

# Study of Investment Options for Poor Household Women

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**Abstract:** *This research paper explains various investment options available to women in low-income households, with a focus on encouraging them to achieve financial stability and independence. The study employs a mixed methods approach, combining quantitative analysis of existing investment schemes and qualitative interviews with women from diverse socioeconomic backgrounds. The quantitative analysis investigates the performance and accessibility of various investment instruments such as microfinance, savings groups, and government schemes. It examines the returns, risks, and suitability of these options for women with limited financial resources. The findings of this research highlight the importance of tailored financial solutions that consider the unique needs and constraints faced by women in low-income households. By understanding these factors policymakers and financial institutions can design and implement more inclusive and effective investment strategies to empower women economically.*

**Keywords:** investment options

## I. INTRODUCTION

In many developing countries, women from poor households face unique challenges in achieving financial stability and security. Limited access to formal financial institutions, coupled with traditional gender roles and societal norms, often restrict their ability to save and invest in ways that could improve their economic well-being. As a result, these women are more vulnerable to financial shocks and have fewer opportunities to build assets that could help them break the cycle of poverty. Understanding the variety of investment options available to poor household women is crucial for designing effective interventions to empower them economically. This research aims to explore the investment preferences, constraints, and strategies of poor household women in India with a focus on identifying viable and sustainable investment options that can enhance their financial freedom and improve their livelihoods.

### Definition of poor household women

Poor household women in India are typically defined as women who belong to families living below the poverty line, as defined by the Indian government. These women often face economic hardships and lack access to basic amenities and opportunities. They are frequently engaged in low-income occupations or may be unemployed, and they often have limited education and skills training. Due to their financial constraints, they may have limited ability to save or invest, making them particularly vulnerable to financial shocks. Understanding the investment options available to these women is crucial for empowering them economically and improving their daily life.

### Objectives:

- To assess the financial needs and constraints of poor household women
- To explore the available investment options suitable for poor household women
- To analyze the impact of different investment options on the financial empowerment of poor household women

## II. REVIEW OF LITERATURE

Investment options for women from poor households have gained significant attention due to their potential to empower women financially and contribute to poverty alleviation. Several studies have explored the challenges and opportunities

associated with such investments, focusing on various aspects such as access to financial resources, decision-making autonomy, and the impact on household welfare.

A study by Caber (2001) emphasized the importance of women's economic empowerment through investments, highlighting the positive effects on their well-being and that of their families. The study under scored the need for tailored investment options that consider the unique circumstances and constraints faced by women in poor households. Another similar case Raman and Choudhury (2008) examined the impact of microfinance on women's investment decisions and found that access to microfinance services positively influenced women's ability to invest in income-generating activities. The study suggested that microfinance institutions play a crucial role in empowering women to make strategic investment choices. Also, a study by Pitt et al. (2003) investigated the link between women's control over household resources and their investment decisions. The findings indicated that women who had greater control over resources were more likely to invest in their children's education and health, highlighting

The broader societal benefits of women's financial empowerment. Thus, despite the potential benefits, women from poor households face numerous challenges in accessing and utilizing investment options effectively. A study by Molyneux et al. (2001) highlighted the role of social norms and cultural practices in limiting women's access to financial resources and investment opportunities. The study emphasized the importance of addressing these structural barriers to promote gender equality in investment decision-making.

### III. RESEARCH METHODOLOGY

#### Collection of data

Primary Data was collected by forwarding structured close ended questionnaires to respondents through Google form on non-random selection using convenience sampling.

Sample Size: Planned: 100; Actual: 68

Secondary Data was collected to analyze kinds of options for investments was collected through Books, online journals, magazines, news articles and so on.

#### Data:

Data was collected through Google form questionnaires

Primary data gathered through the questionnaires forwarded to relevant questionnaires.

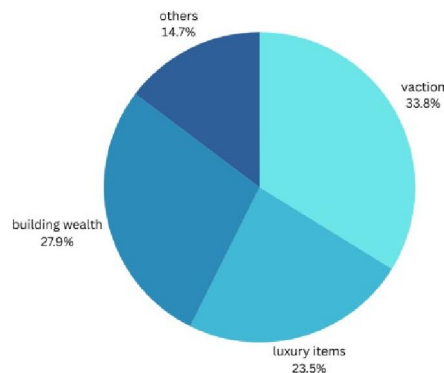
Question 1) What is the primary goal of investing?

Saving for a vacation

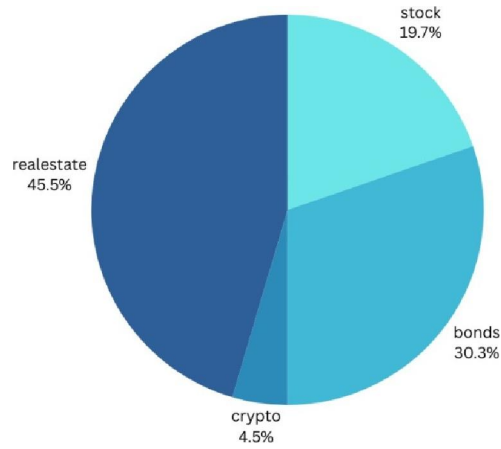
Building wealth over time

Buying luxury items

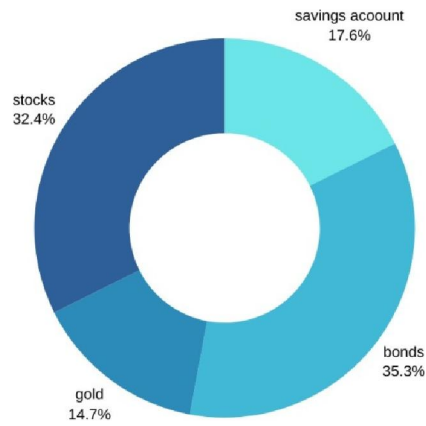
others



Question 2) which of the following are considered a low-risk investment option?

