

An Insight into Factors Influencing Investment Behaviour of Individuals: With Reference To Delhi/NCR, India

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Abstract: *The savings and investments pattern vary from person to person and it may be also varying by the same person during the two periods due to different motives such as, capital appreciation, tax planning, health & education of family members, child marriage, purchase of assets, construction of house, minimization of risk, etc. To meet these motives, there are variety of options are available such as, Gold, Property, Post office savings, Insurance policies, mutual funds etc. The present paper examines the reasons of savings, awareness level and investment pattern & behavior of investors in Delhi/NCR. The present paper explains different reasons of savings, awareness level and Investment pattern of people in Delhi/NCR. A sample of 126 people is randomly selected and is used to examine the objectives of the paper. The study is based on primary sources of data which are collected by personal interviews with people. For the purpose to collect the primary data, a structured questionnaire has been developed and distributed to the people. After collection of data, the data has been analyzed using correlation and regression, with the help of statistical software SPSS. The researchers have analyzed that people consider the security, benefit, duration and opinion on investment on regular basis. Respondents are aware about the investment avenues available in India.*

Keywords: *Investments, savings, Awareness, investors, Delhi/NCR*

1. Introduction

Investment refers to the commitment of funds at present, in anticipation of some positive rate of return in future. Today the spectrum of investment is indeed wide. An investment is confronted with array of investment avenues like bank deposits, real estate, small savings, life insurance schemes, bullions, commercial deposits, corporate security- bonds, mutual funds, and equity and preference shares. The income is partly spent and the rest saved for meeting future expenses. Instead of keeping the savings idle people like to use savings in order to get return on it in the future, which is known as 'investment'. There are various investment avenues such as bank deposits, real estate, small savings, life insurance schemes, bullions, commercial deposits, corporate security- bonds, mutual funds, equity and preference shares, etc. A Portfolio is a combination of different investment assets mixed and matched for the purpose of achieving an investor's goal. The two key aspects of investment are preferences and pattern. Benefit is expected in the future and tends to be uncertain. In some investments (like stock options) risk element is dominant attribute while in some investment (like govt. bonds) time is dominant attribute. There are various factors which affects the investment patterns such as annual income, government policy, economical changes etc.

The study has been undertaken to analyze the investment awareness and investment behaviour of individuals. The main reasons behind the study is to study the investment behavior of individuals towards the different investment sources present in India

2. Review of Literature:

This chapter explains the findings by various researchers on investment decisions. Behavioral finance, has achieved impressive strides in explaining the behavioral aspects of investment decisions. Behavioral finance investigates choice under uncertainty.

MadhushdhanKarmakar (2001)the author made an attempt to analyze the investmentbehaviour of house hold sector. 50 respondents were selected randomly as sample for the purpose of the study and data were collected through questionnaire from these sample respondents. The study found that people in general are risk averse and they want to invest in safe assets and they considered stock market as risky. **Karthikeyan (2001)** has conducted research on Small Investors Perception onPost office Saving Schemes and found that there was significant difference among the four age groups, in the level of awareness for kisanvikaspatra (KVP), National Savings Scheme (NSS), and deposit Scheme for Retired Employees (DSRE),and the Overall Score Confirmed that the level of awareness among investors in the old age group was higher than in those of young age group. **Sandhu and Singh (2004)** The study was based on structured primary data. The survey was conducted during October and November 2002. The sample of 50 adopters and 50 non-adopters from the universe comprising the city of Amritsar was selected. The study analyzed in case of adopters that transparency, safety, convenience and economy judged as an important feature of net trading followed by market quality and liquidity whereas in case of non-adopter's economy and convenience were the important features followed by the other factors like market quality, safety and liquidity.**Avinash Kumar Singh (2006)** the study analyzed the investment pattern of people in Bangalore city and Bhubaneswar & analysis of the study was undertaken with the help of survey method. After analysis and interpretation of data it is concluded that in Bangalore investors are more aware about various investment avenues & the risk associated with that. All the age groups give more important to invest in equity & except people those who are above 50 give important to insurance, fixed deposits and tax saving benefits. **C Krisnamoorthy(2007)** the author made an attemptto study the investment pattern and awareness of salaried class investors in Niligiris District. Thestudy used the primary data, collected from 600 salaried investors through questionnaire. The studyrevealed that 81 percent of respondents have preferred for bank deposits and insurance investments. **Fulbagh Singh and SaniaChawla(2007)** they made an attempt to analyzethe consumer preference for life insurance in Northern India. They had selected sample of 300 policy holders from Northern States like Haryana, Punjab, J&K, Himachal Pradesh and New Delhi. Likert Scale has been used to collect the information. ANOVA and Post hoc test has been applied to test the consumer preference towards investment. The study concluded that consumers of post-liberalization period have given higher weightage to rate of return, surrender value, extra coverage, tax benefits, maturity amount and risk coverage as compared to consumers of pre-liberalization period. **N.Yasodha Devi,V.S.Kanchana, and S Sujata (2008)** the researchers have made an attempt to analyze investment behaviour of salaried persons in Coimbatore City. They examined the attitude of respondents towards savings and investment pattern by collecting information from 200 sample respondents from study area. The study revealed that the investors' main intention to save is to save the tax. Therefore, the study suggested taking steps to create awareness among the investors about other savings schemes and investment avenues.**Prasad (2009)** examined the perception of the investors and their awareness on various investment alternatives available. A sample of 100 investors has been taken from the twin cities of Hyderabad and Secunderabad. The result of findings showed 75% Net traders were using online stock

