

A Study of Investment Pattern & Gender Difference in Investment Behaviour of the Residents- An Empirical Study in and Around Mohali

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ABSTRACT

To invest is to allocate money in the expectation of some benefit in the future. We may choose to invest in safe assets, risk assets, or a combination of both. Different avenues and alternatives of investment include share market, debentures or bonds, money market instruments, mutual funds, life insurance, real estate, precious objects, derivatives, non-marketable securities. All are differentiated based on their different features in terms of risk, return, term etc. This paper aims to find the behaviour of individual investors of Mohali vis-a-vis available investment avenues in the Indian financial markets and where do they prefer to invest whether in equity, fixed deposits, post office, insurance policies, bonds, mutual funds, etc.

All the investors invest their surplus money in the above-mentioned avenues depending upon their risk-taking attitude. In a developing economy one can earn more and more money. In one way more risk can lead to more profits but on the other hand investors cannot avoid risks but they can minimize the risk by investing their money in various forms of safe investments so that they can get a moderate profit. This study has led us to conclude that most of the investors of Mohali prefer to invest in public sector and that too for the short and medium period which is low at risk. All the residents who have no formal budget are mostly students and are unmarried

Keywords: Investment behaviour, Investor Information, gender difference, Mohali.

INTRODUCTION:

An investment is an asset or item that is purchased with the hope that it will generate income or will appreciate in the future. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or will be sold at a higher price for a profit. Taking an action in the hopes of raising future revenue can also be an investment. Choosing to pursue additional education can be considered an investment, as the goal is to increase knowledge and improve skills in the hopes of producing more income. Economic growth can be encouraged through the use of sound investments at the business level. When a company constructs or acquires a new piece of production equipment in order to raise the total output of goods within the facility, the increased production can cause the nation's gross national product (GDP) to rise. This allows the economy to grow through increased production, based on the previous equipment investment. The willingness to take risk

varied significantly between men and women. A majority of the women in the study preferred taking average or below-average risks, whereas about half of the men preferred taking above-average or substantial investment risks.

Importance of Financial Investment:

- Planning plays a pivotal role in financial investment and Financial investment ensures all our dreams turn real and we enjoy life to the fullest without actually worrying about the future.
- Careful investment makes our future secure.

- Financial investment controls an individual's spending pattern. It decides how and what amount one should spend so that he has sufficient money for future

OBJECTIVES OF STUDY:

- a) To know the savings and investment pattern of the residents in and around Mohali.
- b) To find the gender difference in investment behaviour and various factors influencing the investment behaviour.

SCOPE OF STUDY:

This study is focusing on the pattern of investment of the residents of Mohali. It will be helpful in identifying the better investment options in the market for the different income Groups.

REVIEW OF LITERATURE:

Goyal, Megha and Sharma, Dr. Anikrati (2014)-The study has conducted to answer few important questions about preferences of the investment instrument as real estate, bullion, precious stones, money market and capital market etc.

K. Parimalakanthi and Dr.M. Ashok Kumar-They Studied the Investment Preference and behavior of Individual Investors in Coimbatore City.N. S. Pandey and P. Kathavarayan(2015)- The primary motive of investment by a common investor in India is tax-savings. The middle age group investors are more risk takers than youngsters. The basic idea of investing in equity market is to obtain high return. Malabika Deo and Vijayalakshmi Sundar(2015)- The study focuses on the role of gender in investment behavior and risk taking, with a sample size of 200 respondents using Mann-Whitney U-test and Chi-square statistics for hypotheses testing. Dr. Ananthapadmanabha Achar (2012) analysed that individual characteristics of teachers such as age, gender, marital status, and lifestyle determined the savings and investment behaviour of teaching community in the study region. They considered monthly family income, stage of family life cycle, and upbringing status emerged as determinants of their savings and investment behaviour. Bhardwaj Rajesh, Raheja Rekh and Priyanka (2011), propounded in their study that saving and investment pattern of salaried class school teachers of govt. and private schools depend upon income and they both get salary but the scale of the salaries are different and saving patterns that's why is so different. Govt. teachers prefer to invest the money for emergency purposes and private teacher's emphasis on children marriage and education. Wang H. And Hanna S. (1997) concluded that risk tolerance increased with age and therefore rejected the constant life-cycle risk aversion hypothesis. Barber, B. M., & Odean, T. (1999) in their research article, identified that rational investors traded only if the expected gains exceeded transactions costs.

