



JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)

An International Scholarly Open Access, Peer-reviewed, Refereed Journal

A Study on the Investment Pattern of Investors

Ms. Suvomita Sinha, Assistant Professor, Villa Marie Degree College for Women, Somajiguda, Hyderabad.

K. Naveen Kumar, Assistant Professor, Villa Marie Degree College for Women, Somajiguda, Hyderabad.

Abstract: Investment is a vital prerequisite necessary, by an individual in order to protect himself from the future predicaments an investor can encounter due to the lack of investment.

This study makes an attempt to analyse the perception of investing individuals and will also be throwing a light on the awareness of the various investment avenues available and the various motives behind the investment activities.

Key Words: Investments, Avenues, Risk, safety.

❖ INTRODUCTION

Investment is a commitment of funds for earnings of additional income. It is considered as a sacrifice of certain present value of money in the anticipation of a certain reward. The term 'INVESTMENT' is perceived differently in different context. Like for instance for a person who has lent money to another, it may be an investment for return. Similarly, any person purchasing bullion of gold or real estate for the purpose of price appreciation, it is an investment for him. Likewise an insurance plan or a pension plan is an investment to its purchaser.

Financial investment means employment of funds in the form of assets with the objects of earning additional income or appreciation in the value of investment in future. Assets which become the subject matter of investment may be varying between safe and risky ones. Certain investments like bank deposits, post office certificates, life insurance and so on only yield income, on the other hand when investments are in the form of assets such as land and buildings, they record capital appreciation. There also exists certain investment whose value fluctuates widely and whose returns are uncertain and are considered to be risky.

So, it can be said that investment is both an Art and Science, and any meticulous investor has to use his discretion while making any decision with regard to the various avenues in which he desires to invest.

It is imperative to understand that anybody could be a saver but to become an investor there is required several factors upon which a particular investor's investment activity depends like liquidity, safety, returns.

This research analysis makes a legitimate attempt to study the Investment Pattern of different investors.

❖ OBJECTIVES OF THE STUDY:

- 1) To recognize the most preferred Investment Avenue among the investors and the reason behind their preference.
- 2) To know whether the investors are aware of the tax benefits involved in their respective investment avenue.

- 3) To attain an understanding whether the investors would prefer to invest in any other avenue apart from their preferred investment avenue.
- 4) To discern whether investors are aware of the measures adopted by the Government to protect their interests.

❖ **NEED OF THE STUDY:**

The rationale of this study is to understand the psyche of the individuals investing in various avenues which are available to them. In addition, the study also attempts to understand the motive and the reason behind the preference of the investors, which is, evidently driving the investing individuals to opt for the specific investment.

Furthermore, this study inadvertently proved to be a learning process to the researcher as the researcher was in a position to come across the various investment avenues available, which will be immensely helpful to her in her future investment endeavours.

❖ **SCOPE OF THE STUDY:**

The present study has been focused on respondents who invest in different investment avenues, from all over India, belonging to different walks of life including Home makers, students and retired persons, ranging from the age of 25 to 55 and above.

The respondents played a vital role in the study as their responses became the source of data which was collected on a primary basis.

❖ **RESEARCH METHODOLOGY:**

The methodology for research conducted for this study was through a survey wherein questionnaire was administered to the respondents. Simple statistical tools such as ratios and percentages were applied to analyze and interpret the data so collected from the respondents

Source of data

The present study is done on the basis of purposive random sampling

In order to fulfill the goal of the study, data was collected on primary as well as secondary basis

Primary Data: The primary data was collected from respondents through a well-structured questionnaire. The questionnaire was distributed to 100 respondents. The respondents consisted of 50 male respondents and 50 female respondents making the base of the study a gender oriented study. The questionnaire for the respondents consisted of two section.

The 1st section comprised of the individual profile of the investor, while the 2nd section of the questionnaire consisted of questions about the level of awareness of the investment avenues of the investors, the factors that influence and motivate them to invest in their preferred investment and the various problems faced by them as investors.

Secondary Data: The secondary data relating to the study was collected from research articles, journals, business magazines and websites.

