

# AN EMPIRICAL STUDY ON PERCEPTIONS OF HOUSEHOLD INVESTORS IN DIFFERENT INVESTMENTS AVENUES WITH REFERENCE TO AHMEDABAD CITY

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## Abstract

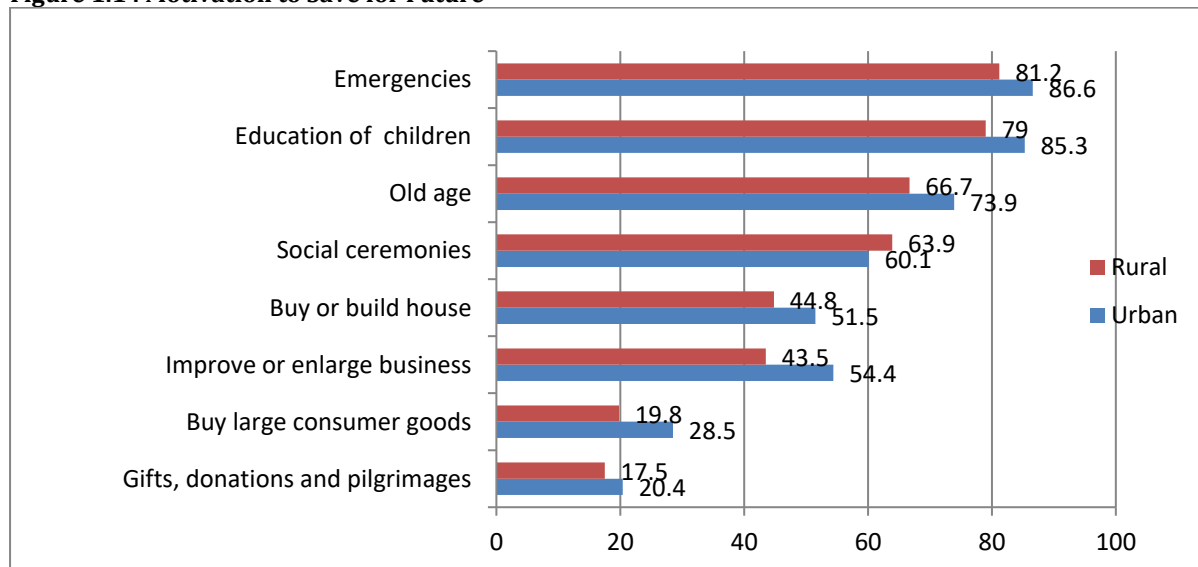
The Indian economy is expanding rapidly. The pattern of rising investment is a sign of a country's progress. Investors' perceptions of investment activities must rise in order to increase investment. The demographic profile influences the perceptions of the investors. The research focuses on the different investment options accessible, investors' savings and investing patterns, and an understanding of the demographic aspects taken into account when making investment decisions. The purpose of this study is to better understand what qualities an investor looks for in a potential investment. The emphasis of this research is to study perceptions of household investors in different Investments Avenues with reference to Ahmedabad City. The primary focus of this study is to examine ways that investors utilise to invest their money. For this study, Primary data is gathered via a questionnaire alone. The current study focuses at how household investors' investment profiles like, monthly savings, monthly expenditure, investments avenues which they prefer more, knowledge about investment choices etc. and demographic profiles like age, educational qualification, number of dependents in family, monthly income etc. affect the investment prospects in Ahmedabad city.

**Keywords:** Perceptions, household investors, Investment profile, Demographic profile.

## INTRODUCTION

Indian households save for a variety of reasons. Most households prefer to have an easily accessible corpus for emergencies, marriages and social occasions, children's education and gifting. Though India does not have a social security scheme, saving for old age is still not a priority for its households. The income that a person receives may be used for purchasing goods and services that he currently requires or it may be saved for purchasing goods and services that he may require in the future. In its broadest sense, an investment is a sacrifice of current money or other resources for future benefits. Investment is the employment of funds on assets with the aim of earning income or capital appreciation. Investment has too attributes namely time and risk. Investment involves employment of funds with the aim of achieving additional income or growth in value. Investment is the sacrifice of certain present value for the uncertain future reward.