Dr. R. Sellappan, Ms. S. Jamuna & Ms. Tnr. Kavitha (2013) find out that married women are more curious in making investment than the unmarried. As well as the younger are mostly like to invest in shares mutual funds, insurance and fixed deposits than the older women. The middle age persons prefer to invest in real estate source of investment. According to Gaur Arti (2011) Female investors tend to display less confidence in their investment decisions and hence have lower satisfaction levels and female investors are more cautious vis-à-vis males with regards to prospective investment in equity shares especially if availability of funds is low. Peteros, Randall & John Maleyeff. (2013)-The worked upon various applications of behavioural finance concepts to investment decision-making.

RESEARCH METHODOLOGY:

Primary data have been collected through questionnaire and personal interview from the selected sectors and different phases in and around Mohali. A sample size of 200 was selected by simple random sampling. We have analysed how the investment options, frequency of investment, return expected by people are affected by various parameters like age, gender, marital status, qualification, occupation.

Age Group:

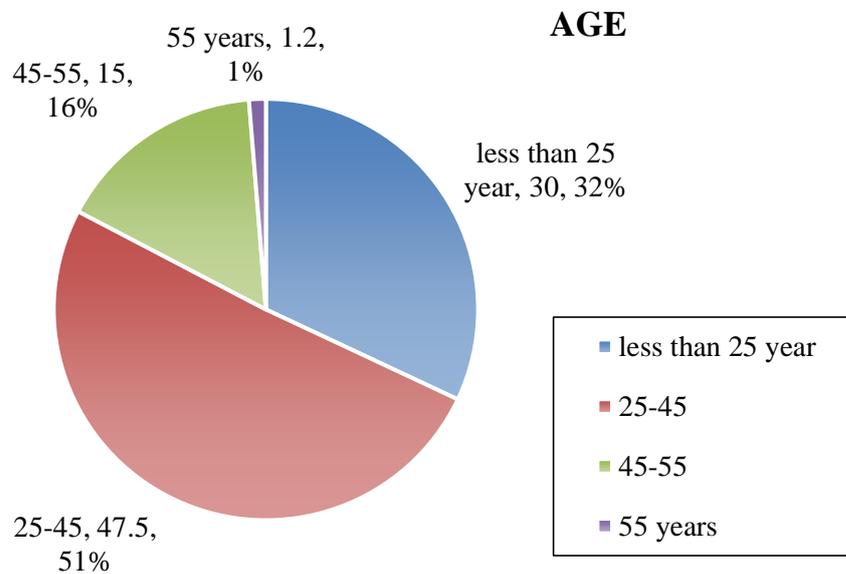
The sample was taken cautiously so as to include respondents from all age groups. The respondents are segmented into following classes according to their age-

- a) less than 25 years
- b) 25-45 years
- c) 45-55 years
- d) 55 years & above.

Table 1

Age	Percentage
Less than 25 years	30
25-45	47.5
45-55	15
55 years above	7.5

Figure 1: The data is collected most of from salaried people of Mohali



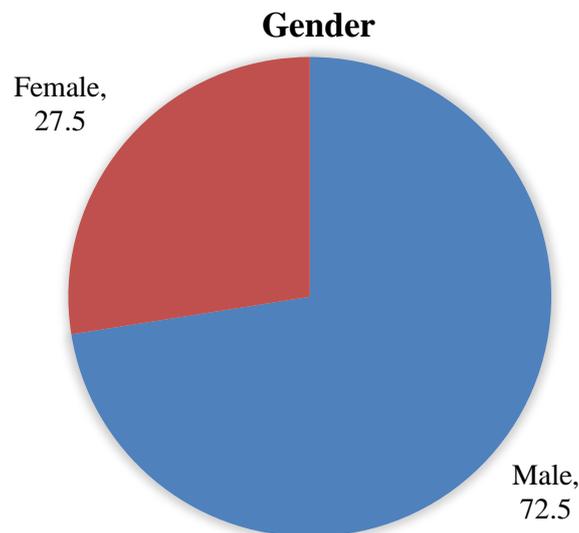
Gender:

