BEHAVIORAL FINANCE AND ANALYSIS OF INVESTORS BEHAVIOR TOWARDS INVESTMENT AVENUES

Himanshi Prajapati[1], Arun Chauhan[2], Richa Rai[3]

[1]Assistant Professor, [2]Student, [3]Student
B.K School of Professional and Management Studies (DPPG), Gujarat University, Ahmedabad Gujarat (India)
Email: [1]himanshiprajapati1323@gmail.com, [2]arunchauhan1298@gmail.com
[3]richarai1910@gmail.com

ABSTRACT
The purpose of this study is to know the buying behavior of an individual for different investment avenues. Investing is fundamental to accomplish your objectives. It is the best way to improve your future. By making ventures, you are additionally keeping and amassing a corpus for later. Aside from that, making regular investments compels you to save an aggregate routinely, subsequently assisting you with imparting a financial discipline over the long haul. The influence of compounding additionally aids abundance creation. Putting is further useful in gathering future objectives like buying a house, going on an unfamiliar get-away, or arranging your retirement.
This study aims to examine the several factors such as age, education, gender, risk, financial literacy etc. On different investment avenues. There are lot of investment choices and an individual strives to invest in a better one. There are large number of people who have ability to invest in share market, real estate, gold, bonds and many more.

Key words: *Investment option, Risk and Return, Investment objectives, Investors' perceptions*

INTRODUCTION

Investing is fundamental to accomplish your objectives. It is the best way to improve your future. By making ventures, you are additionally keeping and amassing a corpus for later. Aside from that, making regular investments compels you to save an aggregate routinely, subsequently assisting you with imparting a financial discipline over the long haul. The influence of compounding additionally aids abundance creation. Putting is further useful in gathering future objectives like buying a house, going on an unfamiliar get-away, or arranging your retirement.

Investing is a widespread practice, and many have made their fortunes in the measure. The beginning stage in this cycle is to decide the qualities of the different ventures and afterward coordinating with them with the people need and inclinations. All close to home putting is planned to accomplish certain destinations. These targets might be substantial like purchasing a vehicle, house and so on and theoretical goals like societal position, security and so forth also; these targets might be named monetary or individual targets.

For investors across the world, the year 2020& 2021 is by all accounts a rollercoaster ride. The COVID-19-drove pandemic has turned the worldwide business sectors unstable, with the Indian market being no special case. Directly from being at a record-breaking high in January to seeing an extreme fall of around 23% in March and from a surprising recuperation in April to an abrupt remedy in September, the speculation venture in the Indian business sectors has all the earmarks of being loaded with startling, exciting bends in the road.

Types of Investments:
✓ Shares
✓ Debenture / Bond
✓ Stock Future & Option
✓ Mutual Fund
✓ NSC / PPF / PF
✓ Fixed Deposit
✓ Insurance Policies
✓ Real Estate
✓ Gold / Silver

Stocks:

Stocks refers to buying shares in an organization, giving the financial investor possession stake. It very well may be beneficial when the organization fills in future. Putting resources into stocks for the drawn-out guides in capital appreciation.

Debentures/Bond:
Debentures are also debt financial instruments like bonds. Organisations use these instruments to get funding for their daily needs. They are generally not secured by any physical assets of the issuers, which makes them riskier than bonds. They also carry a fixed or floating interest rate.

Stock Future / Option:
Futures and options are the major types of stock derivatives trading in a share market. These are contracts signed by two parties for trading a stock asset at a predetermined price on a later date.

Mutual funds:
Mutual funds are resource vehicle that pools cash from various financial backers and channels this into differentiated resources. Common asset plans change contingent upon the kind of resources they centre on – value reserves put resources into stocks, obligation reserves put resources into fixed-pay instruments, and half and half assets put resources into both.

Public Provident fund:
The PPF is a drawn-out investment funds plot supported by the Government of India with a lock-in time of 15 years.

National Pension Scheme:
NPS is a retirement annuity conspire presented by the Government of India. Through normal speculations, you can construct a corpus that can furnish you with an ordinary annuity after retirement.

Employee Provident Fund:
The EPF is a retirement investment funds plot explicitly for salaried workers. Month to month commitments is produced using a representative's compensation, while the business contributes an identical sum to the corpus.

Fixed Deposit:
Fixed deposits are viewed as quite possibly the most famous interests in India. They give a fixed pace of return for a particular period and considered as less risky.

Insurance Policies
The insurance policy is a contract between the insurer and the policyholder, which determines the claims which the insurer is legally required to pay. In exchange for an initial payment, known as the premium, the insurer promises to pay for loss caused.

Real Estate:
Real estate investing involves the purchase, management and sale or rental of real estate for profit.

Gold/Silver:
The metal is considered to be precious as it is rare and usually considered to be a safe investment.

