A Study of Investment Pattern of the Investors

Dr. Vaibhav Kale[1], Ms. Yashashree Kendre[2], Dr. Charulata Kulkarni[3]

Assistant Professor, NBNSSOMS/ SPPU[1, 3]

Student, NBNSSOMS/ SPPU[2]

Abstract: *Investment is the employing the funds on assets which aims at earning income or capital appreciation. Investment is putting your money in order to earn more money or in other words it is sacrificing of money today for future return. For the provision of financial future, Investment is playing an important role, as in the future is uncertain and unpredictable. Well planned investment results in satisfaction for safety and surety of life. There is some risk associated with any kind of investments for example stock, financial sector, real estate, bullion, banking, gold, capital market etc. Investment benefits both economy and the society. In two days, scenario there has been a major change i.e., economic prosperity all over. Higher income levels and booming stock markets have led to more and more surplus. There are wide products which are Equity, insurance & Mutual Fund etc. Financial investment is employment of funds in the forms of assets in order to earn additional income to get an appreciation in the value of investment in future. The investment in the Assets is subject to safe and risky. Thus, some investments are life insurance, company deposits, bank deposits, post office certificates, mutual fund, chit fund and real estate and so on, yields only income. Some Investments are easily transferable and marketable and those are government securities listed on a recognized stock exchange. Some investments are risky investments whose values fluctuate and returns are uncertain. Thus, investment in proper asset is expected to yield income in the form of interest along with appreciation in their values.*

Keywords: Investment, Portfolio Management, Insurance, Mutual Fund, etc.

I. INTRODUCTION

1. Investments

Investor's risk tolerance, amount invested, investment horizon are considered to be some factors. Some of the most important include the for a young investor with limited funds, mutual funds or exchange- traded funds may be appropriate portfolio investments. For a high net worth individual, portfolio investment may include stocks, bonds, commodities, and rental properties.

Some of the pension funds and sovereign funds are Portfolio investments for the largest institutional investors. In order to match long lives the duration of assets and liabilities must match Portfolio investments for institutional investors.

The investments that are made in a portfolio are depends on the investor's individual position. Those with a greater risk tolerance may favour investments in stocks, real estate, international securities, and options, while more conservative investors may opt for government bonds and he stocks of large well- known companies.

These risk preferences must be weighed against the investor's goals and time horizon. The people of young age saving for retirement may have at least 30 years or more but isn't comfortable with the risks of the stock market. This individual is more cautious of portfolio investments despite the long-time horizon. Conversely, individuals who are nearing retirement age with high-risk tolerances wants to avoid large risky growth.

Investors saving for retirement should focus on a diversified mix of low-cow investments for their portfolios. Index funds have become popular in individual retirement accounts (IRAs) and 40(k) accounts, due to their broad exposure to a number of asset classes at a minimum expenses level. Those wishing to take a more hands-on approach may twist portfolio allocations by adding additional asset classes such as private equity, real estate, and individual stocks and bonds to their portfolio management.

2. Objectives

1. To identify the investment patterns of associate clients.
2. To find out the factors influencing about various investment patterns.

II. REVIEW OF RELATED LITERATURE

Kahneman and Amos Tversky (1979) originally described "Prospect Theory" and found that individuals were much more distressed by prospective losses than they were happy by equivalent gains, thus Investor fund selection behavior influences marketing decisions of fund management and had captured the attention of researchers.

Kahneman, Daniel and Amos Tversky (1978), "Prospect Theory: An Analysis of Decision Making Under Risk, "Econometrica Woerheide (1982) conducted a study on "investor response to suggested criteria for mutual funds" in which he tested the effects of different parameters. It was proved that factors like, effectiveness of marketing programme, size of fund and past return of funds is having great impact.

Suguna G (1986) studied an investor's attitude towards saving pattern in Coimbatore. She has found a high positive correlation between income and tax which indicates that the tax is increasing when the income increases. Most bank executives expressed the view that due to insufficiency of income they were not able to contribute to savings scheme like public provident fund, post office time deposit.