The sample size includes 72.5 percent male and 27.5 percent females.

Table 2

Gender	Percentage
Male	72.5
Female	27.5
Total	100

Figure 2: Most of salaried people are male.

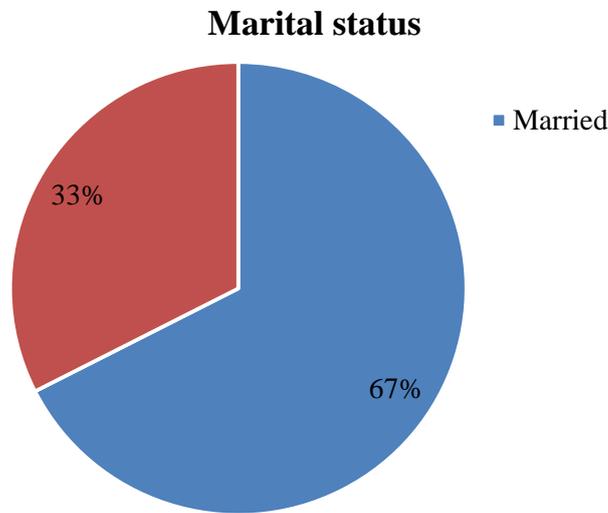


Marital Status:

Table 3

Marital status	Percentage
Married	67.5
Not married	32.5
Total	100

Figure3: About 68% of the investors are married.



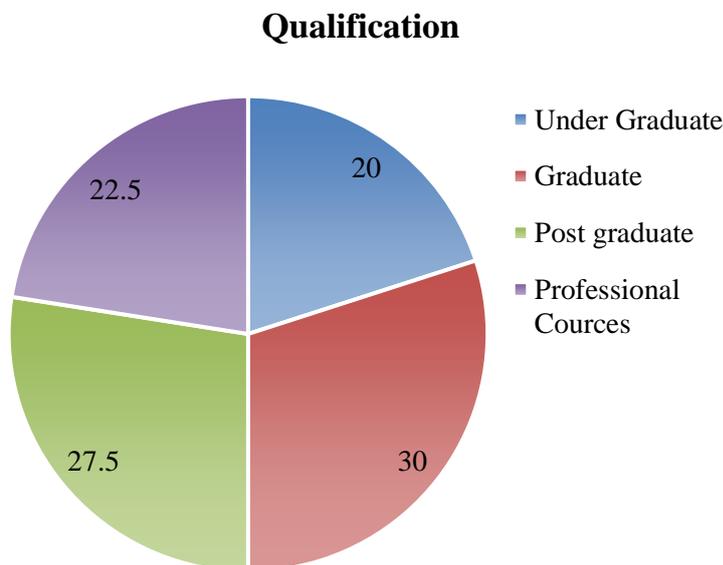
Qualification:

Most of the investors are either graduates or post graduates who are employed.

