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## **Investment behaviour of investors in India: A case study of Tandur town**

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### **Abstract**

The present paper is aimed to create an awareness for the investors to invest in multiple securities. The study is descriptive in nature with a purposive sampling technique. 50 samples were analyzed in this study, and their response was analyzed or observed through the medium of questionnaire. The data has been collected from various investors in Tandur town. It was found, that 64 % respondents are aware about the investment avenues while 36 % are not aware. Researcher also found that most of the investors invest in various avenues who received high returns in nature. Furthermore, the investors do not prefer the high risk; they are just investing their savings in less risky securities because there is less possibility of loss. The less risk gives less return. So the investors should increase their risk of getting extra return on investment.

**Keywords:** investment behavior, preference of investment avenues, investment objectives

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### **Introduction**

All people have to work to earn money to meet their needs; several persons do several jobs to fulfill their needs. They get money for their efforts. They invest their money to get extra returns. Every person wants to invest for a better future out of their earnings. There are a large number of investment avenues today. The people have to choose proper avenues among those available, depending upon their specific needs, risk preference, and return that are expected. In recent time, there are many ways to boost the economic growth of any country. Investment is an essential source of funding for the economic activities of the country for faster growth and development. In simple word, Investment is that part of earning which is invested in security or property to earn future returns. The returns may be in the shape of Interest, dividend or profit derived from that security or property.

The word "Investment" can be defined in many ways according to different theories and principles- To the Economist, "Investment" is the purchase of goods that are not consumed today but are used in the future to create wealth. As per Financial experts, investment is a monetary asset purchased with the idea that the asset will provide income in the future or sold at a higher price for a profit. According to Sharpe/Alexander Investment means "Sacrifice of certain present value for some uncertain future value". When we talk about Investment behavior may be defined as how the investor judges, predicts, analyses, and reviews the procedures for Decision-making, including investment psychology, information gathering, defining and understanding Research and Analysis. The whole process is "Investment Behaviour".

### **Review of Literature**

This literature review consists of research papers.

Brahmabhatt, Raghu and Shamira (2012) <sup>[1]</sup> the study was exploratory in nature to analyze the investor behavior on a selection of investment avenues in Mumbai. The study found that most female investors are unaware of investment opportunities available in the stock market and have very little knowledge of managing their income and financial assets. The study also attempted to examine the impact of demographical factors on selecting investment avenues; among all the demographical factors, age had a significant influence on female investors' selection of investment avenues.

V. Ramanujam, k., and k. Chitra Devi (2012) <sup>[8]</sup> have conducted a study on the impact of socio-Economic profile on investment pattern of salaried & Business people in Coimbatore city. Researchers observed that certain demographical factors like education level, awareness about the financial system, age of investors make a significant impact while choosing investment patterns for investment. It is also observed by them that level of income influences the investment decisions significantly. The higher-income group shows a relatively high preference towards investment in the share market. Conversely lower and average income group shows a keen preference towards insurance and banks as the most preferred investment avenues.

Gauri Prabhu & N M Vechalekar (2013) <sup>[3]</sup> has found that the lack of awareness among investors towards investment in mutual funds with particular focus on monthly income plan funds. The study also found that the diversification of portfolio and tax benefits were the main objectives of investors who invested in mutual funds. As per the authors, the investors who had investments in mutual funds had average investment knowledge about the availability of investment avenues.

G. Santhiyavalli and M. Usharani (2014) <sup>[4]</sup> have conducted investment behaviour of women investor in Coimbatore city. The study concludes that the investment process empowers women to

be confident, forward-looking, and instructs them to use an independent financial decision in their long term interest of their family.

### Statement of the Problem

A lot of research and review available on the topic indicates that this topic has been worked upon factors like, investment knowledge, experience, and investment preference of investors. It was found during the literature review that any substantial study has not been yet carried out on demographical, investment avenues, investment preferences, investment purpose, and other factors regarding the investment behaviour of investors. Hence this study will cover the above the said factors.

### Objectives

1. To study the impact of a demographic factor on investment.
2. To find out the awareness of investors about investment.
3. To know the purpose of investment of investors.

