



Investment behaviour of professional people of Rajkot City

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Abstract:

Since the economic liberalization there is an increase in number of investment options available for investors, depending upon their risk appetite they can chose between bank deposits, government, shares, mutual funds, insurance, derivatives, precious metal, currencies, real estate, etc. Most of the investors' primary objective of investment is to earn regular income and expected rate of return differs from individual to individual based on their level of knowledge and risk taking ability. In fact the return availability in different investment avenues are found different in available given options. In this new era today the word investment has become a buzz word as the country as a whole is in the developing stage and because of that the proportion of income that the people were earning before and are earning now has increased considerably which directly motivate them for searching various avenues for investment. The present paper assesses the behavior of investors in Rajkot city, Gujarat state.

Keywords: *Income, Savings, Investment*

1. Introduction

Financial system supplies the necessary financial inputs for the production of goods and services that in turn provide facility for the well being and standard of living of the people of a country. The major assets mobilize on the financial system are money and monetary assets. The responsibility of the financial system is to mobilize savings and investment in the form of money and monetary assets and invest them in productive avenues. A successful investor makes profits and also studies the market, understands his risk taking ability, sets the investment objectives, defines the expected rate of return and also decides the time horizon of investment. As the Keynesian theory explains, the marginal propensity to save is always found more than the marginal propensity to consume with every increase in income of the individual and the country as a whole. India is a country whose national and per capita income is increases day by day means the country is expecting to find out some investment avenues that gives him not only safe but also more than expected return out of their investment corpus. In this paper researcher has tried to analyze the behavior of professional people about their investment options and their attitude towards earning better return out of their income so that they can even guide the rest of the people and business man those who might not have these much vision about various investment concerns.

2. Literature Review

Sunil Gupta (2008) the investment pattern among different groups in Shimla had revealed a clear as well as a complex picture. The complex picture means that the people are not aware about the different investment avenues and they did not respond positively, probably it was difficult for them to understand the different avenues.

Verma (2008) studied the effect of demographics and personality on investment choice among Indian investors and found that mutual funds were popular amongst professionals, students and the self employed. Retirees displayed their risk aversion by not investing in mutual funds and equity shares. It was also found that higher the education, higher was the level of understanding of investment

complexities. Graduates and above in qualification preferred to invest in equity shares as well as mutual funds.

Girdhari and Satya (2011) analyzed the investment preferences of individuals in urban Orrisa (one of the states in India). Through their study they found that investment decisions and risk tolerance of investors depends on age, sex, income, marital status, education, family background and occupation. It was also found that male investors are more risk seekers as compared to female investors.

Sood and Medury (2012) analyzed the investment preferences of working adults in Delhi, Gurgaon and Noida. The results of their study showed that investment preferences are not affected by age, gender, income, marital status and employment status.

Bhushan and Medury (2013) analyzed the gender differences in investment behavior of employees working in various universities of Himachal Pradesh, India. They found that employees working in various universities of Himachal Pradesh invest in almost all investment avenues available to them. There is an overall inclination of investing in safe investment instruments.

3. Objective of the Study

1. To get the knowledge about the preferences of investor.
2. To know about the awareness of investor.
3. To find out the various objectives behind investment of the investor.
4. To know the factors affecting investment behaviour.

4. Sources of the data

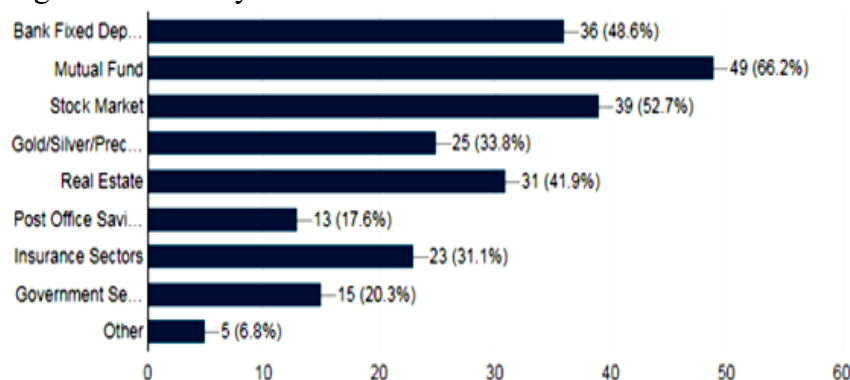
For the purpose of studying investment behaviour of professional people researcher has used Primary data with the help of a suitable questionnaire of 74 respondents.

5. Limitation of the Study

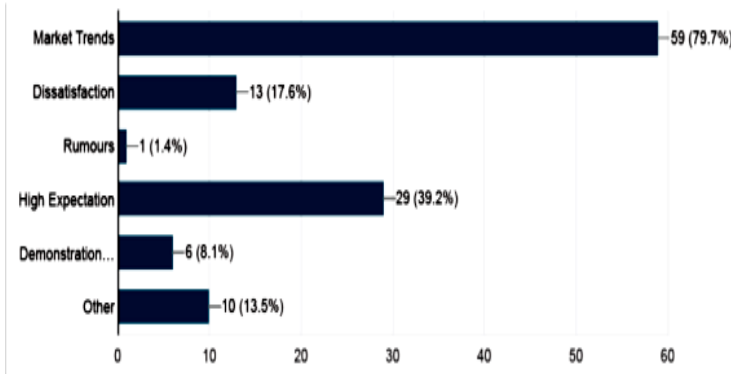
1. This research is limited to 70 respondents only.
2. This research is limited to geographical area.
3. This research is limited to professional people only.