Table 4

Qualification	Percentage
Undergraduate	20
Graduate	30
Post graduate	27.5
Professional courses	22.5
Total	100

Figure 4: Qualification of the Investors



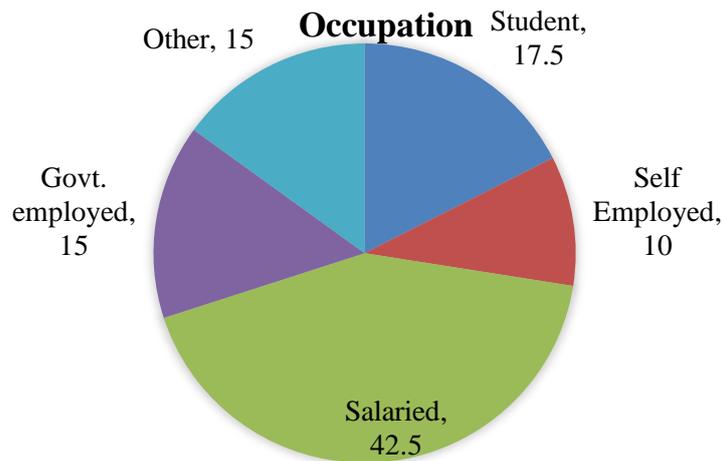
Occupation Wise:

Maximum investors are salaried people while minimum investment is done by self-employed.

Table 5

Occupation	Percentage
Student	17.5
Self employed	10
Salaried	42.5
Employed in Govt. Sector	15
Other	15
Total	100

Figure 5: Occupation of the Investors



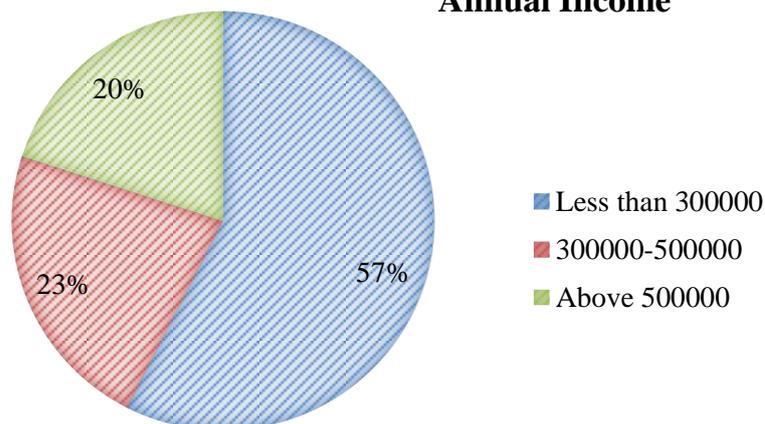
Income Wise Distribution:

It is very eye capturing that more than 50 percent people earn less than 300000 Rupees per annum.

Table 6

Annual income	Percentage
Less than 3,00,000	57.5
300,000 –5,00,000	22.5
Above 5,00,000	20
Total	100

Annual Income



In Mohalinumber of people income is less than 300000 because some are fresher and doing jobs in industries while on the other hand, above 500000 salaried people are businessman and govt. Employed.

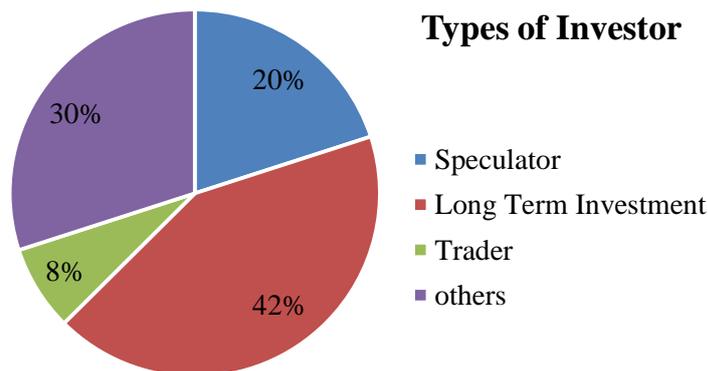
Types of Investor:

Most of the investors go for the long-term investment.

Table 7

Type of Investors	Percentage
Speculator	20
Long term investment	42.5
Trader	7.5
Others	30
Total	100

Figure 7: Types of investors



In Mohalimany of masses are long term investor because salary of people is not much.