**Figure 1.1 : Motivation to Save for Future**



Source : NSHIE 2004-05 data: NCAER-CMCR analysis.

Demographic Profile of Saving & Investment in India :

The demographics of India are inclusive of the second most populous country in the world, with over 1.21 billion people (2011 census), more than a sixth of the world's population. Already containing 17.5% of the world's population, India is projected to be the world's most populous country by 2025, surpassing China, its population reaching 1.6 billion by 2050. Its population growth rate is 1.41%, ranking 102<sup>nd</sup> in the world in 2010. Indian population reached the billion mark in 2000.

**Table 1.1: Estimates of Earning, Spending and Savings by Location AI**

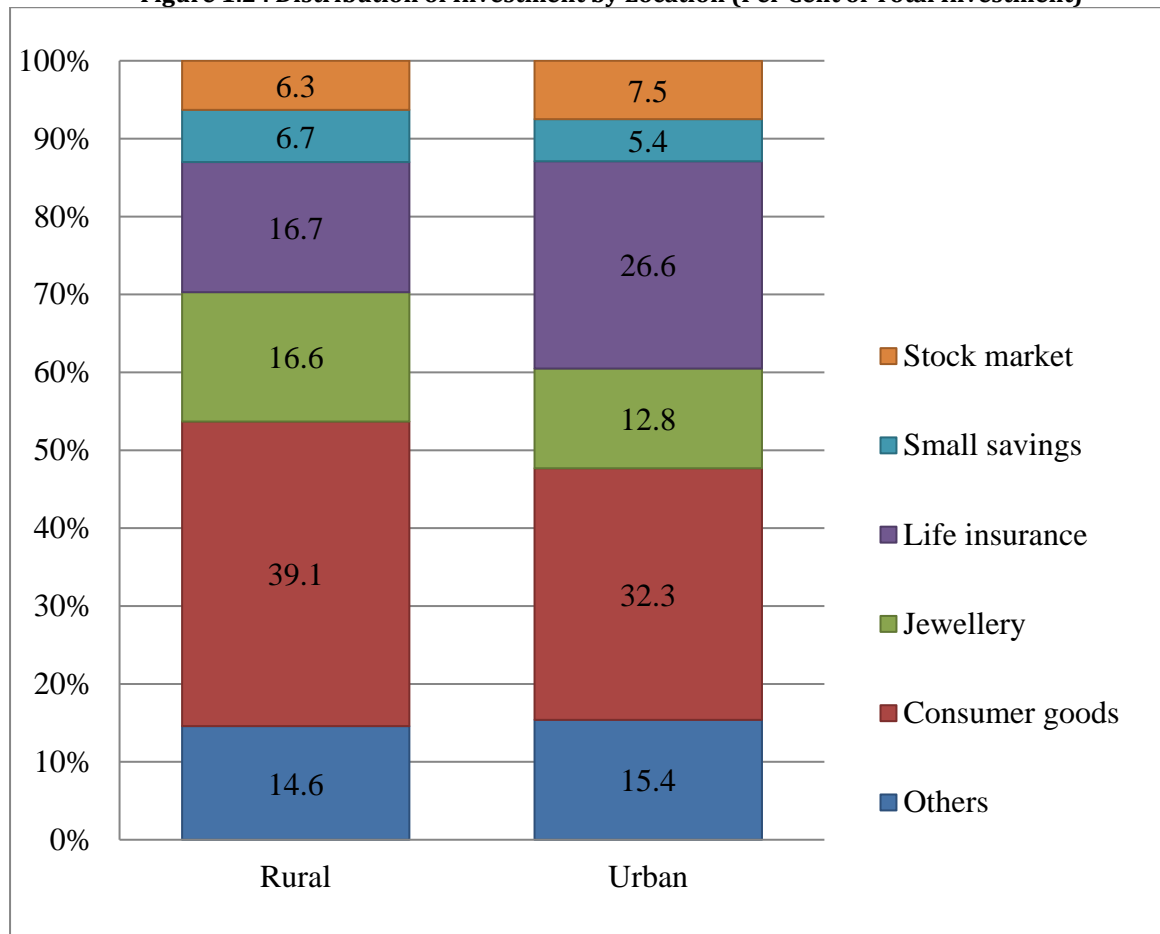
	Rural	Urban	All India
a. Household income (Rs/annum)	51,922	95,827	65,041
b. Household expenditure (Rs/annum)	40,124	68,352	48,558
c. Surplus income (Rs/annum)			
Financial investment*	1,217	3,857	2,003
Physical investments**	2,886	5,912	3,792
Saving in cash	7,694	17,706	10,688
Total	<b>11,798</b>	<b>27,475</b>	<b>16,483</b>
d. Share of surplus income to income ( per cent)			
Financial investment	2.3	4.0	3.1
Physical investments	5.6	6.2	5.8
Saving in cash	14.8	18.5	16.4
Total	<b>22.7</b>	<b>28.7</b>	<b>25.3</b>