LIMITATION OF THE STUDY:

- 1) The study was limited to a particular sample size, which was limited to a certain number of respondents only, owing to the constraint of specified time limit.
- 2) Responses of certain respondents had to be eliminated owing to the cause of unambiguous responses.

REVIEW OF LITERATURE:

U M Gopal Krishna (2019) Reasons for the investment preference for the investment route and the impact of the investor's investment decision on the investment route preference. The study was based on primary data collected from 216 respondents from the Kurnool district of Andhra Pradesh. The main results of the study reflect the results of the investors' investment preference reasons in the various investments

K. Naveen Kumar, (2022) examined the investment patterns of individual investors, their investing strategies and their expectations of the investment they made. The study was based on a primary survey of 250 people of different age groups, different income levels, different occupations and different educational qualifications from Hyderabad

Disha. A. Popat Investors' financial knowledge and perception towards risk and return associated with the financial decisions of different investment avenues. The study was based upon primary data collected through questionnaire administered to 100 rural and 100 urban investors from Gandhinagar. The findings explain that decisions of rural investors are inclined towards less risky and moderate return avenues and urban investors are more interested towards high risk and high return options.

Gaurav Kabra et al. (2010) in this study you want to know which factors influence investment behavior and how these factors affect the risk tolerance and attitudes of men and women when making investment decisions and whether age can be a reason for this. For analysis, they used hedging and regression analysis. They concluded that investors are now more mature and have adequate knowledge, but an individual investor still prefers to invest according to their risk tolerance.

Geetha and Ramesh (2012) found in their study "A Study on Relevance of Demographic Factors in Investment Decisions" that demographic factors such as gender, age, gender, education, occupation, income, savings and family size influence the investment period, investment frequency and the range of information from sources and analytical skills. The authors showed that demographic factors have a significant impact on some investment decisions. It also gives a general overview of investor perceptions of different investment opportunities.

K. Malar Mathi et al. (2012) the objective of this study is to understand individual investor behavior. Data collected from review the literature, research papers have been collected from various referred journals related to individual investors' behavior. They development of economy depend on the growth of rural market in the country. Lack of finance in rural is the reason behind for low investment. Shifting to urban for jobs.

Jothilingam et al. (2013) carried out examination available literature on the investors' attitude towards investment avenues. This based on primary data and secondary data. It proposed that woman investors should enthusiastic to make an investment in avenues other than gold, like mutual funds, shares, and securities, currency. Conclude that investors preferred to invest in less risky investment avenues like gold, mutual funds, and bank deposits. Investor avoids risk as much as they can. Shalini Sah et al. (2013) They wanted to identify the beliefs and attitudes of the individual investors with regard to financial investment decision making, with particular reference to the investor biases. They conducted an in-depth study to understand investor beliefs and preferences. They found that individual investors have numerous beliefs and preferences that bias their financial investment decisions. They suggested that an understanding of an individual investor's psychology would help in better comprehending the way the individual investment decisions are made.

Sindhu K. P(2014) The objective of this research paper was to establish the influence of risk perception of individual investors on their investment decisions in mutual funds. The risk perception of investors is an important factor that influences investment. This study based on the review of literature and discussions with experts in the field, identified the factors influence the risk perception of the investor.

Puneet Bhusan (2014) assessed the financial literacy level of salaried individuals affect their investment preferences towards financial products. Primary data had done to collect data using a non-disguised structured questionnaire. Multistage sampling method used in collecting data.

There are total of twelve districts in Himachal Pradesh. Out of these three districts namely Shimla, Solan and Kangra were selected randomly (first stage). Measure the level of financial literacy of the respondents using OECD approach in the study. Financial literacy of an individual affects its awareness regarding financial products and investment preferences. Due to low financial literacy individuals prefers traditional financial products.

❖ Demographic profile of the respondents

Gender	No. of Respondents	Percentage
Female	50	50%
Male	50	50%
Age - group	No. of Respondents	Percentage
25 – 35 years	33	33
35 – 45 years	13	13
45 – 55 years	41	41
55 years and above	13	13
Qualification	No. of Respondents	Percentage
10 th pass	4	2.7
12 th pass	4	2.7
Graduate	88	59.9
Post Graduate	47	32

REASONS BEHIND THE INVESTING ACTIVITIES OF INVESTORS

Investment requires precision and patience as there are many factors influencing and others to be considered while making any decision related to investment. Not only factors there are many causes leading to an investment activity.

