

“An Analysis of Investment Pattern of People During the period of 2018-19 in Surat City”

¹Dr. Ranjan Jaykant Sabhaya

ABSTRACT--Investments come from savings and savings is a portion of Total Income. If person has good income, ones can have good amount of savings which may lead to good investment. Present income level defines the present living standard and investment defines future living standard. Indian government has been always trying to push up the public for savings and investment for the development of the economy. In the country, people have certain trends to invest in certain direction. Investment pattern is the investment in different investment avenues with vital consideration of risk and return. This research has been conducted to analyze the investment pattern of people in Surat City during the period of 2018-19. This research is based on primary data. A survey of 203 investors in Surat city has been conducted to draw the conclusion. There are lot many options for the investments but this research has considered only most preferable investment avenues by the public of Surat City like Mutual Funds, Equity, Insurance, Bonds, Gold, Real Estate and Bank Deposits to find out the investment pattern. To analyze the data, hypothesis has been developed and appropriate tests have been applied. According to the Survey and Data Analysis, most preferred Investment Avenues Are Mutual Funds, Bank Fix Deposits, Equity and Insurance compared to Investments in bonds, Gold and Real Estate.

Key Words-- Investment Avenues, Investment Pattern, Surat City.

I. INTRODUCTION

To invest is to allocate money in the expectation of some returns and benefits in the future.

Investment is one of the most successful ways to make financial provisions for the future, where most of the conditions are uncertain and unpredictable. With well planned investment one can get the satisfaction of safety and surety of finance in life.

All investments have some risk, whether in stock, capital market, banking, financial sector, real estate, bullion, gold etc. The degree of risk however varies on the basis of the features of the financial assets or products, investments instrument, the mode of investment, time frame or the issuer of the security etc. Investment benefits both economy and the society.

In today's scenario there has been a major change i.e. economic prosperity all over the world. The entire world is talking about the robust growth rates in this part of the world. Higher income levels and booming stock markets have led to more and more numbers of high net worth investors (HNIs). This means the availability of huge investible surplus.

¹ Assistant Professor, S. R. Luthra Institute of Management Surat, Gujarat. (Affiliated to Gujarat Technological University, Ahmedabad), ranjansabhaya@gmail.com, Contact No: +9925024461, A/404, Aangan Residency, Sudama Chowk, Motavarachha, Surat – 394101, Gujarat.

The investors with higher risk appetite want to experiment and try new and exotic products in the name of diversification. There are more products available within each asset class like in Equity, Mutual Fund, insurance. Today the spectrum of investment is indeed wide. An investment is confronted with array of investment avenues. Among all investment, investment in equity is the best high proportion. Indian economy is doing indeed well in recent years. Each investment option has its own importance and advantage.

Mutual Funds are financial Instruments which are professionally managed and that invest money on behalf of investors. These mutual funds are classified into various types based on the type of securities that they invest in. Some of the most popular mutual fund types are balanced funds, stock funds, open-ended funds etc. These funds are classified based on their percentage allocation in different securities.

Bank Fix Deposits are financial instruments that are one of the oldest and safest ways to save money. These are not necessarily active investment tools, but are rather a passive way to save and earn returns. A fixed amount of money is kept aside with a financial institution for a fixed number of days or months or years. In turn, interest is earned on this money.

Equity are shares that are issued by companies and are bought by the general public. This offers an avenue to companies to raise funds. Stocks entitle a customer ownership of a company. Shares, stocks and equity all imply the same thing. Shares are one of the most popular investment avenues in the world. This is because the returns offered by stocks are generally higher than any other financial instrument. However, to balance out the high return associated with stocks, the risk associated with these products is also quite high.

Insurance There are a number of reasons why one feels the need of insurance in life. Given that life is full of uncertainties, it's really important to purchase insurance as early as possible to protect ourselves and our family against all odds. Having an insurance plan not only keeps us protected, it also provides us with mental peace. Insurance is particularly important for senior citizens for whom these insurance policies can serve as a replacement for their income and help support themselves and their family members.

Bonds, A Bond can be understood as an IOU which is issued by an issuer (borrower) and to a lender. Generally, bonds are instruments used by public and private sector enterprises to raise huge sums of money which any bank is incapable of lending. These bonds are then issued in the public market by the borrowing entity and are bought by lenders for specific amounts of money. Thousands of lenders then come together to lend the required amount and the borrowing organization is able to raise capital for its operational or growth purposes.