Source : NSHIE 2004–05 data : NCAER–CMCR analysis.

Notes: \* Financial instruments include investment made in stock market, small savings and life insurance only for the year 2004–05.

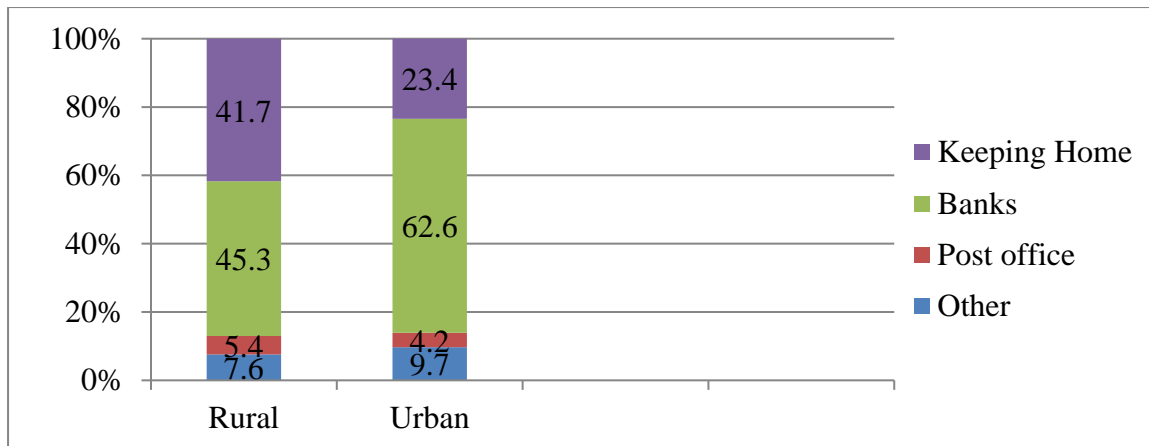
\*\* Physical instruments include investment made in jewellery, consumer durable and others only for the year 2004–05.

**Figure 1.2 : Distribution of Investment by Location (Per Cent of Total Investment)**



Source : NSHIE 2004–05 data : NCAER–CMCR analysis

**Figure 1.3 : Preferred Form of Cash Saving by Location (Per Cent of Cash Saving)**



Source : NSHIE 2004–05 data : NCAER–CMCR analysis

## LITERATURE REVIEW

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## OBJECTIVES OF THE STUDY

1. To analyze the Demographic & Social Economic profile of the respondents.
2. To analyze the respondents’ level of knowledge regarding various investments avenues.
3. To study the present investment practices of respondents in Ahmedabad city.
4. To study the important Sources of information that the respondents use to make their investment decisions.
5. To analyze the awareness and practices of investment.
6. To analyze the investment behaviors of the respondents. And To analyze the investor’s Portfolio Management.
7. To analyze the objective of the investment of the respondents.
8. To analyze the relationship between demographic factors on investment choice of investors and savers in respondent.

