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A Study on Investment Pattern of Individuals in Banks and Securities

Pavithra B. N
Student, Mount Carmel College (Autonomous)

ABSTRACT
Investment is a type of activity that is engaged in by the people who have to do savings i.e. investments are made from their savings, or in other words it is the people invest their savings. In this study we have the various avenues of investment and the factors influencing the decision of individuals in making investment decision regarding the avenues. This study states that the major aspects of investing are safety and returns. This also studies if the population is risk averse. The study was conducted on 203 respondents from the city of North Bangalore. This majorly involves the salaried employees. This study is conducted to know the pattern of investment of the individuals in banks and securities.

INTRODUCTION

Invest is to allocate money with an expectation of some return in future. Investments with higher risk, gives higher returns and investment which associates with lower risk gives lower rate of return. Investment pattern and strategy of any individual depends on the need and requirement of the investor. Most of the lower income groups make investments in banks to safe guard the money and who earn higher income afford to invest in securities and take a certain percentage of risk to earn higher return on their investments. In a country like India majority of the population make investment in banks as it is backed by the government and has higher security factor. Whereas the securities are highly fluctuating in nature as it depends on the market condition. Investment of any kind impact the economic status if the country. Higher the rate of investment in the economy better the economic status. Investments in banks and securities act as a major funding to the economy.

There are a large number of investment instruments available today. The people have to choose proper avenue among those available, depending upon their specific need, risk preference, and return that are expected. Different Investment avenues can be broadly categories under the heads; Equity, Debt, Mutual Funds, Corporate, Debentures, Company Fixed Deposits, Fixed Deposits, Bank Savings Deposits, Public Provident Fund, Real Estate, Life Insurance, Gold, Silver, Precious Stones etc

The major features that is seen in an investment are safety of principal amount, liquidity, income and its stability, appreciation and lastly easy transferability.

STATEMENT OF PROBLEM

The investment decision of the investors is greatly influenced by the surroundings environment and the decision gets manipulated leading to wrong utilization of funds. This decision may affect the safety, liquidity and may decrease the outcome of such investment. Investments must be carefully selected based on the criteria of the requirement of the individual.

OBJECTIVES

The objectives of the study are

- To study the influence of external factor on investment.
- To understand if gender castes an impact on making the investment decision.
- To analyze if the population is risk averse.
- To determine if safety and liquidity is the most important aspect of making investment decision.

Source of data

Primary Data: The source of primary information or data is collected by questionnaire.

Secondary Data: The secondary data is obtained from the websites and study of other researchers.

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NEED FOR THE STUDY

Each individual fix a flow of income and their investment decisions are also different. It will be helpful to understand the investment preference of investors in banks and securities on the basis of their need. This research paper will be a helping hand for further study.

REVIEW OF LITERATURE

(Dr. (Mrs.) Sushant Nagpal, 2007, Psychology of Investments and Investor's

Preferences)

Individual investors must follow three principles of investing: using a long-term investing approach, following the right strategy to maximize the return on investment and proper allocation of investible funds. While applying these three principles, an individual investor has to confront his/her demographics, lifestyle and investment psychology.

Kaur, Inderjit & Kaushik, Kamal. (2016). Determinants of investment behaviour of investors towards mutual funds

The research provided that investment behaviour could be explained with awareness, perception and socioeconomic characteristics of individual investors. Better awareness related to various aspects of investment option has a positive effect on investment. Further socio-economic characteristics such as age, gender, income etc of the investor had an impact on the awareness of the investment option.

Bhaskaran, Narayanan & , Dr.S.Suriyamurthi & , M.Arivazhagan. (2012). INVESTORS BEHAVIOUR IN VARIOUS INVESTMENT AVENUES A STUDY. International Journal of Technology Marketing. 2. 164-189.

The investment strategy is a plan, which is created to guide an investor to choose the most appropriate investment portfolio that will help them to achieve their financial goals within a particular period of time.

RESEARCH METHODOLOGY

Population are a group of individuals who have some characteristics in common. The sample of 200 members is selected from a population of individuals in the city of Bangalore. The sample is a subset of population which is selected as representatives of the population. The sample was selected on the basis of investment of individuals in banks and securities. They are majorly a sample of salaried employees. There are home-makers and students as well who save the money that is surplus of their expenditure.

