



Investment Pattern of Individual Investors Residing in Bhiwani City: An Empirical Study

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Abstract:

This paper focus on getting an insight behavior of how individual invests their savings for future perspective. An investment is an asset or item which is acquired with the goal to increase present income or future saving or we can investment is appreciation to present income .An Investment involves putting capital to use today in order to increase its value over time .Investment is the engaging of the today funds what is called saving from today consumption so that future earning can be increased, but future is uncertain so to calculate that uncertain a term is used which is called Risk. The risk is the most important variable in calculating investment pattern of a particular individual. From the last two years , the mostly pandemic time due to Covid the pattern of investment of individual has been changed , due to various loss of jobs of individuals ,loss in business and various others factors .The investment influence investors behaviour such as what type of returns , the principal amount , the progressive amount and the tax on investment .Along with risk the most important term return is also associated with investment .Individual used to take expert advice or they see past analysis before doing any investment .The risk and return is different for different Individuals .The investment pattern also depend upon individual savings . It is not possible to completely avoid risks but an individual can minimize the risk by hedging their investment or diversifying the investment across variety of options. This study will also help investors to earn better profits the investment.

Keywords: Investment, Pandemic, Investment patterns, Risk and Returns.

Introduction:

Savings and particular investment pattern plays a important role in individual future investment planning .Due to pandemic effect and its regulation government , the schemes related to investment has been changed by the various governments and various markets also . But the most imp factor while deciding investment the different mindset about investing in a particular investment avenue such as

Stocks, bonds, mutual funds, fixed deposits, gold bonds, real estate, bullion market etc. In the investment cycle every individual desires his hard earned money to be invested in most secure and liquid avenue , further is depend upon its risk taking behavior .As (Hicks) said about investment that “ investment is the additional stock to the existing stock .”As investment is also called consumption of capital economics. The financial markets offer new and greater opportunities to investors. For individuals to attract more investment the financial market do effective marketing and advertising strategies. Due to pandemic and after pandemic scenario the preoccupation among financial institutions with more investment customer retention and relationship marketing is done by investment houses because individual investors reveals how he /she wants to allocate the surplus financial resources to various instruments for investment available.

The behavior of investment is depend upon financial market sentiments., because market sentiments is depend upon various uncertainties and this uncertainties lead to various risk and return because individual want to secure their life from uncertainties, so financial market provides wide variety of avenues to park their earned money in the form of investment, so selection of investor depends upon risk and return profile while patterns depend upon the behavior. So we can say that investment pattern of individual depend upon behavioral finance. Behavioral finance is the features of capital market participants scientifically influence individual’s decisions regarding investment as well as market results. Every economy offers a set of investment avenues ranging from safe to risky investment .Few investment instruments floated by government fetch tax concessions, so choice of investment is a subjective matter for investors. The post LPG movements’ scenario has very different phase for investment. Now a days the individual are investing more in Unit Linked Investment Plans (ULIPs) along with gold bonds, provident funds and children’s education plan .

Behavioral finance is a relatively new school of thought that deals with the influence of psychology on the behavior of financial practitioners and its subsequent impact on various stock market. (Sewell, 2007).