trading requiring strong technology base whereas Traditional traders felt online trading not an acute process of stock trading and they didn't participate in net trading due to risk of a system failure. **V.R.Palanivelu&K.Chandrakumar(2013)**examined the Investment choices of salaried class in Namakkal Taluk, Tamilnadu, India with the help of 100 respondents as a sample size & it reveals that as per Income level of employees, invest in different avenues. Age factor is also important while doing investments.

3. Significance of The Study:

The income and investment patterns of people are different. In connection with this, the present paper is an attempt to find out investment behavior of investors in Delhi/NCR. It will helpful to understand the investment preferences of investors also. This paper will also throw a light on the awareness of the investments avenues available in India. The research paper will become the helping hand to the research scholars as well as students for their further studies in the respective area.

4. Research Methodology

4.1 Objectives of the Study

1. To know the sources of awareness of different investment avenues.
2. To examine the reasons and causes of investments.
3. To study relation of saving pattern and investment preferences to social, economic, educational and occupational background of the individual household.
4. To analyze the relation between investment behaviour and level of awareness of respondents.
5. To know the factor that influencing investment behavior of the employees.
6. To give suggestions for evolving better investor awareness and educational programs.

4.2 Research Hypotheses

H1: There is significant inter correlation between perception of security, perception of benefits, duration of investment, awareness level on investors, sources of opinion and investment behaviour of investors.

H2: Perception of security has an effect on the investment behaviour of investors.

H3: Perception of benefits from investment has an effect on the investment behaviour of investors.

H4: Duration of investment has an effect on the investment behaviour of investors.

H5: Awareness level of investors has an effect on their investment behaviour.

H6: Source of opinion of investors has an effect on their investment behaviour.

4.3 Data Collection

The validity of any research is based on the systematic method of data collection and analysis of the data collected. The present study has based on both primary as well as secondary data. The primary data is collected through pre-tested questionnaires from 126 respondents in Delhi/NCR and the Secondary data is collected with the help of different books, journals and internet. The respondents are selected randomly. The collected data are analyzed by using statistical tools like SPSS to draw inferences. In the study, to get the significant results, the coefficient of correlation and regression analysis have been used by the researchers.

4.4 Reliability Analysis

TABLE 1
RELIABILITY ANALYSIS

Variable	Items	Item total correlation	alpha
Security	1. I invest to live safe and secure life.	0.701	0.88
	2. Investments saves from emergency	0.72	
	3. Investment fulfils the needs of family (child education, marriage etc.)	0.794	
	4. Protection from inflation is the reason for investment.	0.659	
	5. I make investment for after retirement needs.	0.697	
Benefits	1. Retirement planning is the priority goal of Investment.	0.507	0.784
	2. I invest to take the advantage of tax benefits	0.536	
	3. Capital growth is the reason for investment	0.634	
	4. Investment maintains the liquidity.	0.589	
	5. Investment covers the future risk.	0.543	
Duration	1. I like up to 2 years investments.	0.056	0.506
	2. 3 to 8 years investment is good.	0.482	
	3. Investment more than 8 years is more profitable.	0.487	
Opinion	1. Before investment, I take suggestion from spouse.	0.415	0.753
	2. I like suggestion of relatives and peers/friends	0.614	
	3. I prefer to take opinion from financial advisors	0.599	
	4. I take knowledge from media.	0.533	
Awareness	1. I am aware with different investment plans	0.743	0.759
	2. I have good knowledge of financial planning	0.66	
	3. I measure the risk before the investment.	0.508	
Investment Behavior	1. I like to keep in fixed deposits/savings a/c.	0.468	0.773
	2. I prefer to take insurance policies	0.636	
	3. I prefer to invest in Gold/Silver	0.479	
	4. Investment in Property is more safe and profitable.	0.601	
	5. Investment in mutual funds/stock market is good	0.332	
	6. I like to invest in post office schemes	0.525	

4.5 Demographic Characteristics of Respondents

TABLE 2

Variables	Categories	No. of Responses	Percentage
Gender	Male	68	54
	Female	58	46
Marital Status	Married	64	50.8
	Unmarried	62	49.2
Education	Undergraduate	28	22.2
	Graduate	24	19.0

	Post Graduate	40	31.7
	Professional	28	22.2
	Other	6	4.8
Age	Under 18	2	1.6
	18-29	60	47.6
	30-39	24	19.0
	40-49	24	19.0
	50 and above	16	12.7
Occupation	Government Employee	22	17.5
	Private Employee	72	57.1
	Professional	18	14.3
	Own Business	14	11.1
Income per annum (in Rs.)	Below 5,00,000	86	68.3
	5,00,000 – 15,00,000	28	22.2
	15,00,000- 25,00,000	10	7.9
	Above 25,00,000	2	1.6
Percentage of savings from annual income	Below 10%	50	39.7
	10% - 20%	40	31.7
	20% - 30%	20	15.9
	Above 30%	16	12.7