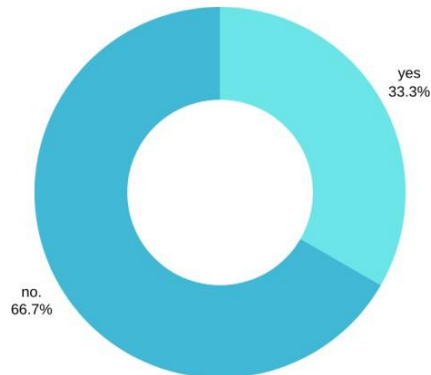


Question 3) Which investment option typically offers higher returns but also comes with higher Risks?



Question 4) Are you aware of the investment's options available?

- a) Yes
- b) No



Hypothesis:

**Hypothesis 1:** Poor household women who receive financial literacy training will demonstrate a greater propensity to invest in savings and investment products compared to those who do not receive such knowledge.

**Hypothesis 2:** There is a positive correlation between the level of education of poor household women and their investment decisions, with women having higher education levels being more likely to invest in various financial options.

Different strategies for investment for poor household women:

**Microfinance:** Microfinance institutions (MFIs) provide financial services, including loans and savings accounts, to low-income individuals. Poor household women can use micro finance loans to start small businesses or investing income- generating activities.

**Self-Help Groups (SHGs):** SHGs are groups of individuals, usually women from similar socio-economic backgrounds, who pool their savings and provide collateral-free loans to group members. SHGs promote financial inclusion and empower women to save and invest in their futures.

**Government Schemes:** Various government schemes, such as the Prada Mantri Jan Dhan Yojana(PMJDY),provide financial services, including savings accounts, insurance, and pension schemes, to poor households. Women can benefit from these schemes to save and invest for their future needs.

**Livestock and Agriculture:** Investing in livestock rearing or small-scale agriculture can provide a sustainable source of income for poor household women. It requires initial investment but can yield long-term benefits.

**Skill Development:** Investing in skill development programs can enhance the earning potential of poor household women. They can learn new skills or improve existing ones to access better job opportunities or start their own businesses.

**Education:** Investing in education, especially for their children, can have long- term benefits for poor household women. It can improve their children's future earning potential and break the cycle of poverty

**Healthcare:** Investing in health care can prevent costly medical expenses in the future. Poor household women can use savings or insurance to access quality healthcare services.

**Gold and Jewelry:** While not a traditional investment strategy, many poor household women in India investing old and jewellery as a form of savings. They can sell these assets during emergencies or to meet future financial needs.

**Financial Literacy:** Providing financial literacy training can empower poor household women to make informed investment decisions. They can learn about different investment options, risk management, and long-term financial planning.

**Collective Investments:** Poor household women can pool their resources through community-based savings and investment groups. This can help them access larger investment opportunities and mitigate individual risks.

#### **Different financial options for investment:**

**Savings Account:** A savings account is a basic financial product offered by banks that allows individuals to deposit money, earn interest, and withdraw funds as needed. Savings accounts are low-risk and offer easy access to funds. However, the interest rates are relatively low compared to other investment options.

**Fixed Deposits:** Fixed deposits (FDs) are a type of term deposit offered by banks and financial institutions. They offer a fixed interest rate over a predetermined period, ranging from a few months to several years. FDs are considered low-risk investments with higher interest rates than savings accounts.

**Recurring Deposits:** Recurring deposits (RDs) are similar to FDs but allow individuals to deposit a fixed amount of money regularly, typically monthly. RDs also offer a fixed interest rate and are considered low-risk investments.

**Public Provident Fund (PPF):** PPF is a long-term investment scheme offered by the government of India. It offers a fixed interest rate and has a lock-in period of 15 years. PPF is considered a safe investment option with tax benefits.

**National Savings Certificate (NSC):** NSC is a fixed-income investment scheme offered by the government of India. It has a fixed interest rate and a lock-in period of 5 or 10 years. NSC is considered a safe investment option with tax benefits.

**Mutual Funds:** Mutual funds pool money from multiple investors to invest in a diversified portfolio of securities such as stocks, bonds, and other assets. Mutual funds offer higher potential returns compared to traditional bank products but also carry higher risk.

**Gold:** Gold is considered safe-haven asset and ashore of value. Poor household women can invest in physical gold or gold ETFs (Exchange-Traded Funds) which track the price of gold. Gold investments can provide a hedge against inflation and economic uncertainties.

**Microfinance:** Microfinance institutions (MFIs) provide financial services, including small loans, to low-income individuals and households. Microfinance

Can help poor household women start or expand small businesses, improving their financial stability and income.

#### **IV. CONCLUSION**

In conclusion, this research has shed light on the various investment options available to poor household women in India. We have examined the benefits and risks associated with each option, considering their accessibility, ease of use, and potential for growth. Our research suggests that while traditional options like savings accounts and gold remain popular, newer options like microfinance and mutual funds offer greater potential for long-term growth and financial stability. However, it is crucial to take into mind and consideration the individual circumstances and risk tolerance of each woman when recommending an investment option. Overall, empowering poor household women with knowledge about different investment options can significantly improve their financial well-being and contribute to poverty alleviation efforts in India. research and policy interventions are needed to ensure that these women have access to the resources and support they need to make informed investment decisions.

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