

**A Study of Investment Pattern among Senior Citizens in India: A Case Study of Mumbai Suburbs***Dr. Anjali Alekar**Head – Department of Commerce**Ismail Yusuf College, Mumbai***Abstract**

Today, because of awareness of fitness and nutritious food, life expectancy has increased but the retirement age is the same as earlier, requiring proper management of finances for senior citizens to survive. Many senior citizens preferred to invest in land, gold or fixed deposits in banks. This research paper will focus on senior citizens' investment and savings patterns in Metro cities like Mumbai and Mumbai Suburbs. When and what kind of steps should be taken to develop the attitude among these people to invest in mutual funds and equity. The output of this research is, that even Senior citizens prefer to invest in Post office schemes, fixed deposits of banks only. Real estate investments are considered more lucrative than stock because value appreciation is much more. However, investing in mutual funds is more profitable when comparing with land investment. Sampling is done to collect this data from 110 Senior citizens.

**1.0 Introduction:**

Senior citizens preferred to invest their money in guaranteed returns to lead a comfortable and independent life. According to National Commission on Population, the proportion of the aging population in India is increasing fast; in 2011 it was close to 9%, increased to 10.1% in 2021 and it is predicted to be 13.1% in 2031. The minimum retirement age is 58 or 60 for all Government employees. The estimated population of India is 850 million, where one-third of this population is the working population. Due to an increased life expectancy, in some professions, the retirement age is 60 plus or 70. Due to this economic security after retirement is a crucial problem for senior citizens. Because of a stressful and hectic schedule life, many people have health issues like high blood pressure, cholesterol and sugar, which require regular medicines daily doses. Medical expenses may dwindle the savings due to this. The comfort of retirement life depends on sufficient savings, good health and an owned house or affordable rental home. So the money received at the time of retirement should be invested in equity as they are less risk tolerant. A pervasive dilemma among senior citizens is where to invest hard earned money so there will not be a shortage of funds as and when required, even if they earn regular income. As per financial experts, in sixties, at least 30% of the corpus should be invested in equity to grow wealth. Investment patterns are different for all. Some preferred to increase their wealth while others preferred money reserved for future purposes.

**1.1 Statement of Problem:**

A person can get loan to buy a new home, buy a car or even for education but not for retirement; for that proper financial planning is required. Right decisions of investment and savings are required to be financially independent after retirement. But while making decision about savings person should think about how much amount should be invested and where to invest. Choosing wisely from many options available in the market is important, for this financial advisors services become very essential. But many senior citizens have very less knowledge about various financial products as due to retirement from service they are feeling completely cut off from society, their social life come to an end. Senior citizens are getting confused while taking decisions of investment in this case you cannot copy others as everyone's patterns of income as well as expenditure is different. This paper makes an attempt to analyse the

investment patterns among senior citizens and need of creating awareness about investment in mutual funds and stock.

## 2.0 Methodology:

This study is empirical as well as descriptive. A structured questionnaire is prepared and information is collected from Senior citizens living in Mumbai and suburbs, in Google form and in printed hard copies as some find it difficult to fill in information online. Mumbai city is known as a hub for finance. Financial literacy is comparably more as everybody is staying here for economic purpose, to meet their livelihood expenses. Assuming that awareness due to exposure to the market, about various savings and investment options is more. The sample size was 110.

### Problems faced by senior citizens:

While making decisions of investment if choices are more important decisions become difficult for all. In the case of senior citizens, ageing also affects decision-making power. Excessive information can create more confusion. Due to this they prefer to invest in familiar options in case of investment which bear less risk. But actually, these people require to face many problems as their investment of retirement funds cannot cope with inflation.

Problems faced:

- a) Less liquid cash more assets
- b) Lack of income
- c) Increasing cost of medications
- d) Increasing cost of living
- 5) High medical expenses
- 6) Challenges created by technology

Due to digital illiteracy they may become victim of cyber frauds, as they are soft targets for financial scams. Senior citizens retired from government jobs or corporate jobs have sound retirement funds but they are less techno savvy having less knowledge about password security, banking apps, net banking etc.

