



STUDY ON AN INVESTMENT PATTERN OF INDIVIDUAL INVESTORS IN MEERUT CITY

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Abstract

Investment is an important part of every country's economy. With the savings invested in various options available to the people, the money acts as the driver for growth of the country. Indian financial scene too presents a plethora of avenues to the investors. A remarkable feature of modern financial markets is the huge amount of trade that is carried out not only by institutions who have informational advantage in trading but also by individual investors who are likely to be less knowledgeable about financial markets. Behavioral finance offers insights and plausible explanations of why we can expect to see such behavioral on the part of investors. Efficient Market Hypothesis allows investors to be perfectly rational and quickly update their beliefs according to the old rules of the game, maximizing their expected utility when receiving new rules while avoiding uncertain outcomes. It is premised on making a satisfactory decision. Investor Perceptions accurately measure how investors view the different investment options available at any given time. Besides overconfidence and the exit effect, empirical research documents many other biases in individual trading behavior. We use our comprehensive investor data set to identify specific factors these investors look for in their individual trading behavior.

Keywords: investment structure, investment objectives, driving factors, information sources.

I.INTRODUCTION

Since it makes up a large portion of the resource market, personal savings and investment behaviour is crucial to every economy. The strategies used by the service sector in India have undergone a paradigm shift recently. Investment opportunities have opened up in India as a result of customers' growing spending power and demand for a variety of goods. The variety of options supplied to mark have received feedback from samples. According to research by Sunil Gupta (2008), the majority of investors in the city favour depositing their excess funds in banks, post offices, fixed deposits, savings accounts, various UTI schemes, etc. Despite service and professional class investing in shares and debentures, the general sentiment of investors toward securities was negative.

II. SIGNIFICANCE OF STUDENTS

The Indian economy is growing rapidly and offers a variety of investment opportunities. Even in developing countries like India, the importance and role of the service sector has increased significantly in recent years. Understanding the behavior of individual investors can play an important role in explaining stock market anomalies and preparing policymakers, investment institutions, researchers, and corporate managers to respond to a range of investor behaviors. Financial markets offer new and greater opportunities for investors. To access this huge and expanding market, companies are developing effective marketing and advertising strategies based on research and understanding of investor behavior. In fact, there are significant differences in consumer behavior in rural areas in terms of product development, pricing, distribution and after-sales service, resulting in different requirements for marketing strategies in rural India. Understanding consumers and their behavior is at the heart of marketing. Financial institutions today focus on customer retention and relationship marketing. That is, to understand consumer behavior after the first purchase. India's economy is growing rapidly and offers many investment opportunities. Even in developing countries such as India, the importance and role of the service sector has increased significantly in recent years. Understanding individual investor behavior can go a long way in explaining stock market anomalies and in preparing policy makers, investment institutions, researchers, and corporate managers to respond to different investor behaviors. Financial markets offer new and greater opportunities for investors. To tap into this huge and expanding market, companies develop effective marketing and advertising strategies based on research and understanding of investor behavior. There are indeed significant differences in rural consumer behavior in terms of product development, pricing, distribution and after-sales service, leading to different demands on marketing strategies in rural India.

Understanding is key to marketing. Financial institutions today focus on customer retention and relationship marketing. That is, to understand consumer behavior after the first purchase.

III. REVIEW OF LITERATURE

Each economy offers different investment avenues/opportunities ranging from safe to risky investments. The Indian economy is also characterized by many safe and risky investment opportunities. Few of the investment vehicles deployed by governments offer tax incentives. The choice of investment direction is a subjective matter for each investor. Few researchers have attempted to figure out what they prefer.

Rao D.N. and Lao S.B. (2010) conducted a study of the investment patterns of five groups of investors in eight different fund categories. We studied the portfolios of investor groups and identified a dominant investor group in terms of size and volume of investments. Key Findings: (a) Corporates are the dominant investor group accounting for approximately 48% of the industry's total AUM, with a preference for non-equity funds that offer high safety and liquidity, while retail is the next dominant group of investors. A group of investors with 24% of total investment.

Bhaskar Biswas, (2013) Investigated out performance and under performance of diversified funds. It involved studying the performance of some ten best and ten worst performing diversified equity mutual funds for the period of last three years (2009 -2012). In this paper of selected diversified equity funds have been analyzed by analyzing their arithmetic mean return, risk can be analyzed by standard deviation, beta measures market sensitivity, alpha measures the risk return relationship and Sharpe ratio measures the risk premium of portfolio.

Alekhy, (2012) studied performance evaluation of Public & Private Sector Mutual Funds in India and comparative performance of public and private sector mutual fund schemes the Indian Mutual fund Industry has witnessed a structural transformation during the past few years. This paper has evaluated the performance of Indian Mutual fund equity scheme of 3 years past data from 2009 to 2011. Theoretical parameters proposed by Sharp, Traynor, and Jensen for evaluating the investment performance of risk-adjusted mutual funds.