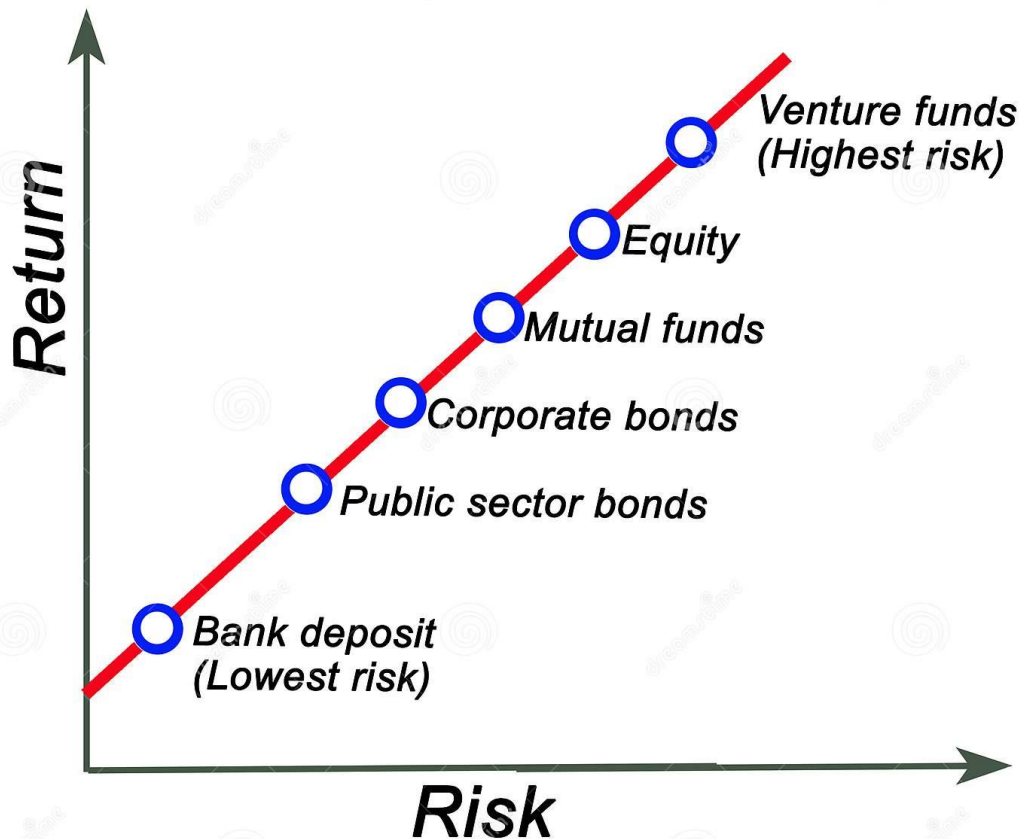
Human behavior also impact patterns of investment by individual cognitive and emotional shortcuts and cognitive and emotional errors .Human behavior knowledge includes knowledge of wants for financial security and nurturing children and families.

A brief explanation of four characters which influence investment pattern of an individual:

- **Return :** It is a percentage or ratio of the original investment , so that investors can measure and compare how well their investments are performing .Capital appreciation is the most important expectation of return and its depend upon maturity period and market demand and so on.
- **Risk:** It is an uncertainty with respect to investment that has negatively effect on financial welfare.

- Relationship between Risk and Return: Dealing with the return to be achieved requires estimate of the return on investment over the time period . Risk denotes deviation of the actual return from the estimated return. The unsystematic risk is eliminated through holding more diversified securities, so systematic risk cannot be eliminated through diversification. Investors would select investment that are consistent with their risk preference.

Risk/Return Relationship



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(Source: Google)

- Safety: Is the certainty of the return of capital without loss of time. Every investors expects to get back the initial capital or maturity without loss and delay.
- Liquidity: An investment that is easily saleable without loss of money or time is said to liquid, maximization of return, minimization of risk, the safety of funds and liquidity of the investment.

Literature Review

There are several studies that have been conducted in past to determine the pattern of investment and its show that investment pattern of individual investors are limited.

A) Vikram (2016) has studied that return is the most important factor in deciding type of investment.

B) Narayana (1976) concluded that the most important forms of urban financial investment were banks deposits, shares and securities.

C) Bandgar P.K (1999) Opines that most of the investors do not know about safety of new issues of company shares , and others investment options and they are not even guided by the market asymmetric information .

D) Kirshnudu .Ch, B.Krishna Reddy and G. Rama Krishna Reddy (2005) that the mostly investment pattern of individual depend upon the various family factors and there family members decision regarding investment.