## DATA ANALYSIS

### Analysis of Demographic Factors On Investment Choice

**Table 1.2 Gender wise Distribution of Different Investment Avenues**

Investment Avenues	Preferences	Gender		Total
		Male	Female	
Post Office	Most Preferred	13	3	16
	Moderately Preferred	4	7	11
	Least Preferred	1	2	3
Insurance	Most Preferred	14	7	21
	Moderately Preferred	3	4	7
	Least Preferred	1	1	2
Share & Debenture	Most Preferred	2	3	5
	Moderately Preferred	3	0	3
	Least Preferred	13	9	21
Jewellery (Gold & Silver)	Most Preferred	5	8	13
	Moderately Preferred	5	4	9

	Least Preferred	8	0	8
Provident Fund	Most Preferred	5	5	10
	Moderately Preferred	2	2	4
	Least Preferred	11	5	16
Fixed Deposits	Most Preferred	9	8	17
	Moderately Preferred	2	4	6
	Least Preferred	6	1	7
Mutual Funds	Most Preferred	6	6	12
	Moderately Preferred	2	2	4
	Least Preferred	10	4	14
Bonds	Most Preferred	1	1	2
	Moderately Preferred	3	4	7
	Least Preferred	14	7	21
Nidhis/Chit fund Etc.	Most Preferred	0	1	1
	Moderately Preferred	1	1	2
	Least Preferred	17	10	27
Other	Most Preferred	0	2	2
	Moderately Preferred	1	1	2
	Least Preferred	17	9	26
Total		179	121	300

Source : Primary Data from survey

### CHI-SQUARE TEST

H<sub>0</sub> - There is no relationship between the gender and investment choice made by the investors.

H<sub>1</sub> - There is relationship between the gender and investment choice made by the investors.

Calculation of Chi - Square of Post-Office				
Oij	Eij	(Oij-Eij)	(Oij -Eij) <sup>2</sup>	(Oij -Eij) <sup>2</sup> /Eij
13	9.6	3.4	11.56	1.204167
3	6.4	-3.4	11.56	1.80625
4	6.6	-2.6	6.76	1.024242
7	4.4	2.6	6.76	1.536364
1	1.8	-0.8	0.64	0.355556
2	1.2	0.8	0.64	0.533333
<b>Total Chi-Square Value of Post Office</b>				6.459912
Calculation of Chi - Square of Insurance				
Oij	Eij	(Oij-Eij)	(Oij -Eij) <sup>2</sup>	(Oij -Eij) <sup>2</sup> /Eij
14	12.6	1.4	1.96	0.155556
7	7.7	-0.7	0.49	0.063636
3	4.2	-1.2	1.44	0.342857
4	2.8	1.2	1.44	0.514286
1	1.2	-0.2	0.04	0.033333
1	0.8	0.2	0.04	0.05
<b>Total Chi-Square Value of Insurance</b>				1.159668
Calculation of Chi - Square of Share & Debenture				
Oij	Eij	(Oij-Eij)	(Oij -Eij) <sup>2</sup>	(Oij -Eij) <sup>2</sup> /Eij
2	3	-1	1	0.333333
3	1.833333	1.166667	1.361111	0.742424
3	1.8	1.2	1.44	0.8
0	1.2	-1.2	1.44	1.2
13	13.2	-0.2	0.04	0.00303
9	8.8	0.2	0.04	0.004545
<b>Total Chi-Square Value of Share &amp; Debenture</b>				3.083333
Calculation of Chi - Square of Jewellery (Gold & Silver)				
Oij	Eij	(Oij-Eij)	(Oij -Eij) <sup>2</sup>	(Oij -Eij) <sup>2</sup> /Eij
5	7.8	-2.8	7.84	1.005128
8	5.2	2.8	7.84	1.507692