Gold Possessing in the form of Jewellery has its own concerns like safety and high cost. Then there's the 'making charges', which typically range between 6-14 per cent of the cost of gold (and may go as high as 25 percent in case of special designs). For those who would want to buy gold coins, there's still an option. One can also buy ingeniously minted coins. An alternate way of owning paper gold in a more cost-effective manner is through gold ETFs. Such investment (buying and selling) happens.

Real Estate, Properties rates are soaring with every passing day which has made real estate a hot investment avenue for investors. Buying, selling and leasing of property offers substantial returns to investors. Appreciation of property makes real estate a good investment tool.

II. LITERATURE REVIEW

Bhaskaran (2012) found the behaviour of the investor to identify the better investment avenues available in India. The investment strategy is a plan, which is created to guide an investor to choose the most accurate investment portfolio that will help them to achieve their financial goals within a particular period of time. By increasing personal wealth investing can contribute to higher overall economic growth & prosperity. The Indian investors are very much aware about the concept of portfolio allotments, risk & return of the investment

Bhola & Zanvar (2016) analyses the impact of socio economic variables on the attitude of investors towards investments. The results also described that certain variables like education level, awareness about the financial system and age of investors etc. make impact while deciding on the investment patterns for investment. It is observed that the level of income also affect the investment decisions. Higher income group perceive high preference with high risky Investment avenues and conversely lower average income group shows less interest in high risky avenues rather they choose insurance & banks.

Bhavani & Shetty (2017) analysed investment choice gets affected by the demographics & perceptions of the investor. Investor's behaviour is influenced by many factors at the time of investment decision making. Demographic profile & perceptions play an important role to select a particular choice of investment.

AkshathaPrabhu, K.S Shilpashree, Mahesh B.S (2017) have studied on the title "The Investment Patterns of Investors in different Financial Products in Dakshina Kannada" to find out the Investment Pattern of Investors in Kannad of Karnataka. This study was based on the primary data. This study concluded that gender, Income Level, education level and economic trends are the major factors affecting the Investment Pattern.

Ms. Sudarshana Saika, et al., (2015) have focused on "Investment Pattern of Youth in India with particular Reference to Mumbai" and found that options like post office schemes and fixed deposits are not very popular with the youth as the rate of interest on them is lower as compared to other investment options available. Safety and security which were always important reasons for investment are still influential in determining the direction of investment. The young Investors are becoming more inclined towards taking risk. Tax saving is one of the reasons behind investment by the youth. They have also observed that SIP in Mutual Fund is more demanded by youth compare to any traditional Investment option.

Parashar Neha. (2010). studied the investment perspective of salaried people. The paper aimed at studying the behavioural pattern & difference in perception of an individual related to various investment alternatives. The study finds that the youth that was surveyed preferred investments over savings. The study also discovers that, rather than safe and secure investments, the youth prefer investments that are high risk but also yield high returns.

Murithi Suriya, Narayanan and Arivazhagan (2012), in their study reveal that female investors dominate the investment market in India. According to their survey, majority of the investors are found to be considering two or more sources of information to make investment decisions. Most of the investors discuss with their family and friends before making an investment decision.

Geetha sree (2015), has conducted research on the title "Study on Investment Pattern of Investors in India". This study has concentrated on identifying the needs of current and future investors and investor preference towards various investment avenues. Occupation was most considerable reason for selecting Investment Avenue. Investors risk in selecting a particular avenue the individual investor still prefers to invest in financial

products which give risk free returns. This confirms that Indian investors even if they are of high income, well educated, salaried, independent are conservative investors prefer to play safe.

V Venkateshraj (2015), did his research on the topic “A Study on the Investment Pattern Among Employed Females” and found that Majority of the respondents considered bank deposits, provident fund, postal savings, insurance and investment in gold to be low risk products. Mutual fund investment was considered as a moderately risky financial product. women were preferring to invest in financial products perceived to a low risk, like bank deposits, Insurance and provident fund.

Nupur Gupta and Vijay Agarwal (2013) looked at the constituents of domestic savings and investments by investors, from the cities of Mumbai and Delhi. The investment patterns were categorized as, Non Risky, Risky and Combination. Classification was based on the composition of the investment held by the respondents. It was found that bank deposit was the most preferred form of investment followed by mutual funds, real estate and gold.

Al-Tammie (2009), who found no relationship between educational background and investments. People in the age group of 31 to 40 years preferred investing in long term investment products. People with a family size of four and above preferred short term investments.