Dhanda, Batra and Anjum (2012). An attempt to study the evaluation of the effectiveness of selected open schemes in terms of the ratio of risk to return. Beta, standard deviation, and Sharpe and Traynor ratios were used for this return method. The BSE-30 has been used as a

benchmark to study the performance of mutual funds in India. The findings of the study reveal that only three schemes have performed better.

Jain and Gangopadhyay, (2012) analysis of Equity Based Mutual Funds in India attempted to analyze the performance of equity based mutual funds. The analysis has been made using the risk-return relationship and Capital Asset Pricing Model (CAPM). The overall analysis finds that HDFC and ICICI have been the best performers, UTI an average performer and LIC the worst performer which gave below- expected returns on the risk-return relationship.

Sarish, (2012) studied mutual funds and the benefits of investing in mutual fund, its drawbacks and have done detailed study on various aspects of mutual fund. This article aims to explore the potential of mutual funds in India with all their challenges, complexities and variables and to propose means and solutions to the problems to develop mutual funds with economic growth potential. This study relied on secondary data to identify and analyze problems and opportunities in mutual funds.

Puneet Bhusan (2014) assessed the impact of salaried workers' level of financial literacy on their preference for investing in financial instruments. He created the primary data for data collection using an unmasked structured questionnaire. Multi-level sampling method used for data collection. There are 12 districts in Himachal Pradesh. Shimla, Solan and Kangra (Phase 1) were randomly selected from these three regions. The study uses the OECD approach to measure respondents' level of financial literacy. An individual's financial literacy influences their perception of financial products and their investment preferences. Due to the low level of financial literacy, citizens prefer traditional financial products.

Devi and Chitra (2014) have revealed in their study, 'A Study on Salaried Employees Behaviortowards Domestic Savings and Investment in Rasipuram Town', that the investment is made bydifferent categories of investors keeping in mind period of investment avenues, investmentdecisions taken and level of satisfaction of investors. The data was analysed with the help of Chi- Square test and F- Test. It was further concluded that investing has been an activity of richand business class but today it has become a routine course for every individual. Moreover,increase in working population, larger family incomes, provisions for tax incentives,

availability of large and attractive investment avenues, etc also paves a way for saving and investment. The study further recommends that adequate supply of savings should be maintained as a central policy objective for economic stability.

IV. RESEARCH METHODOLOGY

The current study is based on empirical research. This study is to solve the following problems. 1. Survey of respondents' current and future investment models. 2. Understand the purpose of your investment decisions. 3. Identification of key factors influencing investment decisions. 4. Structured charts were used to gather basic data to understand the investment sources used by respondents. It was divided into 5 parts. Structure was the percentage of existing investments and future preferences, investment objectives, driving factors, information sources used, and demographic profiles of sample participants. The study area was the metropolitan area of Meerut. Samples were drawn from the population using a stratified and convenient sampling method. Stratification according to socioeconomic class. Descriptive Statistics of All Samples The following table shows the characteristics of all samples taken for the study. A table is provided to get a general idea of the sample's profile. The sample's demographic profile includes gender, age, education level, occupation, income, investment decision maker, household spending, family type and savings, and investment ratio. Frequencies and proportions are given in the table. Source: (edited by the researcher) Table 1 presents the profile of the samples taken for this study. A total of 820 samples were ultimately selected for study. The majority of respondents, or 78% by schedule, were male all ages.

V. INVESTMENT PATTERN OF INVESTORS

Table: 1 Demographic Profile of Samples

S.N	ProfileParticulars	Variables	Frequency	Percentage
1	Gender	Male	646	78
		Female	174	22
		Total	820	100
2	Income	BelowRs7500	226	28
		7500-17000	249	30
		17000-41000	234	28
		41000-83000	97	12
		Above83000	14	2

		Total	820	100
3	Age	18-23	79	10
		23-29	136	17
		29-35	123	15
		35-41	132	16
		41-47	147	18
		47-53	89	11
		53-59	71	9
		59-65	37	5
		Above65	6	1
		Total	820	100
4	Occupation	UnskilledWorkers	140	17
		SkilledWorkers	104	13
		PettyTraders	63	8
		ShopOwners	45	6