Manish Mittal & R.K. Vyas (2007) has studies various demographic and its various effects on investment choice of individual of Indian investors and market, the study show that demographic factor like gender and income effect the most investment decisions. The study further show that women prefer fixed deposits as investment or post office and gold as an investment .Men mostly invest in mutual funds and in equity and real estates with proper knowing of financial market sentiments , in this the advertisement related to various investment schemes play an important role in men investment pattern.

E)Joseph et.al (2015) the study show that that demographic profile is about investor's perception choice how demographic profile effect there investment choice , the study show that mostly small investors have positive approach towards investing in mutual funds .

F) Moorthy S, Murthy K (2015) the study show the saving pattern in investment .The author has taken SEBI rule and plan to find out the investors' confidence level and their Favourite scheme while investing money, individuals also invest money through IPO.

G)Kavita Shah, Dr Mamta Brahmhatt(2018) the study has been taken in Ahmedabad city of Gujarat ,the study show that there are various factors which effect investment avenues like safety , principal amount, risk , return and many more factors including demographic factor .The main outcome of study is that investment decisions are also effected by family and peers decisions also .

H) Priyanka Zanvar , Dr. Sarang S. Bhola (2016)the paper shows the study on investment pattern of Pune city , the study reveals that financial market provide vast opportunities for individual to invest their savings into most useful avenues , its further say that buying behavior also influenced investors like demographic ,social , economic , psychological , because individual investors wants risk free return from investment .

I)Adil Mehraj(2021)the study show the pattern of Jammu and Kashmir individual investors how they spent their little savings in various investment options according to their preference and selection , most of the investors want low risk , high returns and maturity period including tax savings ,further knowledge is the key power how to invest proper in market.

Objective of the Study:

- To study how demographic factors affect individual investors.
- To study the various factors or schemes of investment and how it effect investors

Research Methodology

The above paper help in studying investment pattern of individual on various factors .A study helps us to understand the how individual spent their savings on different investment avenues, according to their savings and their knowledge of market sentiments .A descriptive research design has been used for study

Research Design:

The study is descriptive in nature, most simple and easy to carry out.

Area of Study:

The study has been carried out in Bhiwani city of Haryana.

Scope of Study:

To know the behaviour of individual how they invest their savings and money in different investment avenues regarding market sentiments and various knowledge of investment patterns.

Sampling Size:

The size is of 101 respondents.

Sampling Technique:

Convenient sampling technique is used to collect primary data with Structured Schedule questionnaire which were filled through online mode. The demographic profile consist of various socio – economics profile of individual.

Various statistical tools like Frequency, Percentage, have been used to analyse the data.

Analysis and Interpretation

A Sample size of 101 respondents has been taken for the study which has been taken from online survey including Google form.

1) Demographic characteristics of the individual respondents :

In the following graphs we can see various demographic profile and from that we find that from table 1:

- Majority of the investors are male.
- Majority of investors are from age group 20 – 25 years and least from 31 – 35 years this show that youngsters are more ready to invest there even little savings in different investment avenues.
- Majority of individual investors are unmarried.
- Majority of individual investors are students in investing there little savings also, because in this digital word and after post covid effect, the students start doing small business or job with studies, by earning in this way are saving money and they are investing their money in different investment avenues, the second is followed by govt employees because they have fixed income and they themselves invest in govt policy according to their savings.
- Majority of individual investors are having post-graduation as there educational qualification this show that , education play an important role in investing savings in various investment scheme .

Demographic Pattern of Individual Investors

Demographic Factor	Parameter	No. of respondents or Frequency	Percentage
Gender	Male	59	58.42%
	Female	42	41.58%
Age	20- 25 years	37	36.60%
	26-30 years	24	23.80%
	31-35 years	18	17.80%
	35and above	22	21.85%
Marital status	Married	53	52.48%
	Unmarried	48	47.52%
Educational Qualification	Primary	5	4.90%
	Below graduation	12	11.76%
	Graduation	32	31.37%
	Post-graduation	42	41.18%
	Any other	11	10.78%
Employment structure	Govt employee	16	15.69%
	Businessmen	15	14.71%
	Student	34	33.33%
	Housewife	14	13.73%
	Agricultrist	14	13.73%
	No answer	9	8.82%
	Income status	Below 2 lakh	33