So, it can be said that there are several reasons why a person invests and some of the reasons which are primarily considered by an investor is mentioned below:

1) **Financial security:** One of the primary reasons vested behind the investment activity of an investor is to secure him/her and their family members, financially. Investment in different avenues will enable the investor to generate a large cash reserve, which advertently will lead to the security of the investor financially.

2) **To grow income:** An investor also invests with an intention of growing their income. Most investment avenues such as government securities, bank deposits, mutual funds etc leads to the growth in the income of the investor.

3) **Earn higher returns:** In order to grow money, the investor needs to put it in a place where it can earn a high rate of return. The higher the rate of return, the more money the investor will earn. Many Investment avenues tend to offer the opportunity to earn higher rates of returns. Therefore, if an investor wants the chance to earn a higher return on their money, they will have to explore the ideas of investing their money in several avenues.

4) **Saving for retirement:** Retirement is an immensely vital part of a person's life. It is that time in the life of a person where he/she stops living at work and begins working at living, so in order to do so, a person needs to invest and prepare himself/herself to live less apprehensively in that latter part of life.

5) **Tax benefits:** One of the main and also a very fundamental reason behind investing, by an investor is to lessen the burden of payment of tax, that falls upon his shoulders. Investing in several avenues leads to the reduction of the impact of taxation on the investor and also provides the investor with a free pass to access the various tax benefits.

TRENDS IN THE INVESTMENT PATTERN OF THE INVESTORS IN INDIA:

Investment has a vital role to play in a person's life. There are many goals a person desires to achieve during his lifetime, be it to fulfil their dream of watching their children become what they aspire, by completing their education, or to make their lives and their loved ones' lives safe and secure in the future or to work hard towards making ends meet. For all these activities a person needs to invest and it is this reason why it is precisely the most important activity done by a person.

Traditionally, we have seen that people like to invest in avenues which are less risky and bring them maximum returns in the future. The trend continues the same even today but people or, in other words investors have become more open minded about making investment decisions which includes, them taking risk and investing in options in which they are not used to investing in.

There is a visible shift in the investment pattern of investors especially if observed from the standpoint of gender. It was understood that women in the past did not have a fondness for investment; the reason could be either they did not have any knowledge regarding investments or they simply lacked interest. This however in the modern times has completely been altered, as women are now investing heavily and may also surpass the male investors in the near future. Another point to know about that women investors is that, evidently gold and silver play a very important role in the life of a woman and as a result, it was a preconceived notion that the female investors would only invest (if they are to be investing in any option)

in gold and silver, which is changed in recent times as women are heavily investing in other avenues like mutual fund and bank deposits breaking the stereotype of investing in gold and silver.

The male investors have become placid toward investment as opposed to what was observed traditionally. In the recent times it has been observed, that the male investors have shown that they no longer crave for taking high risks in the expectation of great returns.

Thus, it is imperative to understand that the mindset of the investors is undergoing a change and as a result the trend in investment pattern is also changing with time. So, it is time to keep up with the prevalent shift in investment and flow with the change accordingly.

❖ Research Analysis

Table (a): Table showing the level of awareness of different investment avenues among the investors.

INVESTMENT AVENUE	NO. OF RESPONDENTS	P PERCENTAGE
Mutual funds	76	19.2
Bullions (E.g. Gold, Silver)	35	8.9
Post office schemes	59	14.9
Real estate	44	11.1
Shares and Securities	50	12.7
Bank Deposits	86	21.8
Government securities	45	11.4
Total	395	100

(Source: Questionnaire)