### Significance of the Study

As researcher has mentioned in the statement of problem that this study is going to consider factors such as influence of demographical, investment avenues, investment preferences,

investment purpose, and other factors regarding the investment behaviour of investors. Hence, the study is worth to conduct. Furthermore, the main focus of the study is to analyze people's pattern of investing their earnings in different channels, which will help to get an idea about spending and expenditure in the studied area.

### Research Methodology

- **Type of Study:** The proposed study is in exploratory in nature.
- **Data collection methods:** Primary Data- The data has been collected from the respondent in Tandur town. Secondary Data- Secondary data has been utilized from the published journals, magazines, newspaper, and website.
- **Tools for collecting Data:** researcher used Questionnaire to collect the data because the respondents are educated. If data has to collect from uneducated respondents then researcher would have used scheduled questionnaire.
- **Sampling technique:** purposive sampling technique has been used which is a non probability sampling methods.

### Data Analysis

**Table 1:** Analysis of Demographic Factors

Status	No of respondent	
	50	%
Respondent		
Gender		
Male	27	54
Female	23	46
Age		
20-30	14	28
31-40	25	50
41-50	8	16
51-60	3	6
Qualification		
Under graduate	15	30
Post graduate	20	40
Diploma holder	7	14
Below graduate	8	16
Nature of family		
Joint	16	32
Nuclear	34	68
Marital status		
Unmarried	13	26
Married	37	74
Divorced	0	0
Monthly income		
Below 20,000	24	48
20,001- 30,000	18	36
31,000-40,000	6	12
Above 40,000	2	4

**Sources:** Compiled by Researcher

The above table shows that the survey was conducted between the age group of 20 – 60 years to analyze the relationship between different age groups and investment behavior of the investors.

The table depicts the frequency distribution of respondent based on their age out of 50 respondents, majority i.e., 28 % investors were of 20-30 years old followed by 31-40 years 50 % and above 50 years 21% respectively.

Investors the age group of 20- 45 years were involved in investment activities. Investors based on their level of Education,

out of 50 respondents were under graduate 30 %, 40 % post graduate and below graduate 16%. 74% of the respondents are married and the rest of them 26 %unmarried.

**Table 2:** Awareness of Investment Avenues

Sl.no	Awareness	No of respondent	Percentage
1	Yes	32	64
2	No	18	36
	Total	50	100

**Sources:** Compiled by Researcher

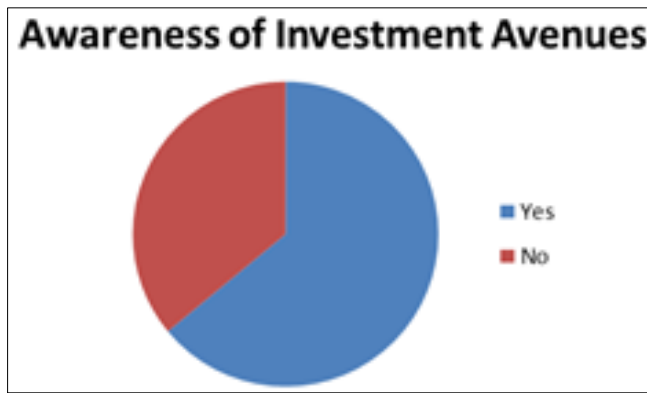


Fig 1

From the above chart, out of 50 respondents 64 % had the knowledge on various investment avenues and the remaining 36 % of them had to knowledge about various investment alternatives. Above table indicates that most of the respondents know about the various investment avenues of the investments.

