

**AN ANALYSIS OF INVESTMENT PATTERN OF INDIVIDUAL INVESTORS**

*Ms. Shweta Sajjanar*  
*Assistant Professor, Chetan Business School, Hubli*  
*shweta.cbs@gmail.com*

*Dr. A M Kadakol*  
*Professor*  
*Kousali Institute of Management Studies, Karnatak University Dharwad*

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*Abstract*

*Investing is an essential part of a person's life. Despite the fact that India's youth make up the majority of the population, there is a lack of understanding of investment opportunities and their importance. In India, investors have a variety of options for investing their money. Each of these investing options has its own set of risks and rewards. Investors are ready to invest after assessing the key characteristics of investments, such as primary security, quantity, liquidity, income stability, transferability, and so on. Fixed deposit, Recurring deposit, Mutual funds, stocks, gold and Silver, Life insurance, Employee provident fund etc., are the different investment avenue available for investors. The Study focus on analysis of investment pattern of individual investors. The objective of the study is to understand the investment pattern based on different variables.*

*Keywords: Investment pattern, investment avenue. Investment knowledge*

**I. INTRODUCTION**

Investment firms have recently emerged as the most dynamic segment of the Indian financial system. The reasons for the tremendous growth in the Indian capital market have been reforms in the Indian economic system and economic opening up.

The purchase of a financial product or other valuable item with the expectation of favorable future returns. In general, investment refers to the use of money in the hopes of making more money. It also refers to money invested or property purchased for future income. Every investor has objectives, which are often not well thought out.

When objectives are not clearly and consciously articulated, investors may make decisions that result in a suboptimal return. It is thus prudent to clarify investment objectives in order to gain a clear understanding of what the portfolio is intended to achieve. Even if an investor is unable to define investment objectives and procedures in a written Investment Policy Statement, they can improve their chances of success by using a rational and prudent investment approach. Investors have different avenue and they choose an appropriate avenue based on their specific needs, risk tolerance, and

expected returns.

## **II. REVIEW OF THE LITERATURE**

The research conducted by Rajarajan.V (2003) says there is a strong relationship between demographic characteristics and risk bearing capacity of Indian investors, and the relationship between age, income, and risk bearing capacity of investors is very strong. The salaried members made up the majority of all categories.

In the research conducted by Ms Bhoomi Patel (2017) says that Risk, return, market trends, and past performance all have a significant impact on investment decisions. Gender has very little influence on investment decisions. The ability to take risks differs between men and women. The vast majority of investors are investing for family protection and retirement.

The research conducted by Dr. Muthumeenakshi M (2017) Typically, all investment avenues are professed to be risky by investors. The main characteristics of investments are principal amount security, liquidity, income stability, approval, and ease of transferability. There are various investment options available, such as Shares, banks, corporations, gold and silver, real estate, life insurance, postal savings, and other investments.

The investor's choice was determined by the level of returns and risk tolerance. The investment options like national savings certificates, provident funds, mutual fund schemes, insurance schemes, chit funds, bank fixed deposits, and corporate fixed deposits, company shares, bonds/debentures, and government securities, postal savings plans, and property.

A study conducted by the Geethu Gopi (2018) is based on primary data. To analyse the data, various statistical tools such as correlation analysis, T-test, Chi Square, and percentage analysis are used. According to them, investment is the process by which money moves from a surplus area to a deficit area. The study's major finding was that salaried class people now understand the importance of money, which is why they planned their expenditure accordingly so that their money wouldn't be spent on unnecessary things, and the study revealed that the majority of salaried people's savings were directed towards personal things like children's education, marriage, and retirement plans.

The research conducted by Ankurita Bansal and Dr. Sunita Sukhija (2019) according to researcher money play important role in everyone's life. It is critical to invest money for both present and future needs. Investment is a portion of money saved from current consumption that is expected to provide benefits in the future. For short and long term investments, various investment options such as savings accounts, deposits, government bonds, mutual funds, real estate, and shares are available today. The choice of investor is influenced by a variety of factors, but it also depends on investor preferences and behaviour. The study makes use of primary data, and the T Test and SPSS software are used to analyse it. After analysing the data, the researcher discovered that there is no statistically significant difference between the investment patterns of individual investors of Punjab and Haryana.

### **III. RESEARCH METHODOLOGY**

This research is based on a survey that was conducted in the Hubli-Dharwad region. The primary data was gathered using the questionnaire and the sampling method used is convenience sampling. A questionnaire was collected from 114 respondents. The questionnaire included ten questions about the Investment and Demographic variables. The study's theoretical foundation is built on secondary sources such as articles, magazines and published papers.

### **IV. OBJECTIVES**

1. To study the investment pattern of respondents based on demographic factors.
2. To understand the investment objectives of respondents.

#### **Hypothesis**

Ho.1: There is no significant difference between the gender and Knowledge of investment.

Ho.2: There is no significant difference among the investors belonging to different age groups in their choice of investment Avenue.