LITERATURE REVIEW
India is a developing country and to achieve high investment growths it needs high level of investments. The emphasis on investment has been maintained from a very long period to increase economic growth and national income (Ramesh, 2011). Talking about the Indian financial market there are plethora of investment avenues options available to investors. Therefore, the Indian market are considered is the deepest market that has available from an ordinary man to the richest person to channelize their savings. (Dr.S.SuriyaMurithi, 2012) Many crises are afflicting the market. India is currently undergoing a transformation. one of the world's fastest growing economies the planet (Hemantkumar P. Bulsara, 2015). Investment behavior of an individual does depend on various contingent factors.

These variables can be predicted to estimate the investment Decision Process. According to the prior research done in this finance field it shows an improvement of the education that an investor possesses before purchasing an investment. Therefore, we can say that financial literacy correlates decision making open investment. (Broome, 2011) In 2006 Lusardi and Mitchell told that as per the increasing knowledge of an investor research should be conducted on factors that are other than financial literacy that would have and huge influence in the investment decision making the paper the factors of planned behavior that is related to behavioural psychology that influence the decision of future investors. (Broome, 2011). Rational investors should hold diversified portfolios that include the most efficient combinations of assets to maximize risk and return, and that represent investor utility preferences and time horizons," (Rastogi, 2014) For the people of country investment is an option for achieving additional income and where sometimes savings do the need of investment. But savings is termed as low risk type whereas investing in market is considered riskier. (LAXMI, 2013). The risk strategy can only be made after analyzing the risk profile of individuals. Factors like attitude, perception, education etc. affect the risk tolerance level of an individual from which he makes investment decisions. This study focuses on assessment of financial risk tolerance which affects investment avenues of individuals. (Phatak, 2016). The most key financial feature in the modern days is effective capital allocation. It requires long-term decision-making to allocate the company's assets. The decisions on capital budgeting are important to the company because they appear to decide its value by affecting its growth, profitability, and risk (Bhargavi, 2014). Investors can reduce risk by investing in different types of investments, Bank deposits are preferred by most investors, followed by gold investments. In the research it was found that income, occupation, and education have an influence on investment decisions, while age and gender have no effect. There, is no bearing on the investor's investment decision. (Shruthi Ramesh, 2019) The comprehension of risk on different resources might be diverse across various ages of people depending on their schooling and others; beginning from bachelors to resigned people. Along these lines, in the current study of the perception of risk level on different investment avenues by the financial backers at various phases of everyday life is analyzed. (Raju, 2018). Investment is planning to earn money in the future. It provides the advantage to both culture and the economy. By investing we can modernize the economy of the nation. In the past, investment was done by just saving in Banks, FDs, gemstones, and precious stones. But today more & more investment opportunities are there for people to invest in different asset class with different returns as per their risk (Priyanka, 2020). Investment gives benefit to both economy and Society as a whole. Investing in the economy has Outgrowth economic development and of the modern capitalism in the Nation.

OBJECTIVES OF STUDY
- To comprehend the impact of demographic factors influencing the decision of investment.
- To discover the perception of financial investors identifying with risk, liquidity and return on investment.
- To analyse the factors that influences the investor towards getting their investment plan.
- To study risk factor in purchasing different investment avenues.

RESEARCH METHODOLOGY
Research Design: Descriptive conclusive research is chosen for this particular study in order to obtain complete and accurate information.
Research Approaches: Mixed approach i.e., qualitative, and quantitative both as because we have used numeric data to analyse as well as individual experiences, opinions etc. which includes buying behaviour.
Sources of Data: The study is based on primary data that is collected using structured questionnaire.
Sampling Method: Convenience sampling method, with structured questionnaire was sent to investors by circulation of google form of different parts of India.

DATA ANALYSIS AND INTERPRETATION
Table 1:   Table showing Frequency Distribution of Demographic Attributes.

Demographic Variable	Category	Frequency	Percentage
Age	Below 20	20	9.8%
	21-30	140	68.3%
	31-40	27	13.2%
	41-50	13	6.3%
	51 & above	5	2.4%
	Graduate	82	40.0%

Education Qualification	Post-Graduate	79	38.5%
	Non-Graduate	39	19.0%
	Other	5	2.4%
Occupation	Salaried	37	18.0%
	Business	15	7.3%
	Student	127	62.0%
	Self Employed	17	8.3%
	Retired	8	3.9%
	House maker	1	0.5%

➢ In the demographic analysis, 9.8%% respondents who are from the age group of below 20 and 21-30 are 68.30%. The respondents belonging to the age group of 31-40 years and 41-50 years jointly form 19.50.

➢ This category is followed by education qualification that graduates respondents (40%) and post graduate are 38.5 % almost same as graduate, non-graduate is 19%.

➢ Only 2.4% of the respondents are above the age of 51 years and above. It is also found that the majority of the respondents accounting to 62% are students, followed by the individuals belonging to service/job and business are 18% and 7.3% respectively.