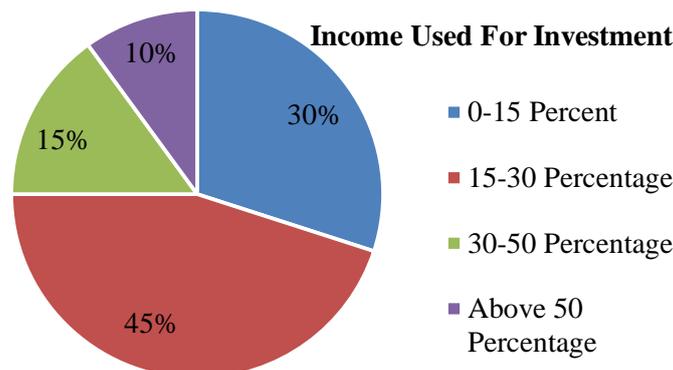
Proportion of Income use for Investment:

It is strange that 75percent of people invest not more than the 30 percent due to the level of risk.

Table 8

Proportion of income	Percentage
0 – 15 percentage	30
15 –30 percentage	45
30 – 50 percentage	15
Above 50 percentage	10
Total	100

Figure 8: Proportion of Income



As most of people have salary less than 3,00,000sothey just fulfil their daily needs as their expenditure is more. So, most of people invest less than 30 percent.

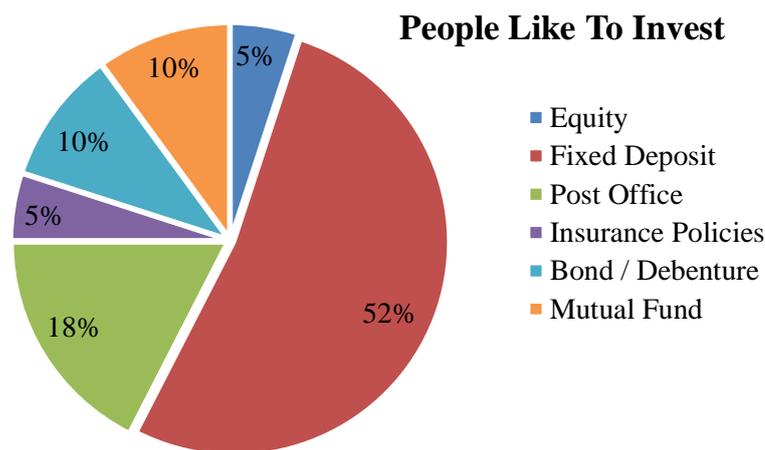
Areas Where People Like to Invest:

About 52.5 % of people prefer fixed deposits. Bonds/debentures and mutual funds are mostly same in percentage.

Table 9

Areas	Percentage
Equity	5
Fixed Deposit	52.5
Post office	17.5
Insurance policies	5
Bond/debentures	10
Mutual funds	10
Total	100

Figure 9: Areas where people like to invest



Residents of Mohali are not aware about other investment sources so they feel much safe to invest in fixed deposits.

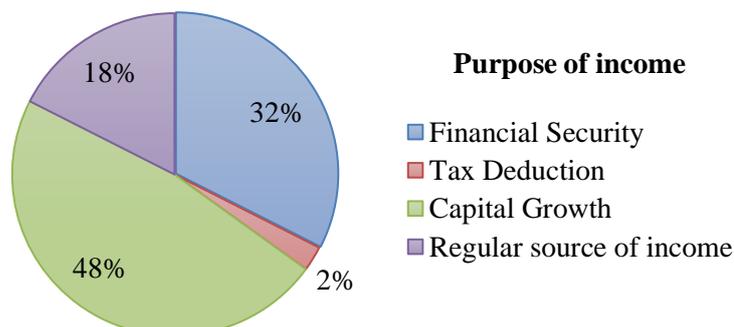
Purpose of Investment:

Their main purpose of investment is financial security and Capital growth. The data is 32.5 and 47.5 respectively.