5	5.4	-0.4	0.16	0.02963
4	3.6	0.4	0.16	0.044444
8	4.8	3.2	10.24	2.133333
0	3.2	-3.2	10.24	3.2
<b>Total Chi-Square Value of Jewellery (Gold &amp; Silver)</b>				7.920228
<b>Calculation of Chi - Square of Provident fund</b>				
<b>Oij</b>	<b>Eij</b>	<b>(Oij-Eij)</b>	<b>(Oij -Eij)<sup>2</sup></b>	<b>(Oij -Eij)<sup>2</sup>/Eij</b>
5	6	-1	1	0.166667
5	4	1	1	0.25
2	2.4	-0.4	0.16	0.066667
2	1.6	0.4	0.16	0.1
11	9.6	1.4	1.96	0.204167
5	6.4	-1.4	1.96	0.30625
<b>Total Chi-Square Value of Provident fund</b>				1.09375
<b>Calculation of Chi - Square of Fixed deposit</b>				
<b>Oij</b>	<b>Eij</b>	<b>(Oij-Eij)</b>	<b>(Oij -Eij)<sup>2</sup></b>	<b>(Oij -Eij)<sup>2</sup>/Eij</b>
9	9.633333	-0.633333	0.401111	0.041638
8	7.366667	0.633333	0.401111	0.054449
2	3.4	-1.4	1.96	0.576471
4	2.6	1.4	1.96	0.753846
6	3.966667	2.033333	4.134444	1.042297
1	3.033333	-2.033333	4.134444	1.363004
<b>Total Chi-Square Value of Fixed deposit</b>				3.831705
<b>Calculation of Chi - Square of Mutual Funds</b>				
<b>Oij</b>	<b>Eij</b>	<b>(Oij-Eij)</b>	<b>(Oij -Eij)<sup>2</sup></b>	<b>(Oij -Eij)<sup>2</sup>/Eij</b>
6	7.2	-1.2	1.44	0.2
6	4.8	1.2	1.44	0.3
2	2.4	-0.4	0.16	0.066667
2	1.6	0.4	0.16	0.1
10	8.4	1.6	2.56	0.304762
4	5.6	-1.6	2.56	0.457143
<b>Total Chi-Square Value of Mutual Funds</b>				1.428571
<b>Calculation of Chi - Square of Bonds</b>				
<b>Oij</b>	<b>Eij</b>	<b>(Oij-Eij)</b>	<b>(Oij -Eij)<sup>2</sup></b>	<b>(Oij -Eij)<sup>2</sup>/Eij</b>
1	1.2	-0.2	0.04	0.033333
1	0.8	0.2	0.04	0.05
3	4.2	-1.2	1.44	0.342857
4	2.8	1.2	1.44	0.514286
14	12.6	1.4	1.96	0.155556
7	8.4	-1.4	1.96	0.233333
<b>Total Chi-Square Value of Bonds</b>				1.329365
<b>Calculation of Chi - Square of Nidhis/Chit fund Etc.</b>				
<b>Oij</b>	<b>Eij</b>	<b>(Oij-Eij)</b>	<b>(Oij -Eij)<sup>2</sup></b>	<b>(Oij -Eij)<sup>2</sup>/Eij</b>
0	0.6	-0.6	0.36	0.6
1	0.4	0.6	0.36	0.9
1	1.2	-0.2	0.04	0.033333
1	0.8	0.2	0.04	0.05
17	16.2	0.8	0.64	0.039506
10	10.8	-0.8	0.64	0.059259
<b>Total Chi-Square Value of Nidhis/Chit fund Etc.</b>				1.682099
<b>Calculation of Chi - Square of Other</b>				
<b>Oij</b>	<b>Eij</b>	<b>(Oij-Eij)</b>	<b>(Oij -Eij)<sup>2</sup></b>	<b>(Oij -Eij)<sup>2</sup>/Eij</b>
0	1.2	-1.2	1.44	1.2
2	0.8	1.2	1.44	1.8

1	1.2	-0.2	0.04	0.033333
1	0.8	0.2	0.04	0.05
17	15.6	1.4	1.96	0.125641
9	10.4	-1.4	1.96	0.188462
<b>Total Chi-Square Value of Other.</b>				3.397436

**Table 1.3 Chi-Square Test of Gender Wise Distribution with Different Investment Choice**

Investment Avenues	Degree of Freedom	Level of Significance	Calculated Value	Table Value	Hypothesis Accepted
Post Office	2	5%	6.459912	5.991	Alternative Hypothesis is Accepted
Insurance	2	5%	1.159668	5.991	Null Hypothesis is Accepted
Share & Debenture	2	5%	3.083333	5.991	Null Hypothesis is Accepted
Jewellery (Gold & Silver)	2	5%	7.920228	5.991	Alternative Hypothesis is Accepted
Provident Fund	2	5%	1.09375	5.991	Null Hypothesis is Accepted
Fixed Deposits	2	5%	3.831705	5.991	Null Hypothesis is Accepted
Mutual Funds	2	5%	1.428571	5.991	Null Hypothesis is Accepted
Bonds	2	5%	1.329365	5.991	Null Hypothesis is Accepted
Nidhis/Chit fund Etc.	2	5%	1.682099	5.991	Null Hypothesis is Accepted
Other	2	5%	3.397436	5.991	Null Hypothesis is Accepted