Table 2: Table showing Avenues Have Been Opted.

Avenues	Frequency
Insurance	77
Bank	127
Post Office	46
Equities	76
Real Estate	53
Mutual Fund	86
Government Securities	38
Gold	58

➢ To check the consumer buying behavior patterns we have given several preference options in which an investor has already invested so that we could judge the purchasing pattern. The graph shows eight categories of investment option which are more likely to be used. among 205 respondents there are investors who have opted equities are 76 respondents, 58 respondents invest in gold , 127 respondents invest in Bank , 86 respondents invest in mutual funds , 38 respondents invest in government securities and 53 respondents invest in real estate.

Among 205 respondents, who have filled the questionnaire, 127 people like to opt for bank as an investment option which is highest, and 38 people opt for government securities which least preferred among all respondents.

Inferential Analysis
Chi-Square

• H0: Risk factor has no impact on consumer's decision while choosing different investment avenues in different age group.
H1: Risk factor has impact on consumer's decision while choosing different investment avenuesin different age group.

1)Risk

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	36.744a	20	0.013

Likelihood Ratio	31.566	20	0.048
Linear-by-Linear Association	2.727	1	0.099
N of Valid Cases	205		

Interpretation

In Chi square test our P-value is 0.013 and it is smaller than 0.05 which means null hypothesis will be rejected. So it shows that there is an impact of risk on buying behavior towards different investment avenues.

- **Chi-Square Test -2**

H0: liquidity of an investment avenue does not affect investor's buying decision from various education qualification.

H1: liquidity of an investment avenue does affect investor's buying decisionfrom various education qualification.

2)Liquidity

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	25.528a	20	0.182
Likelihood Ratio	26.151	20	0.161
Linear-by-Linear Association	3.845	1	0.050
N of Valid Cases	205		

Interpretation:

In Chi square test our P-value is 0.182 and it is greater than 0.05 which means null hypothesis will be accepted. So, it shows that there is no impact of liquidity on buying behaviour towards different investment avenues.

- H0: return on investment does not make any significant difference in investor's choice of different investment avenues with different occupation.

H1: return on investment does make any significant difference in investor's choice of different investment avenues with different occupation.

3)Return

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	25.551a	20	0.181
Likelihood Ratio	26.058	20	0.164
Linear-by-Linear Association	4.386	1	0.036
N of Valid Cases	205		

Interpretation:

In Chi square test our P-value 0.181 is greater than 0.05 which means null hypothesis will be accepted. So, it shows that there is no impact of return on buying behaviour towards different investment avenues.

Reliability test of the data:

Reliability Statistics			
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items		N of Items
0.525	0.569		21

➢ Reliability test shows the stability or quality of test scores performed on the response data. This test has its own importance as it shows the value which indicates how much reliable data. Here in our research, result of this test is 0.569 which can be used as quite fair data as far as reliability is concerned.

KEY FINDINGS AND CONCLUSION

Investment is considered as one of very important decisions as it is directly related to investors hard earned money. While making investment investor seeks some of the factors before parking their money into it. With the help of statistical tools, we have analysed these factors and how they impact on buying behaviour of customer. Risk comes with hand on hand with return, an investor who understands their own risk appetite can invest properly. In our research we found that risk makes impact on buying behaviour of investors while investing. Every occupation has their different needs like business person require money time to time that's why they can't invest huge at a same time while a salaried person can invest on regular basis that's why liquidity makes impact on buying behaviour. Same goes with age, tax saving opportunity and capital appreciation against inflation these are also very important factor and in in our research we have found that these factors impact the buying behaviour of customer while making investment. As per responses liquidity and return are factors which doesn't impact buying behaviour of customer while making investment, it can be due to some reasons like they don't find these factors as attractive option might be they are most focused on risk factors before parking their money into any asset class.

The result obtained from the respondents found that majority of the respondents were the age of 21-30 years which constituted 48.8 % of total 205 respondents. From the data collected we can say that even though majority of the respondents had basic knowledge they still invested in different investment avenues like 76 respondents who constituted 37.10% preferred equity while 86 respondents preferred mutual funds. Rest had their way in fixed deposit, gold and real estate and these people i.e., 21% monitored their investment weekly. When asked about the motive behind investing, 33 respondents agreed in tax saving and 103 respondents strongly agreed to the fact of capital appreciation and meeting future expenses. Besides the motive, factors like risk, return, maturity period and liquidity also played an important role in respondents' life to make investment decisions and to make sound investment decisions, respondents took help from various sources. Majority of 120 respondents took help of internet and around 68 respondents took aid from financial advisors to make investments. Many of them were willing to invest for a time period of 1-5 years which was 54.6% of total. So overall we can say that people were satisfied with their investment experience.

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