	2 lakh - 5 lakh	36	35.29%
	5 lakh - 10 lakh	9	8.82%
	Above 10 lakh	1	0.98%
	No answer	23	22.55%

(Table 1)

Investment Pattern of Investment and various schemes

1) Percentage of Income And Saving Invested :

Percentage of income invested	No.of Respondents	Percentage
Below 10%	53	51.96%
11-20%	14	13.73%
21-30%	3	2.94%
Not disclosed	29	28.43%
No answer	3	2.94%

(Table 2)

Descriptive Statistics

Mean	12.25
Median	8.5
Standard Error	6.155959
Standard Deviation	12.31192
Confidence Level 95%	5215

(Table 2.1)

2) Kinds of Investment

Kinds of investment	Respondents	Percentage
Financial Assets	40	39.22%
Physical Assets	42	41.18%
Marketable Assets	17	16.67%
No Answer	3	2.94%

(Table 2.2)

Descriptive Statistics

Mean	20.6667
Median	17
Standard Error	11.40663
Standard Deviation	19.75686
Confidence Level 95%	52.14747

(Table 2.3)

3) Investment in Various Class of Investment

Options	Respondents	Percentage
Equity	13	6.07%
Mutual Funds	14	6.54%
Debentures And Bonds	5	2.34%
Bank Deposits	22	10.28%
Insurance	22	10.28%
Gold	57	26.64%
Real Estate	35	16.36%
Post Office Saving	46	21.50%

(Table 2.4)

Mean	28.71
Median	22
Standard Error	6.913
Standard Deviation	18.29
Confidence Level 95%	52.14768

(Table 2.5)

From all the table and data we can find that:

a) Majority of individual transfer below 10% of their savings in various investment avenues according to different market conditions and govt schemes about 51.96 percent, the lowest percentage is 21-30% because here individual is not ready to take risk due to various factors which influence market like post covid market conditions, failure of various investment schemes.

b) Majority of individual invest in physical assets about 41.18% of their money, because they used to think that buying physical assets is safe and free from high risk and they are future safe also. The risk factors also not so high on physical assets as compare to various assets.

c) Majority Of Individual Invest In Gold About 26.64% Because Govt Giving

vast advantage and various schemes related to Gold investment like gold bonds schemes, Gold monetisation scheme, Sovereign gold bond scheme by RBI and SBI, the mostly gold saving is done by housewife in India, followed by bank deposits and insurance by keeping their savings in fixed deposits and by taking various insurance scheme which include monthly installments which individual pay and it's a perfect part of savings. The future we can say that in physical assets the fixed part of investment is used which is perfect for safety of money.

Suggestions :

It is true that to powerboost the economy there should be more investment by individual because investment is the most important macro factor which boost the strategic equation of economy which is balanced by aggregate demand and aggregate supply both. The government is taking various steps to aware individual

regarding different investment avenues like how small investors should channelize their savings through Mutual funds, how housewife should channelize their gold into various schemes by government, central bank and various banks. In financial market there are various Certified Financial Planners who give various advice how to invest savings into more fruitful investment plan. It is the responsibility of investors to evaluate objectives, risk and return related to different investment, so instead to invest in high premium charging policy they should invest in those avenues which are safe and highly capitalized and give return. The investors should take help of financial market instruments for further investment even government also provide free helpline no to investors so that they can ask questions.

Conclusion :

As savings are small, the individual is very concerned about its savings, because risk and return varies according to different investment schemes. The research paper submits that investment decisions or avenues need definite knowledge of market and financial market informations including govt schemes knowledge. The financial behaviour of individual also affects how he or she invests in various investment options. Selection of a perfect investment is also a difficult task for an individual. There are lots of considerations while such as different investment types, market sentiments, tax policy, govt schemes, risk and return. The individual should consult various financial regulators for better confidence in investing savings into investment.

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