**INTERPERTATION:**

The table value of chi-square is greater than the calculated value except Jewellery (Gold & Silver) and post office. Therefore, the Null Hypothesis that There is no relationship between the gender and investment choice made by the investors is Accepted except Jewellery (Gold & Silver) and post office.

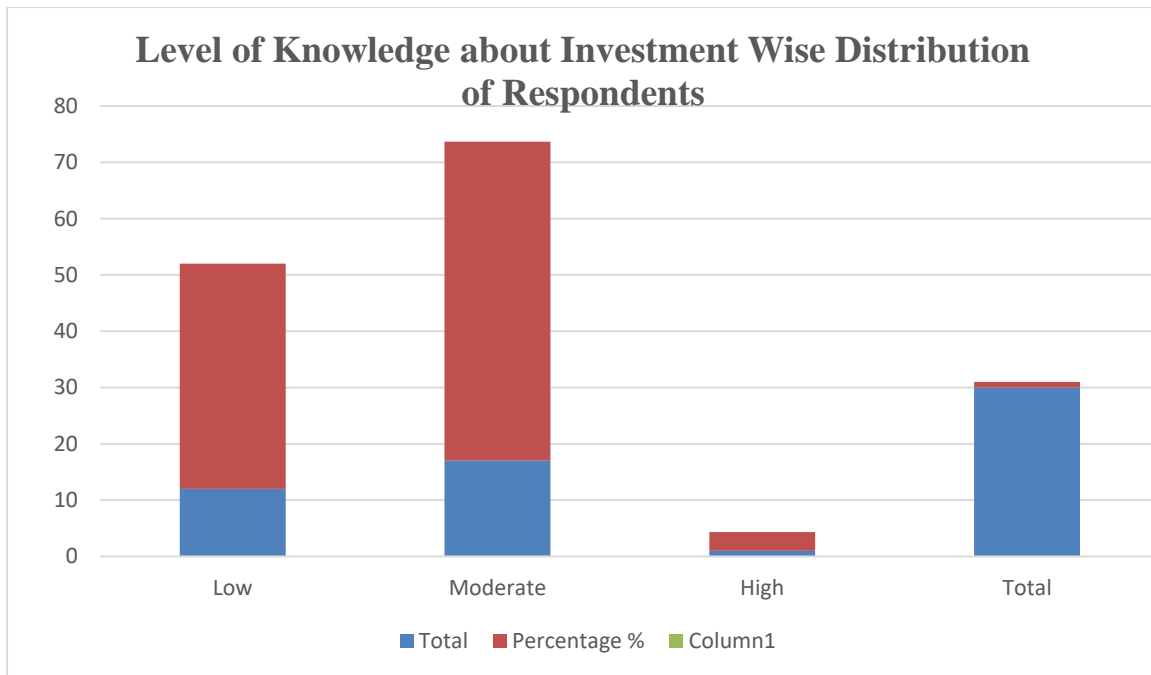
At the same time the Alternate Hypothesis that There is relationship between the gender and investment choice made by the investors Rejected except Jewellery (Gold & Silver) and Post office investment avenues.

**Level of knowledge about Investment Wise Distribution of Respondents**

**Table Level of Knowledge about Investment Wise Distribution of Respondents**

Level of knowledge	Total	Percentage %
Low	12	40
Moderate	17	56.67
High	01	3.33
<b>Total</b>	<b>30</b>	<b>100%</b>

Source : Primary data from survey



Source of Consultancy Wise Distribution of Respondents

Weighted Average Method:

While taking investment decision which are the sources for financial consultancy for them Rank is given by 1 to 8 with Rank 1 for Most Important and Rank 8 for Least Important. In weighted average method, weight is given by following way:

Rank	1	2	3	4	5	6	7	8
Weight (W)	8	7	6	5	4	3	2	1

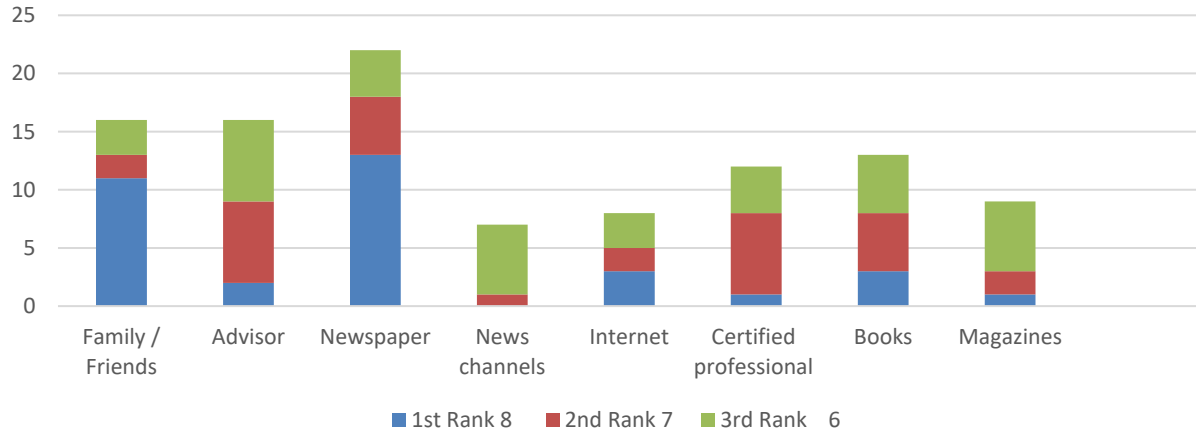
Thus, following are the calculation of total weighted average for source of consultancy in investment decision. The rank is given in order to highest weighted average has first priority to give the first rank and so on.

**Table :Ranking of Source of Consultancy Wise Distribution of Respondents**

Source of Consultancy	1 <sup>st</sup> Rank 8	2 <sup>nd</sup> Rank 7	3 <sup>rd</sup> Rank 6	4 <sup>th</sup> Rank 5	5 <sup>th</sup> Rank 4	6 <sup>th</sup> Rank 3	7 <sup>th</sup> Rank 2	8 <sup>th</sup> rank 1	Total	WA= $(\sum X / \sum W)$	Rank
Family / Friends	11	2	3	2	7	4	1	0	30	4.78	2
Advisor	2	7	7	3	3	6	1	2	30	4.33	3
Newspaper	13	5	4	4	1	3	0	0	30	5.44	1
News channels	0	1	6	6	0	4	11	2	30	3.02	7
Internet	3	2	3	3	9	0	2	7	30	3.28	6
Certified professional	1	7	4	5	2	6	1	3	30	3.80	5
Books	3	5	5	2	4	2	9	0	30	3.80	4
Magazines	1	2	6	4	2	1	1	13	30	2.89	8

<https://www.gapbodhitaru.org/>

## Ranking of Source of Consultancy Wise Distribution of Respondents with the help of Weighted Average Method



### Interpretation:

The above table and figure indicates Rank of Source of Consultancy Wise Distribution of Respondents with the help of weighted average method. The respondent gave first rank to the newspaper which indicates that majority of people believe the information of investment which is given by their colleagues and they are trusted whatever their newspapers are believe. The second rank was given to the family and friends by the respondents because they believed that the they gives proper and true information.

### CONCLUSION

- Thus , majority of respondents are males i.e. 58% and female are 42% It suggested that males are dominant in investment and saving behavior. As males are predominate earnings and more knowledge about the investment and saving scheme.
- Most of the 2 and 1 family members are dependent in the family.
- There is no relationship between the gender and investment choice made by the investors is Accepted except Jewellery (Gold & Silver) and Post office.
- There is relationship between the gender and investment choice made by the investors is Accepted in Jewellery (Gold & Silver) and Post office type investment avenues.
- There is no significant relationship between the marital status and investment choice made by the investors is accepted.

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