Table 10

Purposes	Percentage
Financial security	32.5
Tax Deduction	2.5
Capital growth	47.5
Regular source of income	17.5
Total	100

Figure 10: Main purpose of Investment



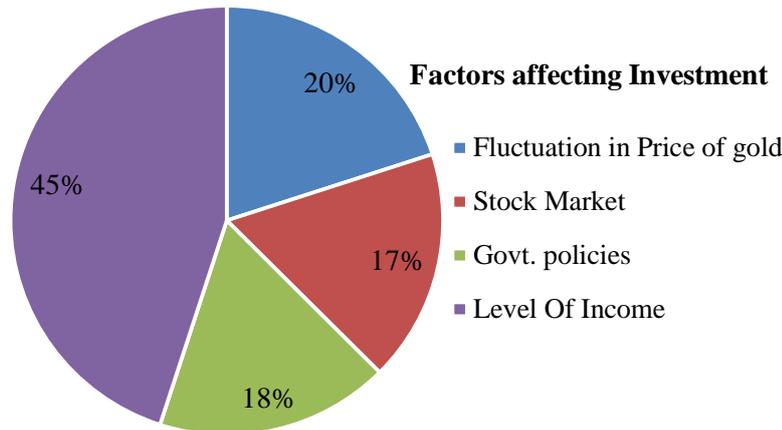
Factors Affecting Investment Decisions:

Level of income is biggest factor who affect the investment decisions.

Table 11

Factor	Percentage
Fluctuations in price of gold	20
Stock market	17.5
Govt. Policies	17.5
Level of income	45
Total	100

Figure 11: Factors affecting investment



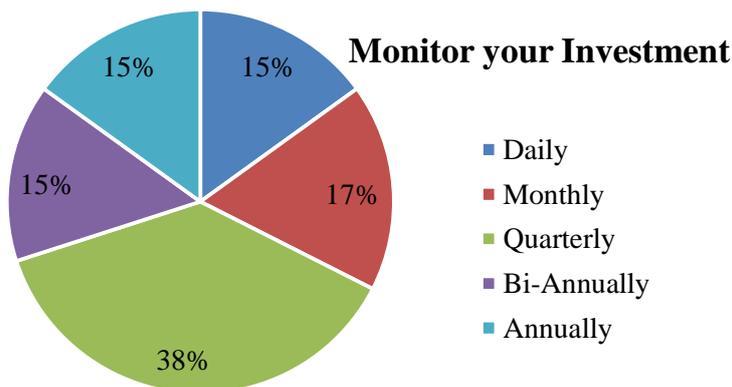
Monitor on Investment:

Mostly people monitor their income quarterly and monthly.

Table 12

Time period	Percentage
Daily	15
Monthly	17.5
Quarterly	37.5
Bi-annually	15
Annually	15
Total	100

Figure 12: Check on investment



There are 37.5 percent people who check their investment quarterly. People who check their investment daily, monthly, bi-annually and annually are only 15 percent for each.

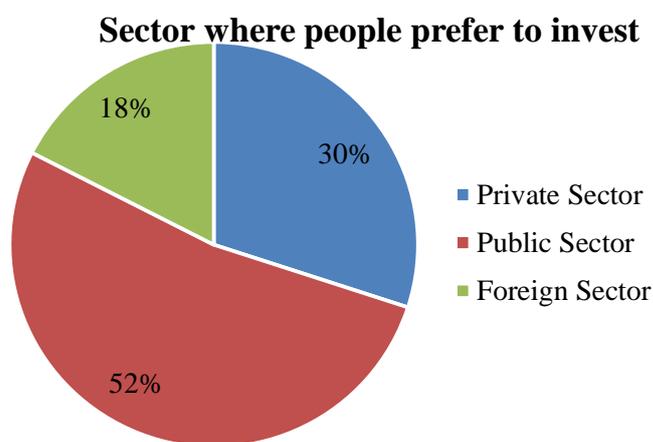
Sectors where People Prefer to Invest:

Public sector is favourite sector and least favourite sector is foreign Sector. The data is 52.5 percent and 17.5 percent respectively.