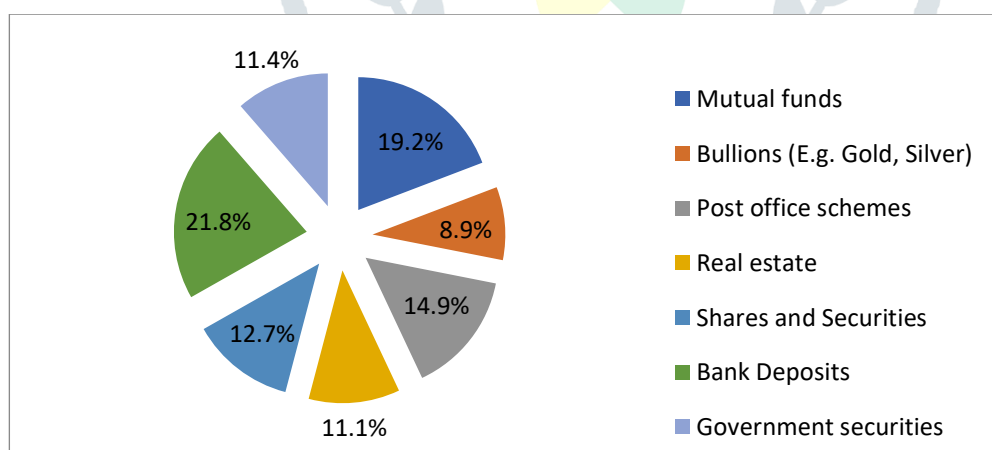
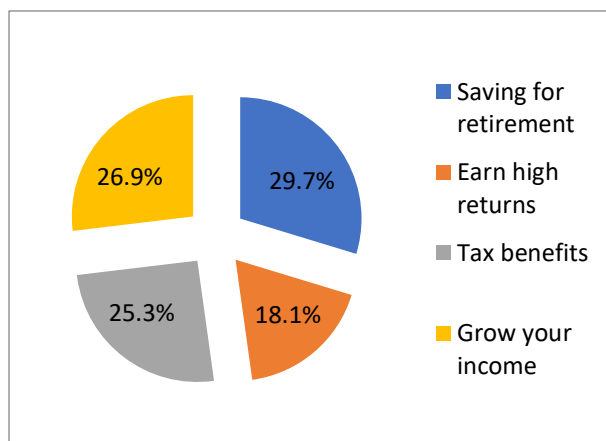


Figure (a): Figure showing the level of awareness of different investment avenues among the investors
From the above Figure it can be observed that 21.8% of the respondents are more aware about the investment avenue bank deposits followed by mutual funds about which 19.2% of the respondents are aware. On the other hand only 8.9% of the respondents are aware about the investment avenue of Bullions (E.g. Gold, Silver) making it the least know Investment Avenue. So it can be concluded by looking at the figure, that respondents are highly aware about bank deposits as an investment avenue

Table (b): Table showing the motive for investment among respondents.

MOTIVE FOR INVESTMENT	NO. OF RESPONDENTS	PERCENTAGE
Saving for retirement	54	29.7
Earn high returns	33	18.1
Tax benefits	46	25.3
Grow your income	49	26.9
Total	182	100

(Source: Questionnaire)

**Figure (b): Figure showing the motive for investment among respondents**

From the table and pie chart it can be observed that 29.7% respondents' motive behind their investments is to save for retirement, 26.9% of the respondents invest in different avenues with a motive of growing their income, 25.3% of the respondents invest with an intention of attaining benefits related to taxes and only 18.1% of the respondents invest with a motive of earning higher returns. So it can be understood, that the primary motive behind investment of most of the respondents is to save money for retirement.

Table (c): Table showing the responses of the respondents with reference to the problems faced by them while investing in investment avenues.

PROBLEMS	NO. OF RESPONDENTS	PERCENTAGE
Lack of awareness	46	31.5
Misleading advertisements	41	28.1
Fear of fraudulent practices	35	24
Non – availability of resources	24	16.4
Total	146	100

(Source: Questionnaire)