5. RESULTS

TABLE 3
DESCRIPTIVE STATISTICS

Varibales	Mean	Std. Deviation	N
Security	2.1524	.91194	126
Benefit	2.3238	.80909	126
Duration	2.4233	.77564	126
Investment Behaviour	2.6054	.72087	126
Awareness	2.4762	.87780	126
Opinion	2.4563	.82406	126

TABLE 4
CORRELATION MATRIX

Variables		Security	Benefit	Duration	Awareness	Opinion	Investment Behaviour
Security	r	1	.794**	.713**	.572**	.523**	.738**
	Sig.		.000	.000	.000	.000	.000
Benefit	r	.794**	1	.693**	.658**	.613**	.734**
	Sig.	.000		.000	.000	.000	.000

Duration	r	.713**	.693**	1	.508**	.605**	.736**
	Sig.	.000	.000		.000	.000	.000
Awareness	r	.572**	.658**	.508**	1	.587**	.691**
	Sig.	.000	.000	.000		.000	.000
Opinion	r	.523**	.613**	.605**	.587**	1	.639**
	Sig.	.000	.000	.000	.000		.000
Investment Behaviour	r	.738**	.734**	.736**	.691**	.639**	1
	Sig.	.000	.000	.000	.000	.000	

**Correlation is significant at .01 level two tailed test

TABLE 5
PREDICTORS OF INVESTMENT BEHAVIOUR

Items	R	R ²	F	Sig.	B	t	Sig.
(Constant)	.850	.723	62.687	.000	.539	4.184	.000
Security					.190	2.807	.006
Benefit					.075	.920	.359
Duration					.270	3.844	.000
Awareness					.228	4.122	.000
Opinion					.108	1.835	.069

Dependent Variable: Investment Behaviour

Predictors: Security, Benefit, Duration, Awareness, Opinion

Table 5 of correlation matrix shows that there is good correlation between all the variables in the study. To examine which factors contributed and to what degree contributed to respondents' investment behaviour, 5 factors were averaged and regressed on investment behaviour. In Table 5, the results show that with $R^2 = .723$, the model is able to predict 72.4% of the variance in investment behaviour of respondents. The multiple coefficient R is .850 suggesting reasonably good correlation between the predicted values of investment behaviour and actual values of investment behaviour. The F statistic of the final model is 62.687 with $p = .00$ which implies that the regression model is a good fit. The results show that 4 factors, i.e., Duration (with $B = .270$; $t = 3.844$), Awareness (with $B = .228$; $t = 4.122$), Security (with $B = .190$; $t = 2.807$) and Opinion (with $B = .108$; $t = 1.835$) are the significant predictors of investment behaviour of people.

6. Conclusion and Suggestions

The researchers have used correlation and regression method for hypothesis testing. It was found that there is significant inter correlation between perception of security, perception of benefits, duration of investment, awareness level on investors, sources of opinion and investment behaviour of investors. It was also found that perception of security, duration, awareness level of investors and source of opinion of investors are the significant predictors of investment behaviour of investors.

Savings and investments are the part and parcel of our day to day life and it is very difficult for one to meet the expected and unexpected expenditures without the proper amount of savings and their

judicious investments. No doubt, there are many avenues of investments available for investors to invest their savings in the present scenario of market. The study on preferred investment avenues among individuals has been undertaken with the key objectives such as to find investment behaviour & also to know the awareness level of investors. Analysis of the study was undertaken with the help of survey conducted. After the analysis & interpretation of data it is concluded that Investors are aware about investment avenues available in India but still investors are preferred to invest in insurance policies, post office schemes, real estate, metals (Gold). The data analysis reveals that the safety and needs of family are the important factor while doing investment so remaining avenues are less considerable while doing investment by investors. Awareness programmes has to be conducted by stock broking firms, because most of the respondents are thinking these avenues are loss making & having no good return on it. Hence the researchers have concluded that most of the investors prefer secured regular income on investment in the study.

Through the above discussion, the following suggestions may help to improve the investment pattern and investor's preferences among the small household.

1. There is an explosion in the growth of middle class families due to double income and increase in number of working women. Hence effort should be made to attract women investors by providing right information and knowledge about the market through advertisement
2. The savings are to be pooled and channelized into productive investments. Thereby enhancing the return to the investor which may result in the further investment in corporate securities also.
3. Different groups of investors like, professionals, businessman pay less attention while evaluating the pros and cons of investing in different securities. The need and benefits of the systematic and analytical evaluation of different alternatives and competitive avenues need to be explained to them. Then only it is possible to park their surplus funds in economical viable condition.
4. Indian society has been westernizing for which people are facing the problem of security during old age. Hence, they should invest for old age and unexpected requirements.
5. The Government is investing in reducing illiteracy through the education programme for adults also. However, the implementation of programme is not only poor but also the contents of education are low. Therefore, it is essential to include investment education as a part of adult education.

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