Shukla (2016) attempted this research paper, about investor’s preference towards investment avenues and the study focused on the salaried person only. The author concluded that majority of the respondents invested their money based on education background and they invested in purchasing home and long-term investment. Respondents have the criteria of investment as safety and low risk.

III. OBJECTIVES OF THE STUDY

- To find the investment pattern of investors in different financial products in Surat City.
- To analyze the factors to be considered while investing in any investment avenues by investors of Surat City.

IV. HYPOTHESIS

(A) Mann Whitney U Test

Ho: There is no significance difference between genders for selecting the investments avenues.

H1: There is significance difference between genders for selecting the investments avenues.

(B) Kruskal Wallis test

H0: There is no significance difference among annual income of investors behind Investment objectives.

H1: There is significance difference among annual income of investors behind Investment objectives.

V. RESEARCH METHODOLOGY

Research Design: The type of research design used in this process is descriptive research design in nature.

Sampling frame: The sampling frame for the study is the persons of Surat city who are investing in different investment avenues whose contact information have been collected from various investment agencies in Surat City.

Sampling method: Non-probabilistic & convenience sampling method has been used for selecting the sample and collecting the data.

Sample size: Sample size of the study is 203 investors of various investment avenues in Surat city.

Data type and Data Collection Method: Primary Data has been collected through structured questionnaire, Google Docs has been sent to 497 Investors of Surat City and out of it, same has been got filled through Google docs by 203 investors.

Data Collection Period: Primary Data has been collected during the period June – July 2019 from Surat City.

Data Analysis Tools and Techniques: To analyze the primary data some statistical tools and techniques have been used like Frequency Distribution, Formation of Hypothesis and application of appropriate Statistical Tests. SPSS 18 has been used for data analysis.

VI. SUMMARY OF PRIMARY DATA COLLECTION

- Demographic Factors**

Table 1: Gender Specifications of Respondents

Gender	Responses
Male	158
Female	45
Total	203

Table 2: Age of Respondents

Age	Responses
20-26	45
26-32	49
32-38	35
38-44	37
44-50	28
50-60	9
Total	203

Table 3: Occupation of Respondents

Occupation	Responses
service	59
Business	101
Housewife	11
Student	31
Total	203

Table 4: Annual Income of Respondents

Annual Income	Responses
Less Than 1,00,000	22
1,00,000 To 5,00,000	73
5,00,000 to 10,00,000	102
More Than 10,00,000	6
Total	203

Table 5: Respondents' Preference of various Investment Avenues

	Investment Avenues							
	Mutual Fund	Insurance	Equity Stock	Govt. bonds	Gold	Real Estate	bank FD	
Least Preferred	1	9	7	13	8	15	12	9
	2	15	13	30	27	19	39	11
	3	30	35	78	79	84	81	28
	4	58	78	49	57	53	43	65
Highly Preferred	5	91	70	33	32	32	28	90
Total		203	203	203	203	203	203	203

Table 6: Factors to be considered by Respondents for Investment

Considerable Factors	Respondents
Tax benefits	178
Child education	85
Retirement	95
Purchase of assets	38
Liquidity	150
High Return	175
Risk	89
Minimum Amount For Investment	91
Lock in Period	102
Other	44

Table 7: Reasons to be considered by Respondents for Selecting Investment Instrument Provider

Reasons for Choosing Particular Company

	Company's reputation	Company's pastperformance	Tips given by stock broker	Value Added Services	CRM	Company's performance
Strongly Disagree	4	4	4	3	2	4
Disagree	9	8	19	18	14	11
Neutral	41	39	109	60	66	40
Agree	51	113	44	105	66	77
Strongly Agree	98	39	27	17	55	71
Total	203	203	203	203	203	203

VII. APPLICATION OF STATISTICAL TESTS

- *Mann Whitney U test*

Ho: There is no significance difference between gendersfor selecting the investments avenues.

H1: There is significance difference between gendersfor selecting the investments avenues.

Level of significance:

Table 8: The hypothesis has been tested at 95% confidence level of significance i.e. chances of 5% occurrence of error.