		Business/Industrialistwith numberofemployees		0
		None	40	5
		1 To 9	41	5
		10+	40	5
		Selfemployedprofessional	41	5
		Clerical/Salesman	43	6
		Supervisorylevel	43	6
		Officer/Executive-Junior	96	12
		Officer/Executive- Middle/Semi	74	10
		Total	820	100
5	EducationalQualification	Illiterate	165	20
		School:upto 4years	86	10
		School5-9years	108	13
		SSC/HSC	131	16
		Somecollegebutnot		12

		graduate	95	
		Graduate/PGgeneral	128	16
		Graduate/PGprofessional	107	13
		Total	820	100
6	DecisionMakerAboutInvestment	Self	320	42
		Discusswith spouse	53	7
		Discusswith friends	112	15
		Discusswithconsultant	198	26
		Discusswithfamily	242	31
		Notdisclosed	9	1
		Total	820	100
7	FamilyType	Nuclear	546	67
		Joint	230	28
		NotDisclosed	44	5
		Total	820	100
8	SavingsandInvestment(%)	0-10	379	46
		11-20	248	30
		21-30	96	12
		NotDisclosed	97	12
		Total	820	100
9	HouseholdIncome	BelowRs7500	171	21
		7500-17000	223	27
		17000-41000	238	29
		41000-83000	69	9
		Above83000	85	10
		NotDisclosed	34	4
		Total	820	100

Since samples were based on Socio-economic Classes, due consideration was given to be given representation in research. The age groups between 23 – 47 were found to participate in research in more numbers. Educational qualification of respondents. They were taken in decided proportion. Entire range of income groups were taken for study and it was found that samples were spread over all income groups. Individual income and household income are considered. Also the portion of amount from the income is saved by the investors has been sought in the form of saving percentage from their income. Almost all samples save some amount from their income ranging from 1% to 30%. Family type is also considered i.e. nuclear family or joint family. 70% of samples staying in nuclear family. It

can be said from the table that while selecting samples due consideration is given to the set demographic factors. Following table depicts investment preferred by entire samples taken for study investment instrument wise. The frequency, percentage of frequency, mean, rank and S.D. is calculated. Mean investment is an average of percentage of investment done by samples in particular Investment Avenue.

Table 2: Investment Made in Instrument by Entire Samples (N=820)

S.N	Investment	F	%*	Mean	S.D	Rank
1	NSC	78	10.13	1.29	4.19	16
2	PPF	282	36.62	6.43	10.99	4
3	BankFixed Deposits	669	86.88	35.30	28.04	1
4	POSchemes	165	21.43	4.63	10.84	5
5	GovernmentSecurities	86	11.17	1.57	4.96	14
6	Insurance	533	69.22	14.99	17.29	2
7	Mutual Funds	150	19.48	2.93	6.71	10
8	Cash inHand	0	0.00	0.00	0.00	25
9	ELSS	17	2.21	0.27	1.97	20
10	Debentures	23	2.99	0.43	2.87	19
11	Bonds	97	12.60	1.38	3.87	15
12	Gold/Silver	248	32.21	6.86	11.70	3
13	CompanyDeposits	15	1.95	0.27	2.54	20
14	SIP	139	18.05	2.66	7.61	11
15	ULIP	42	5.45	0.66	2.94	17
16	CommodityMarket	31	4.03	0.53	2.76	18
17	NBFC Schemes	2	0.26	0.03	0.53	24
18	Live Stock	130	16.88	3.44	8.65	7
19	RealEstate	105	13.64	2.61	7.86	13
20	Chit Funds	87	11.30	4.25	16.55	6
21	Shares	162	21.04	3.40	7.48	8
22	ForexMarket	6	0.78	0.15	1.81	22
23	PrivateEquity	6	0.78	0.07	0.89	23
24	CreditSociety	55	7.14	3.21	14.91	9
25	AnyOther	83	10.78	2.65	11.60	12

Table 2 reveals that 87% samples prefer Bank Fixed deposits followed by 69% sample preferring Insurance for investment. PPF is preferred by 36.62% samples whereas Gold/ Silver is preferred by 32.21% samples and 21.43% samples prefer Post Office Schemes. Least preferred investments avenues are the investment in NBFC Schemes 0.26% samples, Private Equity Investments and Forex Market. 0.78% samples and Company Deposits are preferred by 1.95% of samples. Amount wise majority samples preferred Bank Deposits since average 35.30% amount is invested by samples in Bank Deposits followed by 15% of amount is invested in Insurance and 6.87% of amount is invested in Gold. In PPF, the investment is found about 6.43% and on rank 5th Gold holds 4.63% of investment. Minimum amount of investment is found in NBFC Schemes i.e. 0.03% followed by Private Equity Investments 0.07%, Forex Market 0.15%, Company Deposits and ELSS 0.27%. Following table depicts investment preferred by entire samples taken for study investment instrument wise. The mean, rank S.D. and variance is calculated.

CONCLUSION

Financial market providing ample opportunities for investors to invest. The individual investor plays an important role in the financial market because of their big share of gross savings in the country. This study is an attempt to understand the behavior of individual investor in financial market. The individual investors buying behavior is influenced by various factors such as social, economic, psychological and demographic. Individual investor's investments are backed by benefits and money. Individual investor still prefers to invest in financial products which give risk free returns. The study also confirmed that Indian investors even if they are of high income, well educated, salaried, and independent are conservative investors who prefer to play safe in the market. Financial regulators have to organize seminars, programs and sessions for creating awareness in individual investors as well as to boost confidence level among them

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