### Senior citizens and Tax benefits:

The definition of senior citizen in India is any citizen, who has attained the age of 60 years and above. They are worried about their future so very cautiously they take decisions about their savings and investments.

While taking decision about investment and saving they should consider the options offering tax benefits to them. Senior citizens are enjoying some tax benefits.

- a) Exemption limit: Basic exemption limit for senior citizens is Rs. Three lakhs.

Medical Insurance: The standard deduction under 80D is 50,000 for senior citizens.

- b) No deduction under reverse mortgage scheme: in case of difficulty to raise funds if house is owned by senior citizen, then this property can be mortgaged with banks to get funds. Amount paid to senior citizens will not come under Income Tax purview.
- c) No tax on the interest on income.

## 2.1 Significance of Study:

India is witnessing a demographic shift with an increasing proportion of elderly citizens. Mumbai, being one of the most populous cities, is no exception. Studying the investment patterns in this segment helps policymakers and financial institutions address the specific needs of this growing demographic. Policymakers can use the data from such studies to create policies that support senior citizens, such as tax incentives, investment options tailored to their needs, and social security programs.

Senior citizens often rely on their investments to meet their daily expenses, medical bills, and other financial needs. A lot of noise is about food-borne diseases, improper lifestyles and its associated hazards and old age people are more prone to these elements due to reduced resistance power and impacted immunity. Understanding their investment patterns helps ensure their financial security during retirement. Analyzing the investment choices of senior citizens can shed light on how well they are prepared for retirement. It can help identify gaps in their retirement planning and inform strategies to improve their financial well-being during their retirement years. The retirement plans must meet the growing rate of inflation. Investing in securities is one way of meeting those inflationary standards.

Senior citizens contribute to the economy through their investments, and their financial decisions can significantly impact various sectors, including the stock market, mutual funds, and insurance. Understanding their investment choices can provide insights into the broader economic landscape.

2.3 Conceptual Framework:

Investment pattern or behaviour refer to:

- The amount of money investors invest out of their overall savings or income.
- The frequency with which investors invest.
- The financial instruments in which investors invest.
- Risk aversion capacity of investors.
- Investment pattern has short term or long term prospectus.
- Investment pattern divided into analytical patterns and behavioral patterns.

## 2.4 Objective of the Study:

Present study is based on following objectives:

1. To study the investment pattern of senior citizens in Mumbai suburbs.
2. To study the level of awareness of financial literacy among senior citizens in Mumbai suburbs.
3. To analyse the difficulties faced by senior citizens during investing in different avenues.
4. To study an association between gender and investment pattern of senior citizens.
5. To study association between education and financial literacy of senior citizens

## 2.5 Hypothesis:

- H1:** There is an association between gender and investment pattern of senior citizens.
- H0:** There is no association between gender and investment pattern of senior citizens.

- **H1:** There is an association between education and financial literacy of senior citizens.
- **H0:** There is no association between education and financial literacy of senior citizens.

## 2.6 Research Methodology:

The various building blocks of the proposed study are:

- (1) **Universe of study:** The universe for the present study is confined to Mumbai suburb. The jurisdiction of Mumbai Suburban District is from Bandra to Dahisar, from Kurla (Chuna Bhatti) to Mulund and from Kurla and upto Trombay Creek. As per census 2011, Mumbai Suburban had population of 9,356,962 of which male and female were 5,031,323 and 4,325,639 respectively.
- (2) **Selection Sample:** 110 respondents are selected in the present study. The convenient sampling method is followed while selecting 110 respondents (senior citizens).
- (3) **Nature of Research:** The proposed research is exploratory as it tries to study the investment pattern of senior citizens in Mumbai suburbs.
- (4) **Data Need:** The present study has made use of both primary as well as secondary data.
  - **Primary data:** It is collected through field survey conducted with the help of well-designed closed-ended questionnaire. Online and offline data collection method was used that is Google form as well as physical visit was conducted to collect the primary data.
  - **Secondary data:** It is collected from various books, research articles, and journals.
- (5) **Statistical Tools:** To process and analyse the data the researcher contemplates to use statistical tools such as: Percentage, rank analysis, chi-square distribution and the Kruskal–Wallis test are used. The SPSS package is used to process primary data.
- (6) **Scope and limitations of the study:**