Test Statistics							
	Mutual fund	Insuranc e	Equity stock	Governme nt bonds	Gold	Real estate	Bank fixed deposit
Mann-Whitney U	2471.500	2709.000	2570.500	2994.500	3352.000	3151.000	2823.500
Wilcoxon W	3506.500	3744.000	3605.500	4029.500	15913.000	4186.000	3858.500
Z	-3.317	-2.569	-2.950	-1.688	-.613	-1.213	-2.247
Asymp. Sig. (2-tailed)	.001	.010	.003	.091	.540	.225	.025
a. Grouping Variable: Gender							

Mann Whitney test is applicable to check the difference between the variables for selecting any factors. Here the test is applied to check whether there is any difference between genders for selecting available investment venues. According to the test analysis, it has been found that p value is greater than 0.05 for investment selection

in Government Bonds, Gold and Real Estate. So Null Hypothesis (H0) has been accepted and it has been concluded that there is no significant difference between the genders while investment is done in Government Bonds, Gold and Real Estate.

But for Investment decision in Mutual Funds, Insurance, Equity Stock and Bank Fixed Deposit, P value is less than 0.05 and H0 is rejected. It can be concluded that there is significant difference between the genders while investing in Mutual Funds, Insurance, Equity Stock and Bank Fixed Deposit.

- **Kruskal Wallis test**

H0: There is no significance difference among annual income of investors behind Investment objectives.

H1: There is significance difference among annual income of investors behind Investment objectives.

Level of significance:

Table 9: The hypothesis to be taken of 95% confidence level of significance i.e. chances of 5% occurrence of error.

	Tax benefits	Child education	Retirement	Others	Purchase of assets
Kruskal-Wallis H	23.939	8.102	11.284	26.127	18.892
df	3	3	3	3	3
Asymp. Sig.	.000	.044	.010	.000	.000
a. Kruskal Wallis Test					
b. Grouping Variable: Annual Income					

Kruskal Wallis test is applicable to find out the difference among more than two variables for selecting any variables.

As per the test analysis, P value is less than 0.05 so H0 is rejected and H1 is accepted. Thus it can be concluded that there is significance difference among annual income of investors behind Investment objectives while they select any investment option.

VIII. FINDINGS FROM DATA ANALYSIS

- Male investors are more than Female Investors. People between ages group of 26-32 years invest more than other age group of investors.
- According to occupation of investors, businessmen prefer to invest & take high risks for investing into different invest avenues.
- According to annual income chart, out of 203 responds 50% of them are having annual income of Rs. 500000 to Rs. 1000000 & these investors prefer to invest 16% to 30% of their annual income in different investment avenues.

- In Surat City, Mutual fund, Insurance & bank fixed deposits are highly preferred as an investment avenue as compare to other available investment options. Reasons behind these are tax benefits, easy way of investments, good knowledge about the investment products, convenient tenure of the investment, and many more.
- From the test application In the case of mutual funds& insurance& equity stock& bank fixed deposit& there significance difference between mutual funds& insurance& equity stock&& bank fixed deposit & gender. & there is no significance difference between other investment avenues.
- According to the survey, major reasons for selecting any investment avenues were tax savings, high return, liquidity, lock in period, retirement, minimum investment amount and many more.
- As per Mann Whitney U Test application, it has been found that p value is greater than 0.05 for investment selection in Government Bonds, Gold and Real Estate. So Null Hypothesis (H₀) has been accepted and it has been concluded that there is no significant difference between the genders while investment is done in Government Bonds, Gold and Real Estate but for Investment decision in Mutual Funds, Insurance, Equity Stock and Bank Fixed Deposit, P value is less than 0.05 and H₀ is rejected. It can be concluded that there is significant difference between the genders while investing in Mutual Funds, Insurance, Equity Stock and Bank Fixed Deposit.
- Kruskal Wallis test is applicable to find out the difference among more than two variables for selecting any variables. As per the test analysis, it has been found that P value is less than 0.05 so H₀ is rejected and H₁ is accepted. Thus it can be concluded that there is significance difference among annual income of investors behind Investment objectives while they select any investment option.

IX. CONCLUSION

Study examines the pattern of investors towards different investment avenues in Surat city. Investors invest into mutual fund& insurance & bank fixed deposits as they perceive that it may give best risk free return & benefits into tax. Investors invest through company or advisor on the basis of their reputation & company's past performance. Also investors change their portfolio of investing every year or half investing into systematic investment plan. As per Mann Whitney U Test application it has been concluded that there is no significant difference between the genders while investment is done in Government Bonds, Gold and Real Estate but for Investment decision in Mutual Funds, Insurance, Equity Stock and Bank Fixed Deposit but there is significant difference between the genders while investing in Mutual Funds, Insurance, Equity Stock and Bank Fixed Deposit. It can be concluded on the basis of Kruskal Wallis there is significance difference among annual income of investors behind Investment objectives while they select any investment option.