Ho.3: There is no significant difference between the investors of different occupations to their knowledge of investment.

Ho.4: There is no significant difference among the investors belonging to different income groups and reason for investment.

**V. RESULTS**

**Table 1: Demographic Variables**

Sl.no	Parameter	Number of Investors	Percentage
1	<b>Gender</b>		
	Male	89	78.07
	Female	25	21.93
	Total	114	100.00
2	<b>Age (in Years)</b>		
	20-25	26	22.81
	26-30	24	21.05
	31-35	24	21.05
	36-40	26	22.81
	above 40	14	12.28
	Total	114	100.00
3	<b>Marital Status</b>		
	Married	58	50.88
	Unmarried	56	49.12
	Total	114	100.00
4	<b>Educational Qualification</b>		
	SSLC	5	4.39
	PUC	7	6.14
	DIPLOMA	13	11.40
	UNDER GRADUATES	33	28.95
	POST GRADUATES	47	41.23
	OTHERS	9	7.89
	Total	114	100.00
5	<b>Occupation</b>		
	Service	55	48.25
	Housewife	11	9.65
	Retired	24	21.05
	Business	11	9.65
	Students	13	11.40
	Total	114	100.00

6	Monthly Earnings of Individual (in Rs.)		
	Upto Rs. 10,000	18	15.79
	Rs. 10,001 - Rs. 20,000	17	14.91
	Rs. 20,001 - Rs.30,000	17	14.91
	Rs. 30,001 - Rs. 40,000	20	17.54
	Rs. 40,001 - Rs. 50,000	19	16.67
	Above Rs. 50,000	23	20.18
	Total	114	100.00

The age group between 20- 40 are found more in number and most of them are married. More respondents are found to be from post graduation level of education. The entire range of income groups was studied, and it was discovered that samples were distributed across all income groups. The table below depicts the investment avenue preferred by the entire sample taken for the study. The frequency, percentage of frequency, mean, rank, and standard deviation are all computed.

**Table 2: Investment Avenue**

Investment Avenue	Frequency	Percentage	Rank	
Only Equity	40	35.09	1	Mean 14.25  SD 11.68
Equity & Debentures	3	2.63	8	
Mutual Fund	17	14.91	3	
Fixed Deposit	8	7.02	6	
EPF/PPF	18	15.79	2	
RDs	13	11.40	4	
Real estate	10	8.77	5	
Others	5	4.39	7	

From table no 2 it is found that 35.09 percent of respondents preferred to invest in equity, 15.79 percent prefer to invest in EPF/PPF, and 11.40 percent of respondents prefer to invest in RDs. Only 2.63 percent of people invest in equity and Debenture.

**Table: 3 Investment related knowledge & Gender**

Independent Samples Test					
		Levene's Test for Equality of Variances		t-test for Equality of Means	
		F	Sig.	t	df
9.Investment related knowledge	Equal variances assumed	6.959	0.010	7.690	112
	Equal variances not assumed			10.202	66.939

As per table no 3, it is indicated that there is a significant difference between the gender of respondents and the knowledge of investment. The p value is assessed less than 0.05 so we fail to accept the null hypothesis.

**Table 4: Investment knowledge and Age**

Test of Homogeneity of Variances					
		Levene Statistic	df1	df2	Sig.
Investment related knowledge	Based on Mean	1.444	4	109	0.224
	Based on Median	1.038	4	109	0.391
	Based on Median and with adjusted df	1.038	4	91.197	0.392
	Based on trimmed mean	1.300	4	109	0.275

The homogeneity of variances test, developed by Levene, determines if the variance in scores is the same for each of the three groups. If the value of significance is greater than 0.05, the assumption of homogeneity of variance is not violated according to table no 4 the significance value is > 0.5, hence we check for the results with respect to Anova.

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**Investment related knowledge**

**Table 5: ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	22.563	4	5.641	3.151	0.017
Within Groups	195.121	109	1.790		
Total	217.684	113			

As per the null hypothesis there is no significant difference between gender of the respondents and their investment related knowledge, which the study fails to accept as the level of significance was found to be 0.017, which is less than 0.05.

As per the table no 5 it is found that there is significant difference in the ANOVA results, hence it is advised to look at the Multiple Comparisons table to see which groups are significantly different from one another in case of finding a significant difference.

**Table 6: Multiple Comparisons**

Dependent Variable:						
Tukey HSD						
(I) 2. Age		Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
1	4	-1.077*	0.371	<b>0.036</b>	-2.11	-0.05
	5	-1.258*	0.444	<b>0.042</b>	-2.49	-0.03
4	1	1.077*	0.371	<b>0.036</b>	0.05	2.11
5	1	1.258*	0.444	<b>0.042</b>	0.03	2.49

From table no 6, it can be deduced that there is significant difference between the age group with respect to investment related knowledge. The age group of 20-25 has significant difference with the age group of 36-40 and 40 and above.