Following are the limitations and scope of present study:

1. The present study is limited to Mumbai suburb.
2. The duration of study (primary data) is year 2022-2023.
3. The present study is related to senior citizens between the age group of 60 to 80 only.

## 3.0 Review of literature:

**Jency Baby (2019)<sup>1</sup>:** Concluded that in India, a considerable percentage of citizens are aware of stock market games and its effective functioning. Majority of them purchase gold and land as investment that are considered to be most ideal form of investment as it carries good return and appreciation. This confirms that that Indian investors even if they are high income class, well educated, salaried, independent are conservative, still investors prefer to play safe.

**L.Nithya and S.Suma Devi (2014)<sup>2</sup>:** The study concluded that the respondent who are in the category of living with children only and Living with Family (Spouse & Children) have preferred medium saving habit, living with spouse only and living alone have preferred

high saving habit and there is significant difference between the monthly income of respondents and their level of investment.

**Kunjummen Tharian (2020)<sup>3</sup>**: concluded that Senior citizens require adequate information for making apt Investment decision. Preparation for retirement and old age should be planned in advance. Study suggested that Investment awareness and information regarding various investment avenues is necessary to select right investment decision.

#### 4.0 Data Analysis and Interpretation:

##### Demographic profile of respondents:

The demographic profile of respondents gender, age, qualification marital status and occupation is presented into below table.

**Table no.**  
**1.0 Demographic profile of respondents**

<b>Analysis and Interpretation</b>			
<b>S.R.</b>	<b>A) Demographic factors</b>	<b>No. of respondents</b>	<b>Percentage</b>
1	<b>Gender respondents</b>		
	• Male	45	41
	• Female	65	59
<b>Total</b>		<b>110</b>	<b>100</b>
2	<b>Age of respondents</b>		
	• 60-70	68	62
	• 70-80	42	38
<b>Total</b>		<b>110</b>	<b>100</b>
3	<b>Qualification of respondents</b>		
	• Undergraduate	21	19
	• Graduate	39	35
	• Postgraduate	35	32
	• Professional qualification	15	14
<b>Total</b>		<b>110</b>	<b>100</b>
4	<b>Marital status of respondents</b>		
	• Married	96	87
	• Unmarried	8	7
	• Widow	4	4
	• Widower	2	2
<b>Total</b>		<b>110</b>	<b>100</b>

<b>Previous occupation of respondents</b>			
5	• Government job	52	47
	• Private sector employee	32	29
	• Owned business	13	12
	• Professional	13	12
<b>Total</b>		<b>110</b>	<b>100</b>

Source: Values are calculated by field survey

The table no 1.0 depicts the demographic profile of the respondents under present study.

- Most of that is 59% of the respondents are female while 41% respondents are male category.
- Majority that is 62% respondents fall under the age group of 60-70 yrs.
- As regarding education qualification, 39% of the respondents have completed their graduation. While 35% respondents are postgraduate. 87% respondents are married.
- Most of respondents i.e., 47% were retired from government job. While 29% respondents were retired from private sector.

#### **Financial Profile of Respondents:**

To study financial profile of respondent's indicators; source of income, pattern of investment, income group and financial dependency are selected. The information about financial performance of respondents is summarised into below table.

