Decision, Working Women.

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ABSTRACT

The term financial literacy indicates the way to know, to understand how the money works. Good financial literacy throws light on one's awareness on various avenues, skills and investment decision. Investment is done for the benefit of mere future, either for short term or long term. This study aims to investigate the financial literacy, awareness of working women on investment avenues, preferred avenues and factors influencing on their investment decision. The result reflects that women are less aware on various avenues. Along with the demographic factors like marital status, income, certain specific factors namely liquidity, safety, risk and return associated with avenues influence in their investment decision.

1. INTRODUCTION

Financial literacy is purely to realize the way in which money works. It implies in order to examine how one makes money, spends it, manages it, and invests it. Financial literacy is often important as one cannot be successful without proper financial decisions. Under financial literacy, a number of activities are involved with the aim of enhancing the knowledge, confidence, and skill of consumers so that they can manage finance better. Investment simply means that the sacrifice made by an individual in present with the aim of earning greater benefits in the mere future (Haming and Basalamah, 2010). There are various avenues like stock market-direct equity, equity mutual funds, debt mutual funds, NPS (National Pension Scheme), PPF (Public Provident Fund), PF, bank fixed deposit, life insurance, real estate, company deposit, chit fund, post office schemes, real estate, bonds, gold, precious stones, and articles and alike to invest with. Before investing individuals estimate the risk-return association with the avenues. The psychological factors act as a vital role in determining the investment decision. (Manurung,2012).

2. Review of Literature:

Nadia Asandimitra et.al.(2019) conducted research with the goal of determining the level of financial literacy among working women, as well as describing assets allocation along with time and profit in investment. The qualitative descriptive study said that the characteristics of the respondents influence their investment choice as an investment is associated with risk factors. The study ended with a positive result that working women have strong financial literacy as evidenced by their investment discipline. They plan and invest their excess money with belief to get profit from the investment.

V. Reddy and Swapna.H.R (2018) conducted a study to find the financial literacy level of working women towards equity investment, also to understand the relationship between monetary and venture behavior i.e, financial literacy and investment behavior on equity with reference to static demographic variables. Working women investors of Bangalore were drawn as samples. The respondents opined that the transparencies in operation by the investment companies help the investors to decide on investment as per their likes and dislikes. The result throws light on the happiness and satisfaction of working women with respect to investment companies which find the need of investors and update them with the latest news and schemes. Technological advancement and online investment portals made them highly satisfied. In order to promote and coordinate financial literacy, the federal, regional, local along

with public and private programs should reach the public and increase the awareness to the need of enhancing their knowledge on financial risks and methods of defending them from financial risks through appropriate investments, insurance, and financial education.

3. RESEARCH METHODOLOGY

The primary data for this empirical study was collected from the working women in North Gujarat. The study highlights the financial literacy level and investment decisions of working women. 100 respondents were taken as samples on the basis of the random sampling method. The researcher has taken care to see that the respondents represent demographic factors like age, literacy level, and income under this study. In addition to primary data, secondary data has been collected from various published sources, e-journals. Google scholar and Shodhganga were used to gather articles for the purpose of literature review. The ideas drawn from these sources have been incorporated wherever necessary to substantiate the primary data.

3.1 Research Objectives

- To measure and access the level of financial literacy of working women in North Gujarat.
- To measure their awareness of various investment avenues.
- To identify the factors determining the investment decision of working women

4. RESULTS AND DISCUSSION

Financial literacy:

60% of the respondents opined that they have low financial knowledge. It indicates that the knowledge of the respondents is below the needed level. The working women heard about the investment avenues and are not experienced by investing in all. They lack clear cut knowledge about the procedures, pros and cons, risk, and return associated with the avenues.

Reason for investment:

The majority of the working women invest to meet the future expenses followed by wealth creation, tax savings, and any other reasons. A woman thinks about her children's education along with buying some assets for her family, to keep some money in liquid form to meet the contingencies of the family. Thus, women highly support their family in all the ways wherein 'Family security' is her prominent aspect while making investment decisions. Investment decision is based on risk, return, growth, financial literacy, income level, confidence, and experience. Women normally take advice from their family members before investing and some of them

are self-capable to make investment decision. A few of the respondents opinioned that they take assistance of their friends followed by financial assistants before making investment decisions.

Data collected from the respondents on their awareness on investment avenues were analyzed and represented with the help of above chart. The chart clearly states that all working women are aware on bank deposit scheme, most of them aware on schemes post office investment schemes, insurance, followed by gold investment and PF/PPF. Only a few of them are aware on mutual fund and company deposit scheme and least number of responses received by them stating that they have awareness on stock market and real estate. This can be interpreted that working women have awareness only on few avenues and less awareness on all the avenues.

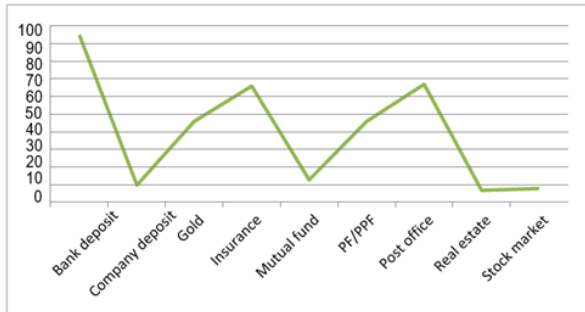


Figure 1: Awareness Of Respondents On Investment Avenues

Findings

The result reflected that the knowledge of respondents is below the needed level. Demographic factors like age, educational qualification, marital status, income impact the investment decision. The income earned by the working women is sufficient to meet their personal expenses but not much satisfied as they have less amount of money left with them to invest. The study revealed that 50% of the respondents have regular investment habits and about 40% of the incomes they earn are utilized for investment purposes. Along with the demographic factors, liquidity and risk factors highly influence the investment decision. Bank FD, insurance, post office schemes, gold and PPF are widely preferred as women feel that investing in those avenues is safe. There is a lack of knowledge on all the investment avenues. Working women go for risk-free medium-term avenues where they earn a stable return. Only a few of them utilized the portfolio investment method.

CONCLUSION

Financial literacy attempts to measure the understanding and financial decisions of people. The present study outlined financial literacy as the individual's capacity to know, to possess fundamental information in an economic and financial area, along with the skill to use that knowledge to deal with financial resources effectively. 'Invest early, Invest well' is the mantra. The younger if one invests and prioritizes financial planning basics, the wealthier she will be. Women play a key role in family, business, and society. She is an active participant in all the paths of life. To enjoy fruitful results in the future, women must get updated with the avenues. Thus women are to be provided with detail information about the avenues which helps in the selection of different avenues keeping a note on the requirement of her family and risk factors associated with the avenue. For better yield one should not invest all the savings in a single basket.

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