Shanmugam (1990) studied a group of 90 investors to examine the factors affecting investment decisions. The study was focused on the analysis of investment objectives and the extent of awareness of factors which affects investment decisions. The author has concluded that the investors are high risk takers, and are interested in capital gains and the current dividend income. There is adequate knowledge which is possessed by Investors about govt, regulations, monetary and fiscal policy.

Sikidar and Singh (1996) carried out a survey with the objective to understand the behavioural aspects towards equity and MFs investment portfolio of the investors of the North Eastern Region. The survey revealed that the salaried and self-employed formed the major investors in MF primarily due to tax concessions.

III. RESEARCH METHODOLOGY

As this research is based on secondary data, the research design adopted is descriptive research design, the available literature on investment pattern is studied.

Domain of Study: The study is about the investment patterns of investors.

Sample: sample is considered as unit investor who are looking for investment

Sample Design: The universe consists of investors of different age groups and gender. They are located at different age groups and gender. They are located at different place in and around Pune.

Sample Size: A sample size of 60 clients selected for the study.

Sample Size Calculation: As the population is infinite below formula is used to calculate sample size

$N = Z2 \times (P)(1-P)/ D2$

Where   N = Sample Size

       Z = Standard Deviation at 95 % confidence level (1.96)

       P= Expected population proportion (0.5)

       D = Desired Precision (0.05)

$N = 1.962 \times 0.5 \times (1-0.5)/(0.05)2$

$N = 66$

Sampling technique: 66 questionnaires were distributed out of with 60 tuned after responding. Random sampling technique was used while collecting from sample, questionnaires was given to 60 investors.

IV. SCOPE OF THE STUDY

This study is focusing on the preference of investments by salaried people and it will be helpful to identify the investment options in the markets, the scope of the studies is limited to the investors in Pune city only. The information collected to through the questionnaires helpful to study the investment behaviour and interest of each individual in investment.

All the true information is not disclosed by the investors, some information is kept on confidential so one can study the same research topic by different method.

V. DATA ANALYSIS AND INTERPRETATION

The survey conducted to investigate- The investment perspective of salaried clients of this company which discloses the patterns of investment followed by these people. The sample size of 60 respondents was surveyed out of which 46 were male ad 14 were female. The graph below depicts the same.

1. What is the gender of the investor?

		No. of Respondents	Percentage of Respondents
Gender	Male	46	76.66%
	Female	14	23.33%
	Total	60	100

INTERPRETATION:

The sample size of 60 respondents was surveyed out of which 46 were male and 14 were female. From above it is observed that the highest percentage of respondents is of male that is of 76.66% and female respondents are of 23.

2. What is the qualification of Investor?

| QUALIFICATION	NO. OF RESPONDENTS	PERCENTAGE RESPONDENTS
Graduation	30	50%
Post-Graduation	20	30%
Others	10	20%
Totals	60	100%
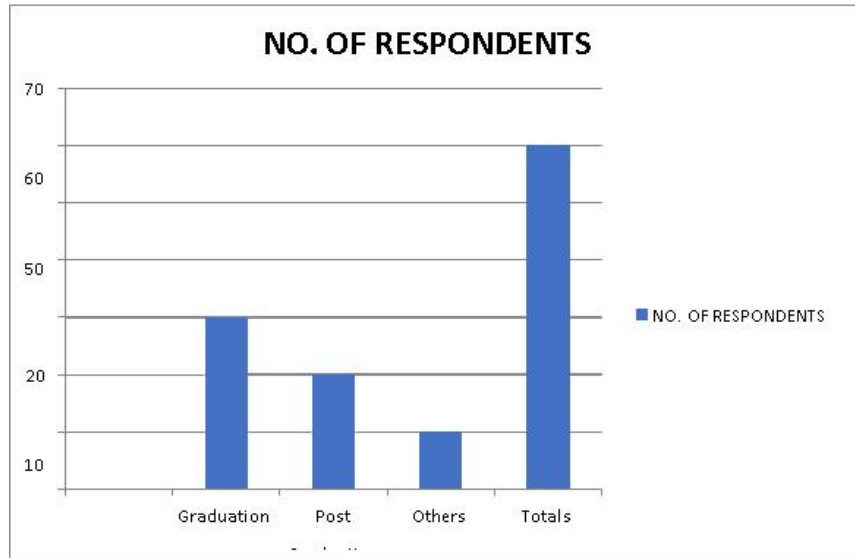
INTERPRETATION:

It is observed that the investors are invested their income according to their qualification that the graduated clients are more comparatively post graduated and other

3. In which the age group do you fall?

| Age Group	No. of respondents	Percentage of Respondents
Less than 20	0	0
20-40 years	17	28
Greater than 40	43	72
Total	60	100
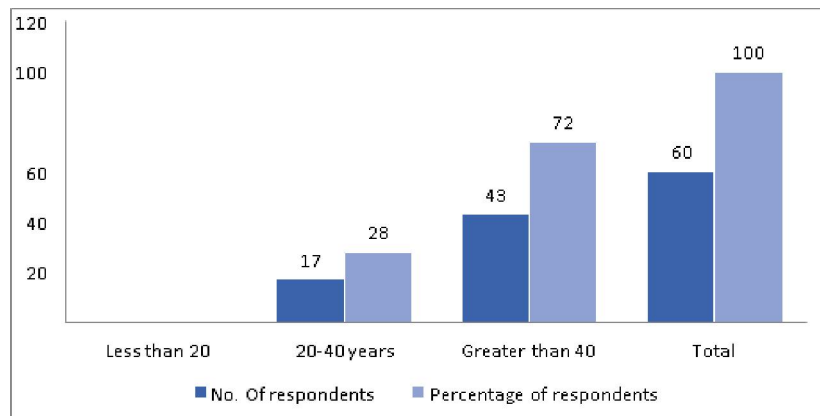
INTERPRETATION:

It was found that major population of investor was greater than 40 years and people whose age is between 20-40 is less experienced so there is small number of investors is lies in this group.

4. Which investment pattern do you follow usually?

PATTERNS OF INVESTMENT	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
LIC	34	56%
STATUTORY FUND	23	38%
PPF	15	25%
HOUSE LOAN	22	36%
TUTION FEES	10	16%
MF	2	3%
MEDICAL	25	41%
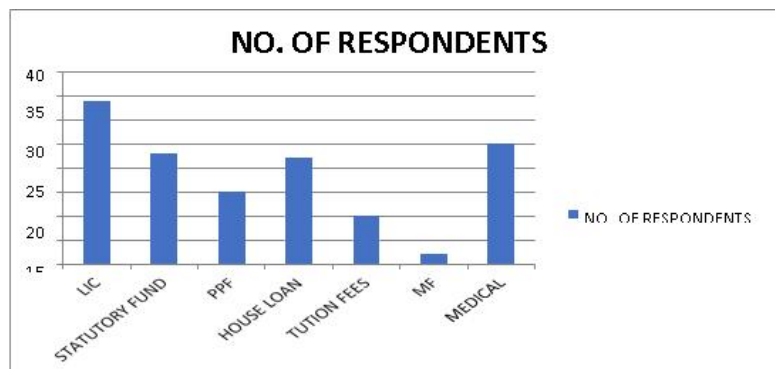
INTERPRETATION:

It has been found that the majority of investors invest in LIC and medical insurance. Out of 60 clients 34 clients invest in LIC and 23 in medical insurance as well as only 2 clients of this company invest in mutual fund. Whose income is more than 1000000 invest more. People also investin tuition fees for get deductions.

VI. FINDINGS AND SUGGESTIONS

1. Maximum Investors are aware of all Investment options.
2. Investors who are graduated are much interested those other investors whose qualification is either below or above the graduation.
3. Investors whose age is above 40 years are more cautious about the investment.
4. Investors do not invest in a single avenue. They prefer different avenues and maximum clients prefer to invest in LIC, insurance etc.

Suggestions:

1. The investment companies must bring an attractive offer for investors.
2. The investment companies must bring an attractive offer the investors who are highly qualified
3. Investment organization should focus on the senior citizens

VII. CONCLUSION

People are very much aware of all investment options available to claim deductions but due to not proper guidance investors are not showing an interest in investment, so the investment companies should come up with some attractive offer so that investors and investment companies both can be benefitted.

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