**Table no. 2.0 Financial profile of respondents**

<b>B) Financial profile of respondents</b>			
<b>Sr.No</b>	<b>Financial profile</b>	<b>Frequency</b>	<b>Percentage</b>
1	<b>Sources of income of respondents</b>		
	• Pension	40	36
	• Interest on fixed deposit	12	11
	• Rent on property	12	11
	• Still working for income	19	17
	• Dividend or interest received	27	25
<b>Total</b>		<b>110</b>	<b>100</b>
2	<b>Pattern of investment of respondents</b>		
	• 30% of income in share market	5	5
	• 50% in post office	45	41
	• All in post office and bank	60	54
<b>Total</b>		<b>110</b>	<b>100</b>
3	<b>Income group of respondents</b>		
	• Below Rs.20000/-	12	11
	• Between Rs.20000/-40000/-	51	46
	• Above Rs.40000/-	47	43
<b>Total</b>		<b>110</b>	<b>100</b>

Financial dependency of respondents			
4	• On Children	14	13
	• Not dependent	96	87
	• Others	00	00
<b>Total</b>		<b>110</b>	<b>100</b>

Source: Values are calculated from field survey

The table no. 2.0 shows the financial profile of the respondents under present study.

- Majority of respondents i.e., 36% have pension as source of income.
- As regarding investment pattern, most of respondents i.e. 54% are invested their all money in to post office and bank.
- 46 % of the respondent's monthly income is between Rs.20, 000 to 40,000 and 43 % respondents belong to income group of above Rs.40, 000.
- Most of respondents i.e., 87 % are not financial dependent on their children.

#### Investment pattern of senior citizens:

Following table summarises investment preference and awareness of senior citizens.

**Table no.**  
**3.0(a) Investment pattern of senior citizens**

B) Investment pattern of senior citizens			
Sr.No	Investment pattern	Frequency	Percentage
1	<b>Health insurance</b>		
	• YES	46	42
	• NO	64	58
<b>Total</b>		<b>110</b>	<b>100</b>
2	<b>Health insurance coverage</b>		
	• Upto Rs.5lakh	44	40
	• Upto Rs.15 lakh	54	49
	• Upto Rs. 25lakh	7	6
	• Above Rs.25lakh	05	5
<b>Total</b>		<b>110</b>	<b>100</b>
3	<b>Awareness about reverse mortgage scheme</b>		
	• YES	57	52
	• NO	53	48
<b>Total</b>		<b>110</b>	<b>100</b>
4	<b>Investment in senior citizens scheme</b>		
	• YES	68	62

	• NO	32	38
<b>Total</b>		<b>110</b>	<b>100</b>

Source: Values are calculated from field survey

The table no.3.0 represent the investment pattern of senior citizens of under present study.

- Majority of respondents i.e., 58% have not invested into health insurance.
- 49% respondents have health insurance coverage of up to Rs.15 lakh. While 40% respondents have health insurance coverage of up to Rs.5 lakh.
- About reverse mortgage scheme 52% respondents are aware about scheme. while significant percentage of respondents are unaware about reverse mortgage scheme.
- It is seen that 62% respondents are investing into senior citizens' saving scheme.

#### Investment preference of senior citizens:

Preferred investment options of senior citizens after retirement are summarised into following rank analysis table. Rank analysis is used to study senior citizens investment options.

**Table no.3.0**

#### (b) Investment Options Rank Analysis

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Rank analysis			
	Group variable	N	Mean rank
Preferred investment options of senior citizens after retirement	• Post office	110	570.50
	• Bank fixed deposit	110	692.50
	• Gold	110	491.50
	• Land	110	159.50
	• Share market	110	139.50
	• Mutual fund	110	264.50
	• LIC	110	380.50
	<b>Total</b>		770

Source: Values are calculated from field survey

It is clear from above table no.3.0(a) that bank fixed deposit (692.50), post office (570.50) and gold (491.50) are the top three important investment options of senior citizens after their retirement. While land (159.50) and share market (139.50) are least important investment options of senior citizens.