Table 13

Sector	Percentage
Private sector	30
Public sector	52.5
Foreign Sector	17.5
Total	100

Figure 13: Preference of sector for investment



More than half of people prefer to invest in public sector because they feel safe. Whereas, only 30 percent people prefer invest in private sector and 17.5 percent prefer foreign sector.

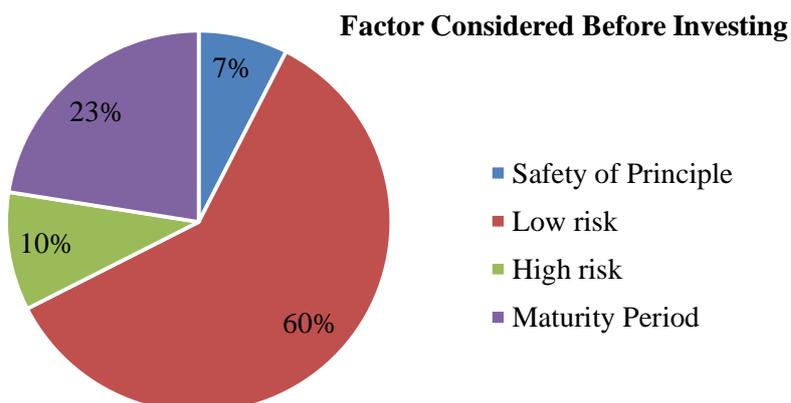
Factor Considered Before Investing:

The main factor which affect the behaviour of people on investment is low risk.

Table 14

Factor	Percentage
Safety of principle	7.5
Low risk	60
High risk	10
Maturity period	22.5
Total	100

Figure 14: Factor considered before investment



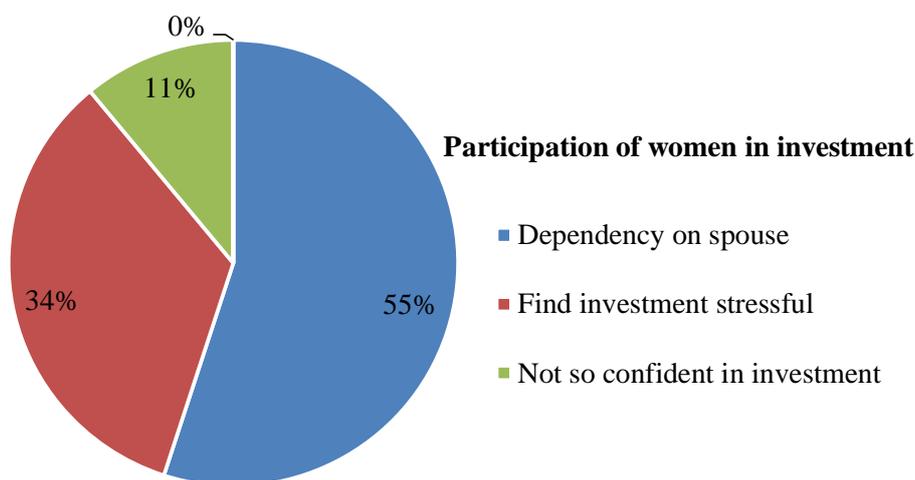
Low risk was main factor considered before investing.

Women are Less Actively Involved in Investment Decisions:

Table 15

Factor	Percentage
Dependency on spouse	55
Find investment stressful	34
Least confident in investing	11
Total	100

Figure 15: Reasons for less involvement of women in investment decisions



FINDINGS & CONCLUSION:

After the analysis, the major findings are: -

- Most of people are long term investor they mostly invest in fixed deposits and on traditional investments.
- Most of people invest their income from 15 percent to 30 percentage
- There are 22.5 percent people who are not have formal budget they are not planned for future.
- Most of the people invest for short period and medium period.
- Maximum number of people prefertoinvest in public sector.
- Mostly People invest in low risk investment.
- All residents who have no formal budget are students and unmarried.
- Women are less confident than men about their financial futures, about their knowledge

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