REFERENCES

1. Akshatha Prabhu, K.S Shilp ashree, Mahesh B.S have studied on the title "The Investment Patterns of Investors in different Financial Products in Dakshina Kannada", International Journal of Science, Technology and Management, ISSN: 2394 – 1529, Volum No. 6 , Issue No. 4, April 2017, Pg: 13-21
2. Al-Tamimi, H.A.H., & Kalli A.A.B (2009). Financial Literacy and Investment Decisions of UAE Investors, *Journal of Risk Finance*, 10(5): pp 500-516 Annexure

3. Bhaskaran (2012). "Factors considered by financial company of mutual funds" guide an investor to choose the most appropriate investment portfolio, *Journal of Management and Information Technology*. Vol.3, No.1.PP 45-57
4. Bhavani & shetty (2017). "Analysis of investment choice" *Journal of Management*, March 2017, Vol 7(2) pp 15-27.
5. Bhola & zanvar (2016). "Investors socio economic profile & their investment pattern" Relationship between income & risk of investment. Vol.9, pp. 73-86
6. Dhayalan, V., Senthilnathan, C., Venkatesh, P., & Krishnamoorthy, M. Saving Habit and Investment Preference of Government School Teachers in Vellore District.
7. Geetha sree (2015), "Study on Investment Pattern of Investors in India" *Macaw International Journal of Managerial Studies and Research*, Volume – 1, Issue – 1, November-2015, pp.18-26
8. Khan, M. Z. U. (2017). Impact of availability bias and loss aversion bias on investment decision making, moderating role of risk perception. *Management & Administration (IMPACT: JMDGMA)*, 1(1), 17-28.
9. Ms. Sudarshana Saika, et al., (2015), *Investment Pattern of Youth in India with Particular Reference to Mumbai* Research Report, S. P. mandalla's R. A. Podar College of Commerce, Mumbai, October-2015.
10. Menon, U. V. Capital Structure and Investor Perceptions.
11. Muriithi Suriya S, Narayanan B, Arivazhagan M. (2012). Investors Behaviour in Various Investment Avenues – A Study. *International Journal of Marketing and Technology*, Volume 2, Issue July, pages 36-45
12. Neelamegam R. and Srinivasan R. (1996) "Investors' Protection: A Study on Legal Aspects", Raj Publications, Delhi, Edition I.
13. Nupur Gupta and Vijay Agarwal (2013), A study of the constituents of domestic savings in urban cities with special focus on Mumbai and Delhi, *Indian Journal of Finance*, Feb 2013, pp 17-26
14. Parashar Neha. (2010). An Empirical Study on Personality Variation and Investment Choice of Retail Investors. *Journal of Management and Information Technology*. Vol.2, No.1.PP 33-42
15. Pahuja, P. Empirical Study on Investor Behavior and Decision Making towards Investment Avenues.
16. Sakriya, D. (2000) "SEBI and Securities Market in India", Anmol Publications Pvt. Ltd., New Delhi, I Edition.
17. Saroja, S. (2001) "Emerging Trends in the Capital Market in India", Global Business Press, New Delhi, I Edition, p.131.
18. Shaji, Vikraman (2001) "Separate Law Proposed to Protect Small Investors", *The Business Line – Investment World*, February 23.
19. Sharma, D. Measurement of Risk and Return Performance of Mutual Funds in India: An Investment Analysis Approach.
20. Shukla N (2016) Investors' Preference towards Investment Avenues with Special Reference to Salaried Personnel in North Gujarat Region 2: 2395-1052
21. Sherif, S. P. Financial Literacy and Investment Decision of Rural Women.
22. Suyam Prabha R., (2011), Investors Decision making process and pattern of investments – A study of individual investors in Coimbatore, *SIES Journal of Management*, March 2011, Vol 7(2) pp 1-12
23. Totala, S. (2016). Investment Preferences of Salaried Persons of Indore. *International Journal of Economics, Commerce and Research (IJEER)*, 6(2).

24. V Venkateshraj (2015)., “A Study on the Investment Pattern Among Employed Females”, A thesis accepted by Vinayaka Missions University Salem,Tamilnadu, India, June – 2015.
25. <https://www.investopedia.com/terms/i/investment.asp>
26. <https://www.dictionary.com/browse/investment>
27. <https://dictionary.cambridge.org/dictionary/english/investment>
28. [//economictimes.indiatimes.com/articleshow/64066079.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst](http://economictimes.indiatimes.com/articleshow/64066079.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)