#### Test Statistics<sup>ab</sup>

Chi-Square	603.688
Df	6
Asymp.Sig.	.000
Result	Sig

a. Kruskal Wallis Test



On the basis of Kruskal Wallis Test, it is observed that there is significant difference in the different investment options preferred by senior citizens such as : bank fixed deposit, postoffice, gold, land, share market and mutual fund. (Chi-square value=603.688, p value=0.000).

### Reasons of Investment:

Rank analysis is used to study reasons of investment after retirement and result is summarised into following table.

**Table no.3.0(C) Reason of Investment**

Rank analysis			
	Group variable	N	Mean rank
Reasons of investment after retirement	• To meet monthly expenses	110	580.50
	• For tax benefit	110	500.50
	• Contingency expenses	110	272.50
	• To visit religious places	110	157.50
	• For leisure travelling	110	141.50
	• To meet future responsibilities	110	330.50
	<b>Total</b>		110

Source: Values are calculated from field survey

Table no.3.0(c) indicates reasons of investment after retirement. It is seen that to meet monthly expenses (580.50) tax benefits (500.50) and future responsibilities are top priorities in the investment decisions of senior citizens after retirement.

### Test Statistics<sup>a,b</sup>

Chi-Square	499.234
Df	5
Asymp.Sig.	.000
Result	Sig

#### a. Kruskal Wallis Test

On the basis of Kruskal Wallis Test, it is observed that there is significant difference in the different reasons of investment by senior citizens such as to meet monthly expenses, tax benefits, Contingency expenses, To visit religious places, For leisure travelling and future responsibilities. (Chi-square value=499.234, p value=0.000).

**Problems faced by senior citizens before taking Investment decisions:**

To know the various problems faced by senior citizens, respondents under study were asked to give the rank to various problems faced before taking investment decisions.

**Table no.3.0 (d)**  
**Problems faced before taking Investment decisions**

Rank analysis			
	Group variable	N	Mean rank
Problems faced before taking Investment decisions	• Digital literacy	110	158.50
	• Fear of risk	110	232.50
	• Lack of knowledge	110	483.50
	• Prejudice	110	141.50
	• Insufficient liquid cash	110	361.50
	<b>Total</b>		550

Source: Values are calculated from field survey

Table no. 3.0 (d) depicts that lack of knowledge (483.50), insufficient liquid cash (361.50) and fear of risk (232.50) are top Problems faced by senior citizens while taking Investment decisions.

**Test Statistics<sup>a,b</sup>**

Chi-Square	381.823
df	4
Asymp.Sig.	.000
Result	Sig

**a. Kruskal Wallis Test**

Kruskal Wallis test shows that there is significant difference in the different reasons faced by senior citizens such as digital literacy, fear of risk, lack of knowledge, prejudice and insufficient liquid cash. (Chi-square value =499.234, p value =0.000).

**Hypothesis Testing and Result:**

- **H1:** There is an association between gender and investment pattern of senior citizens.
- **H0:** There is no association between gender and investment pattern of senior citizens.

**Table no. 4.0**  
**Gender and investment pattern**

Gender	Investment options of senior citizens								Chi-Square Tests		
	Post office	Bank fixed deposit	Gold	Land	Share market	Mutual fund	LIC	Total	$\chi^2$	pV alue	Result
Male	7	16	8	2	1	4	7	45	17.25	0.008	Null hypothesis rejected
Female	14	36	9	0	0	3	3	65			
Total	23	48	19	2	1	7	10	110			

Source: values are calculated from primary data

From the above table it is clear that since 'P' value (0.008) is less than 0.05 (at 5 % level of significant) there exists significant relationship between gender and investment pattern of senior citizens. Hence, the null hypothesis is rejected.

- **H1:** There is association between education qualification and financial literacy of senior citizens.
- **H0:** There is no association between education qualification and financial literacy of senior citizens.