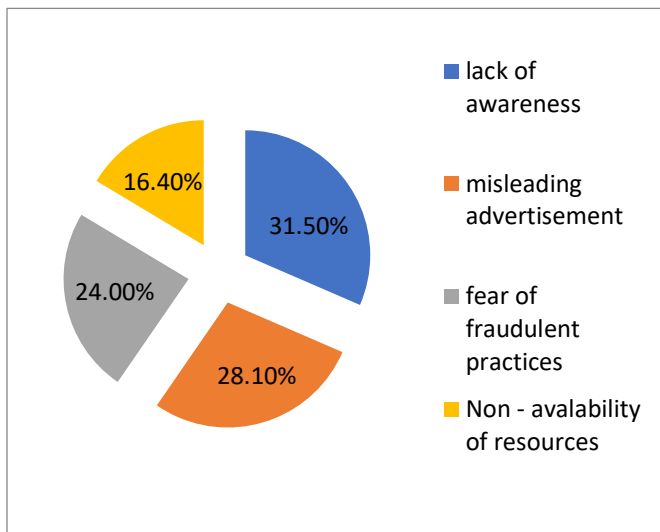


Figure (c): Figure showing the responses of the respondents with reference to the problems faced by them while investing in investment avenues

From the table and figure it can be observed that 31.5% of the respondents face the difficulty of having no awareness of the investment avenues available, 28.1% of the respondents are facing the problem of falling victim to misleading advertisements, 24% of the respondents have a fear of the prevailing fraudulent practices and 16.4% of the respondents face the problem of non – availability of resources. So it can be said from the above figure that maximum respondents are facing the problem of having complete knowledge or awareness of the investment options available. Fear of fraudulent practices and misleading advertisements are also of paramount importance in the minds of the respondents while making an investment decision.

Table (d): Table showing the sources of information which helps the respondents in making investment decisions.

SOURCES OF INFORMATION	NO. OF RESPONDENTS	P ERCENTAGE
Internet	40	19.6
Financial planner/advisors	39	19.1
Family and friends	60	29.4
Newspapers	45	22.1
T.V channels	17	8.3
Books	3	1.5
Total	204	100

(Source: Questionnaire)

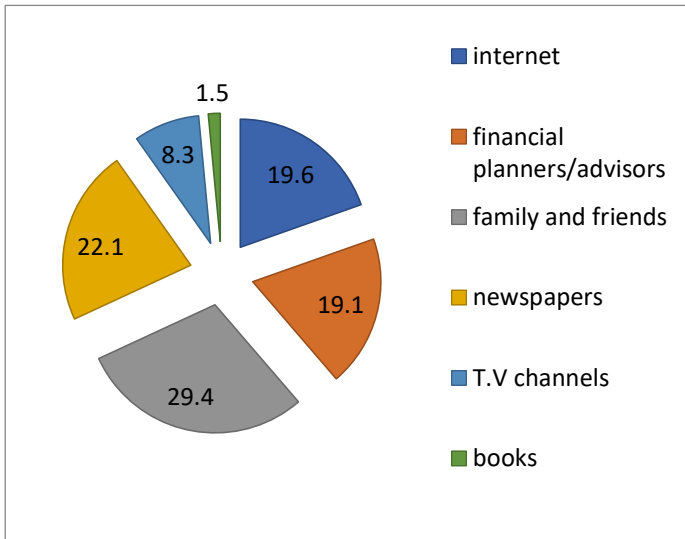
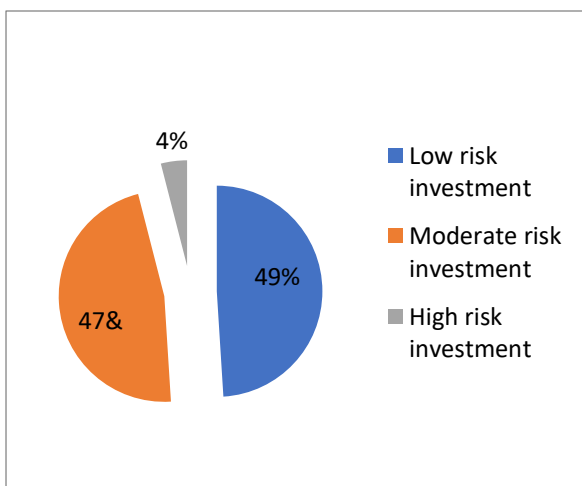


Figure (d): From the above table and figure it can be observed that 29.4% of the respondents rely upon friends and family to obtain information regarding investment, 22.1% of the respondents use newspaper as a source, for obtaining information related to investments. The percentage of respondents utilising the services of financial planners/ advisors, as a source, for investment related decisions are 19.1%, which is 0.1% less than, the percentage of respondents relying upon internet as a source of information.