6. Data Analysis

For the research purpose around 74 respondents are considered from Rajkot City and these all respondents are the professional people from varying background like chartered accountant, company secretary, doctors, engineers and lawyer.



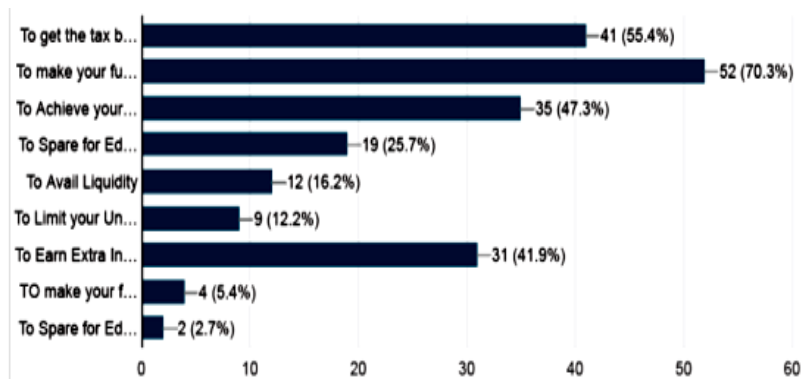
In the above diagram ox axis represents number of respondents while on y axis various investment options are given like Bank Deposits, Mutual Funds, Stock Market, Gold/Silver/other precious metal, Real estate, Post office savings, insurance sector, government securities and other. It is seen that majority of professional people prefer for their investment as Mutual Funds that is around 66.2% of



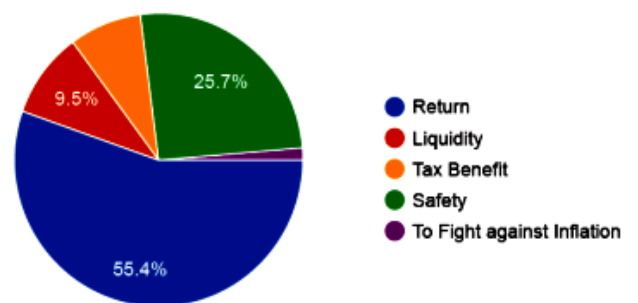
total respondents while the least preferred investment option is Post Office Savings that is around 17.6% of total respondents while stock markets are more important investment avenue than bank fixed deposits and real estate is preferred less than the bank fixed deposits.

In the above diagram the diversification of investor is highlighted because of several reasons. The study of 74 respondents reveal that maximum investor considered

the change in their investment considering the market trends as the various investment may be good in some circumstances while it may be better in other option in different situation. But the study reveals that very few people are there who may diversify just because of rumors in the market. In short the statistical concerns says that market trends affects around 79.7% respondents, dissatisfaction affects around 17.6%, rumors are the reason of only 1.4% respondents, high expectation for earning more reward affects around 39.2% respondents, around 8.1% investors are also affected with the demonstration effect in the market and around 13.5% respondents are affected with other than the given above reasons.



In the above diagram various objectives are stated for which an investor is supposed to invest their hard earned money out of his income. The purpose behind the invest may be different like some wants to invest just because to get the tax benefits while some are investing to make their future safe and or to spare for the children's education and etc. The study reveals that maximum of the investors concerns for their investment is to make their future safe they are around 70.3% of the total respondents. 55.4% respondents wants to save the money for getting tax benefits, while 47.3% wants to invest to achieve their future goal, 25.7% respondents want to investment to get liquidity for their business or for any else purpose while 12.2% people of the respondents want to investment so that they can limit unnecessary expenses. In the similar way around 41.9% have the objective earn extra income so they are motivated to invest. Thus the various objectives behind investment can be summarized as above.



In the above diagram what is the attraction of investment for an investment is studied. The main focus of an investor is for investment may be return, liquidity, tax benefit, safety or to fight against inflation. The given factors affecting the investment behaviour of the investor of profession field which have been studied as above. Maximum around 55.4% of the total respondents consider return as the main factor behind investment while very few that is around 1% of the total respondents want to invest for fighting against inflation. Around 25.7% respondents want their investment for the safety reasons only.

9.5% respondents expect liquidity of their investment while the rest are suppose to invest for getting the tax benefit.

7. Conclusion

The research makes a pertinent revelation that the level of investment knowledge significantly Leverage the returns on the investments. From the available date collected it is revealed that out of the given options of investment avenues, investors are expected to earn high return but with the safer side. There is also found diversification in the investment concerns of the people with the given situation because with the change in time and perspectives of the economic development the various investment avenues either get less potential or some becomes more expected therefore there is found change with the given time references. In the present time, it is found that Mutual Funds are more attractive investment for the majority of the people because it has high return and more liquidity therefore it is found more expected. While the conservative investors who expect more safety of their investment are expected to go for fixed deposits too.

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