**Table no. 5.0**  
**Education and financial literacy**

Sr	Investment options of senior citizens	Education qualification					Chi-Square Tests		
		Under graduate	Graduate	Post graduate	Professional	Total	$\chi^2$	pV alue	Result
1	Post office	5	6	10	2	23	31.076	0.028	Null hypothesis rejected
2	Bank fixed deposit	10	18	13	7	48			
3	Gold	3	9	7	-	19			
4	Land	-	-	2	-	2			
5	Share market	-	-	1	1	1			
6	Mutual fund	2	1	2	4	7			
7	LIC	1	5	2	1	10			
Total		21	39	35	15	110			

Source: values are calculated from primary data

From the above table, it is clear that since 'P' value (0.028) is less than 0.05 (at 5 % level of significant) there exists significant association between education qualification and financial literacy of senior citizens. Hence, the null hypothesis is rejected.

### Major observations

- 1) Most of respondents are investing their money into traditional investment options such as post office and bank.
- 2) Majority of senior citizens are not investing into health insurance.
- 3) There is lack of awareness about reverse mortgage scheme among senior citizens.
- 4) Senior citizens prefer to invest into senior citizens' savings scheme.
- 5) Bank fixed deposit, post office and gold are the top three important investment options of senior citizens after their retirement.
- 6) To meet monthly expenses, tax benefits and future responsibilities are top priorities in the investment decisions of senior citizens after retirement.
- 7) Lack of knowledge, insufficient liquid cash and fear of risk are top Problems faced by senior citizens while taking Investment decisions.
- 8) There exists significant relationship between gender and investment pattern of senior citizens.
- 9) There exists significant association between education qualification and financial literacy of senior citizens.