Table (e): Table showing the level of risk considered by the respondents for their investment activities.

LEVEL OF RISK	NO. OF RESPONDENTS	PERCENTAGE
Low risk investment	49	49
Moderate risk investment	47	47
High risk investment	4	4
Total	100	100

(Source: Questionnaire)



From the above table and figure it can be observed that 49% of the respondents are more prone toward investing in investment avenues which have very low risk associated with them (E.g. Government securities, Post office Schemes), 47% of the respondents are inclined toward any investment avenue like

mutual funds, which have risks which are moderate in nature. Only 4% of the respondents seem keen on investing in options which have a high level of risk associated with them. So it is evident from the above figure 3.5(a) that investment avenues with minimum or low risk are mostly accepted by the respondents for investment purposes, in comparison with other investment options in which the level of risk is high.

FINDINGS:

- 1) The data of the study shows that, the respondents seem to be more acquainted with the avenue of bank deposits, though mutual fund and post office schemes are well known among the respondents, they do not seem to have a fine share of respondents when compared with bank deposits.
- 2) The main motive behind the purpose of investment among all the respondents is to secure their lives after retirement. The female respondents especially are keener to invest with the motive of saving for the purpose of retirement.
- 3) The key factor which is influencing the respondents to invest in various avenues is the fact that the avenues are safe and secure. Factors like affordability, the risk level and the stability of returns do not seem to have much influence on the respondents.

CONCLUSIONS:

- 1) 21.8% of the respondents are more aware about bank deposits as an investment avenue. The respondents also prefer bank deposits for investment over other options.
- 2) 26.9% of the respondents invest with the motive of growing their income.
- 3) 28.1% of the respondents have admitted that the prevalent difficulty faced by the investors while investing is lacking awareness.
- 4) 29.4% of the respondents utilise the help of families and friends while making any investment decision. Very few respondents rely on books and T.V channels as source of information while making any decision related to investment.
- 5) When it comes to invest in avenues in terms of risk, 49% of the respondents prefer investment avenues which are less risky in nature.

References

- 1) K. Naveen Kumar, Research Scholar, Rabindranath Tagore University, "A study on the Awareness level among the Investors towards Mutual Funds in Hyderabad City". Shodhayatan – Rabindranath Tagore University, IX, Issue – XVII December 2021.
- 2) Avadhani V.A, Investment Management 2008(7th revised edition), Himalaya Publishing House, pg.no. 41.
- 3) K. Naveen Kumar, Assistant Professor, Villa Marie Degree College for Women. Forensic Accounting in Indian Perspective – Uncover, Investigate, Analyze, Resolve and Present Financial Crime for Justice. Journal : International Research Journal of Management Science and Technology. (An Internationally Indexed Peer Reviewed and Referred Journal)
- 4) Dr. Prasanna Anu Asst. Professor of Law & Gauthair Dipa, research scholar.- An insight into the role of banks on loans and advances in the national and international scenario (January 2020) retrieved from <https://gfgc.kar.nic.in/udupi-women/FileHandler/209-c990b87a-7945-4786-abd9-0a4ef3e23a6f.pdf>
- 5) Dr. Williams Jacqueline., Dr. N Maria Das, Technology – Driven Paradigms in Commerce 2016(ISBN: 978-93-7495-669-4), Media house publications, pg.no.323
- 6) Patil Sonali , Dr. Nandawar Kalpana (Sep.-Oct. 2014)- A Study on Preferred Investment Avenues Among Salaried People With Reference To Pune, India e-ISSN: 2321-5933, p-ISSN: 2321-5925.Volume 5, Issue 2. Retrieved from <https://www.iosrjournals.org/iosr-jef/papers/vol5-issue2/B0520917.pdf>
- 7) K. Naveen Kumar, Lecturer in Commerce, "Foreign Direct Investment – A Serious Impact on Indian Retail Market" ITIHAS The Journal of Indian Management