**Table 7: Monthly Income and Reasons of Investment Cross tabulation**

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	106.483 <sup>a</sup>	35	0.000
Likelihood Ratio	110.275	35	0.000
Linear-by-Linear Association	8.960	1	0.003
N of Valid Cases	114		

If the value is equal to or less than the designated alpha level, the result is significant (normally 0.05). Because the p-value is less than the standard alpha value in this case, we would reject the null hypothesis that the two variables are independent of each other. The outcome is significant – the data suggests that the monthly income and reason of investment are related.

**Table 8: I get my information about investment from and Occupation Cross tabulation**

Chi-Square Tests			
	Value	df	Asymptotic Significance(2-sided)
Pearson Chi-Square	38.178 <sup>a</sup>	20	0.008
Likelihood Ratio	33.502	20	0.030
Linear-by-Linear Association	2.549	1	0.110
N of Valid Cases	114		

From table 8, the asymptotic significance value of Linear by Linear association is more than 0.05 which means that there is a low association between the occupation and the getting information about investment.



## VI. LIMITATIONS

- The study is limited to individual investor.
- The study is based on the respondents of Hubli - Dharwad only.

## VII. FINDINGS

1. Majority of respondents (78.07%) are male and falls in the age group between 20-25 years and 36-40 years.
2. Most of the respondents (50.8%) are married and 41.23% of respondents holds post graduation degree.
3. 48.25% of respondents are into service and 17.54% of respondents have monthly individual earning of Rs. 30001 to 40000.
4. Most of the respondents (35.09%) invest only in equity whereas only 2.63% of respondents invest in equity and debenture.
5. Most of the respondents (31.52%) invest with an objective of Achieving Financial Goals whereas only 2.17% of respondents invest with an objective to Protect Purchasing Power.
6. Most of the respondents (36.96%) get information about investment from internet/ Financial website.

## VIII. DISCUSSION

In making investment decisions, it is critical to conduct a thorough analysis of investment needs and investment avenues. To decide on Investment Avenue, most investors prefer to gather information from various sources. From the perspective of respondents, the most reliable sources of information for selecting an instrument for investment are from friends/colleagues followed by recommendation from financial advisor which are 38.60 percent and 21.93 percent respectively.

Every investor has his or her own investment goals, money inflows and outflows, and other constraints. As a result, investors should select investment products for their portfolio. Various companies now provide a wide range of financial products. For investment decisions, it is necessary to compare the financial products offered by these companies.

## IX. CONCLUSION

The financial market offers numerous opportunities for investors to invest. Individual investors play a significant role in the financial market due to their significant share of gross savings in the country. This study attempts to understand the investment pattern of individual investors. The study also confirmed that investors are from different education level and background with different salary structure they have good knowledge related to investments. And most of the investors collect the information about

investment from friends/colleagues and financial advisors. Individual investors' purchasing behaviour is influenced by a variety of factors, including social, economic, psychological, and demographic factors. Individual investors' investments are backed by benefits and funds. Seminars and programmes must be organised by financial regulators as well as sessions to raise awareness among individual investors and boost confidence among others.

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**Annexure**

**SURVEY QUESTIONNAIRE**

Dear prospective participant,

The following questionnaire is designed to analysis the investment pattern of individual investors. The information gathered here will be used for research therefore you are asked to fill out the following questionnaire precisely and accurately as you can. The results will be used for a general assessment and your answers will be used only for this study.

Thanks for your Participation

Sl.no	Parameter	Sl.no	Parameter
1	<b>Gender</b>	7	<b>Instruments of Investment</b>
	Male		Only Equity
	Female		Equity & Debentures
2	<b>Age (in Years)</b>		Mutual Fund
	20-25		Fixed Deposit
	26-30		EPF/PPF
	31-35		RDs
	36-40	Real estate	
	41-45	Others	
3	<b>Marital Status</b>	8	<b>Reasons of Investment</b>
	Married		Protect Your Purchasing Power
	Unmarried		Grow Your Capital
4	<b>Educational Qualification</b>		Earn More Than From a Savings Account
	SSLC		Diversify Your Income
	PUC		Save for Retirement
	DIPLOMA		Lower Taxable Income
	UNDER GRADUATES	Help Others Achieve Their Goals.	
POST GRADUATES	9	<b>Investment related knowledge</b>	
OTHERS		Very Poor	
5		<b>Occupation</b>	Poor
		Service	Average
		Housewife	Good
		Retired	Very Good
	Business	10	<b>I get my information about investment from</b>
Students	Recommendations from advisor		

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	Others		Newspaper / T.V.
6	<b>Monthly Earnings of Individual (in Rs.)</b>		Internet/ Financial website
	Upto Rs. 10,000		Friend/Colleagues
	Rs. 10,001 - Rs. 20,000		Own Intuition
	Rs. 20,001 - Rs.30,000		
	Rs. 30,001 - Rs. 40,000		
	Rs. 40,001 - Rs. 50,000		
	Above Rs. 50,000		