### 5.0 Suggestions:

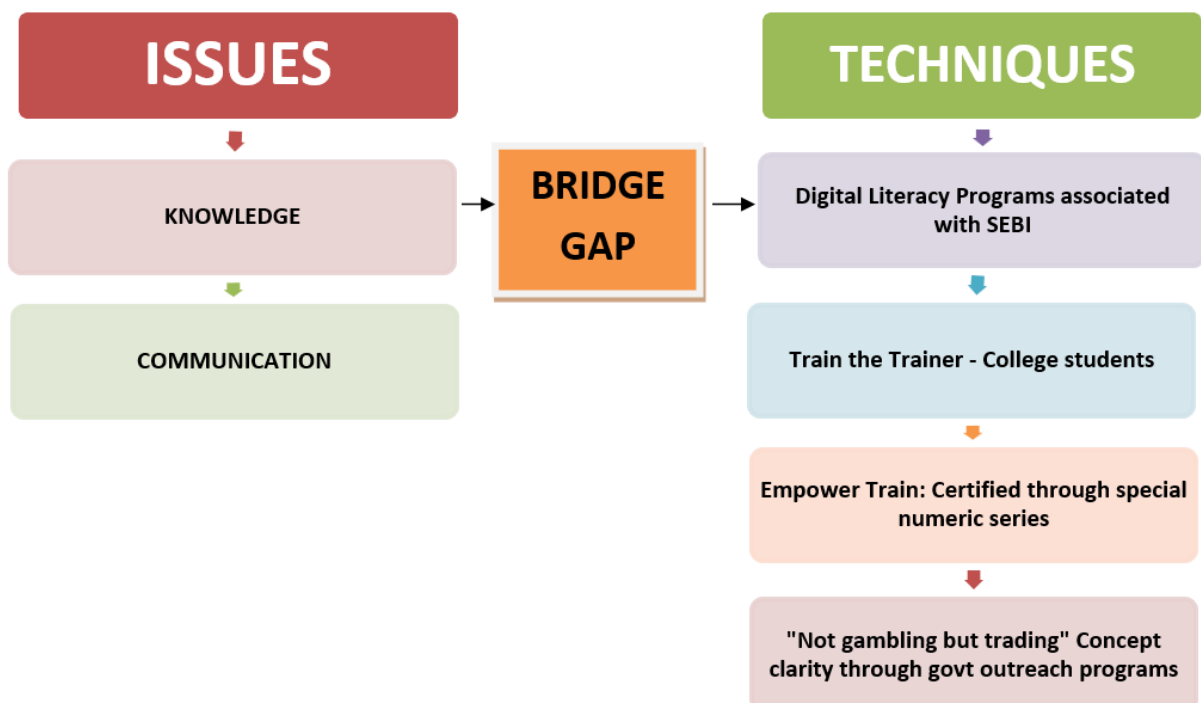


Figure 1: Suggestive Framework for promoting equity investments in senior citizen

Creating a framework for equity investment for senior citizens in India requires addressing this demographic's unique needs and concerns. As the findings of the paper indicates that gender and education plays a crucial role in investment decisions certain curated courses are suggested in the

framework. To mitigate their fear of losing money and life savings, bridging the knowledge gap and introducing measures that enhance safety and liquidity is essential. Here's a suggestive framework:

#### SEBI-Supported Training and Certification:

SEBI (Securities and Exchange Board of India) should collaborate with recognized institutions to offer specialized courses on equity investments tailored to senior citizens.

These courses should cover fundamental and technical analysis, risk management, and the unique challenges and opportunities faced by seniors.

Successful completion of these courses should lead to a certification endorsed by SEBI, boosting confidence in senior investors.

#### Personalized Financial Advisors/ Train the trainer approach:

SEBI could introduce a program where certified financial advisors specialize in serving senior citizens. These advisors can be students who get their certifications from SEBI in various investment courses. This will boost students income source as well as their certification number can help track them ensuring the security of clients.

These advisors should have in-depth knowledge of senior-specific financial needs, retirement planning, and risk tolerance.

The advisors would work closely with senior clients, providing one-on-one guidance and support.

#### Education and Awareness:

Regular workshops, webinars, and seminars should be organized by SEBI and financial institutions to educate seniors about investment opportunities and risks.

Create easily accessible online resources and materials specifically targeted at senior citizens.

Strengthen regulations related to the protection of senior citizens' investments.

SEBI should monitor and enforce strict adherence to investor protection norms by financial institutions, including banks, brokers, and advisory firms.

#### New Settlement System:

The introduction of T+1 settlement system will enhance liquidity and reduce risks associated with delayed settlements.

SEBI should ensure that this system is efficient, secure, and user-friendly for senior investors.

#### Consumer Awareness Campaigns:

Conduct nationwide campaigns to inform senior citizens about the importance of investing in equities for long-term financial security.

Use real-life success stories to inspire confidence.

#### Collaboration with Senior Citizen Associations:

Collaborate with senior citizen associations to facilitate access to financial education and investment resources.

Encourage these associations to promote financial literacy among their members.

## 6.0 Conclusion

In conclusion, our research on the promotion of equity investment for senior citizens in India has shed light on several critical factors that need immediate attention. While possessing the potential to benefit from equity investments, senior citizens in India face significant barriers due to

their limited tech-savviness and lack of knowledge in this field. Moreover, our findings have revealed that investment decisions among this demographic are influenced by education levels and gender sensitivity, emphasizing the need for tailored strategies.

To address these challenges and unlock the potential of equity investments for senior citizens, it is imperative that comprehensive measures are taken. Our recommendations include initiatives to familiarize senior citizens with investment options, provide training, and assign dedicated account handlers to guide them through the investment process. Building trust in the investment system and offering transparent, user-friendly platforms are also essential steps.

By implementing these recommendations, we can bridge the knowledge gap, reduce the barriers hindering senior citizens' participation in equity investments, and ultimately empower them to make informed financial decisions. In doing so, we not only promote financial inclusion for our senior citizens but also enable them to enjoy the benefits of a robust and diversified investment portfolio, contributing to their financial security and well-being in their golden years.

Declaration: There is no external funding in this research and the author declares no conflict of interest.

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