Table 3: Observed Frequency

Qualification	Awareness	Not awareness	Total
Under graduate	23	4	27
Post graduate	18	2	20
Below graduate	5	9	14
Diploma holder	4	7	11
Total	28	22	50

Sources: Complied by Researcher

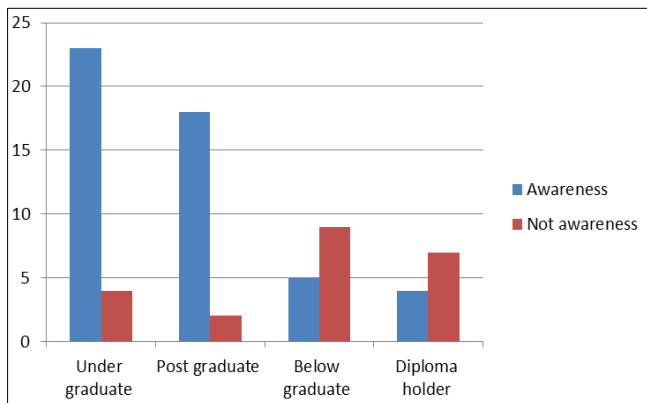


Fig 2

From the above chart we can see that undergraduate and post graduate has more awareness than all other respondents

Table 4: Objectives of the Investments

Sl. No	Objectives	No. of respondents	Percentage
1	High returns	11	22
2	Tax benefits	7	14
3	Emergency need	10	20
4	Retirement plans	6	12
5	Education of children	9	18
6	Marriage of children	7	14
	Total	50	100

Sources: Complied by Researcher

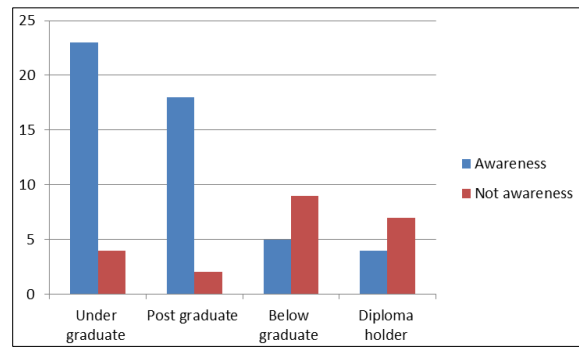


Fig 3

The objectives of the investment vary from one to another. Most of the investors invest their savings for the objective of earning profit and tax saving purpose. Followed by 11 respondents preferred high returns and 10 respondents selected emergency need, and 6 respondents prefer retirement plans as their investment objectives. Retirement has the lowest priority among the investment objectives. High returns and education of children are the prime motive of investment.

Table 5: Preference of investment

Sl. No	Investment avenues	Respondents	Percentage
1	Fixed deposits	14	28
2	Mutual funds	5	10
3	Stock/ shares	4	8
4	Gold	11	22
5	Real estate	10	20
6	Insurance	6	12
	Total	50	100

Sources: Complied by Researcher

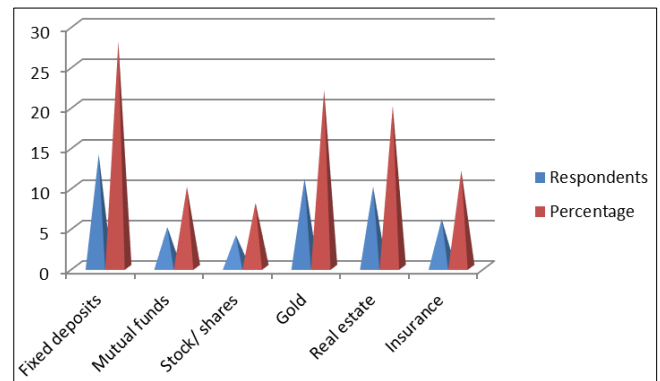


Fig 4

From the above chart we can see that fixed deposits still is the most preferable avenue. It is due to low risk and high certainty in return for future. Around 28% preferred this investment option. 10 % of the investors invest their money in mutual funds, 8 % of the investors invest their money in stock, share market. 22 % of the investors invest their money in gold, 20 % of the respondents invest their money in real estate and 12 % of the investors invest their money in insurance, most of the investors invest their money in gold, bank and real estate, because they want only safety to their investment amount.

## Conclusion

It can be concluded from the study that investors constantly invest a precaution to the future. The primary motives of their investments are safety, regular income and future benefits. Most of the investors preferred to invest in bank deposits and gold because bank deposit is the regular source of income of the investor, and the value of gold mostly appreciates, which will increase the monetary value of investors.

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