SAMPLING METHOD

The method used in the collection of samples is simple random sampling since the population is unknown and not targeted. The sample includes individuals falling under the age group of 18 to 55 and thus cannot be selected on the basis of any criteria.

Demographic Profile

The result obtained from the research conducted by the questionnaire is as follows:

Table-1: A table showing the age group and gender of the respondents.

Age group	male	Female	total	percentage
18-25	34	6	40	19.704433
26-35	6	19	25	12.315271
36-45	86	19	105	51.724138
46-55	13	20	33	16.256158
	139	64	203	100

From the above tables we can infer the majority of the investment is made by males from the age group of 36-45 years and the younger population.

Table-2: A table showing awareness of respondents about various investment avenues.

Awareness	Number of people	Percentage

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Yes	121	59.6059113
No	26	12.8078818
Maybe	56	27.5862069
	203	100

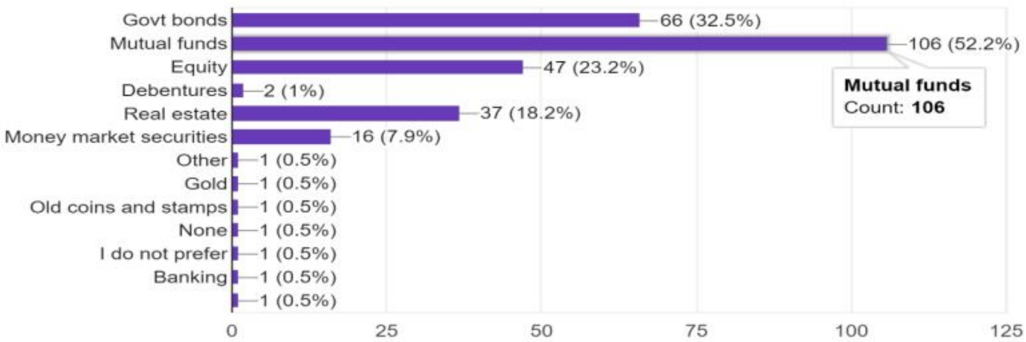
From the above table we can conclude that a major percentage of the population is aware of various investment avenues due to the exposure and the adequate availability of data regarding the same

Table-3: A table showing preference of respondents towards banks and securities.

Preference	**Number of people**	**Percentage**
Banks	120	59.1133005
Securities	83	40.8866995
	203	100

From the above table we can infer that a major portion of the respondents prefer investment in the banks due to the safety factor.

Chart-1: a chart showing the preference of respondents towards various types of securities



From the above chart it is evident that the population is considering mutual funds as a most preferred investment option even after considering the risk involved in this investment type.

Table-4: A table showing kinds of deposits preferred by the respondents.

Kind of deposit	**Number of people**	**Percentage**
Savings	62	30.5418719
Recurring	49	24.137931
Fixed	92	45.320197
	203	100

From the above table we can infer that the respondents prefer fixed deposits ass it provide comparatively higher rate of return with safety of fund for the stipulated time period.

Table-5: A table showing the occupation of the respondents.

Occupation	**Number of people**	**Percentage**
Salaried employee	165	81.2807882
Student	25	12.3152709
Retired	5	2.46305419
Home maker	8	3.9408867
	203	100

From the above table we can state that majority of the population is the salaried employee, who make majority of the savings.

Table-6: A table showing the monthly income of the respondents.

Monthly income	**Number of people**	**Percentage**

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Up to 20,000	30	14.7783251
20,001-40,000	36	17.7339901
40,001-60,000	23	11.3300493
60,000 & above	114	56.1576355
	203	100

From the above table we can infer that higher the income, higher the investment. 56.15% of the respondents have an income above Rs. 60,000.

Table-7: A table showing percentage of savings made by the respondents.

Percentage of saving	Number of people	Percentage
0-10%	32	15.7635468
10-20%	66	32.5123153
20-30%	59	29.0640394
30-40%	46	22.6600985
	203	100

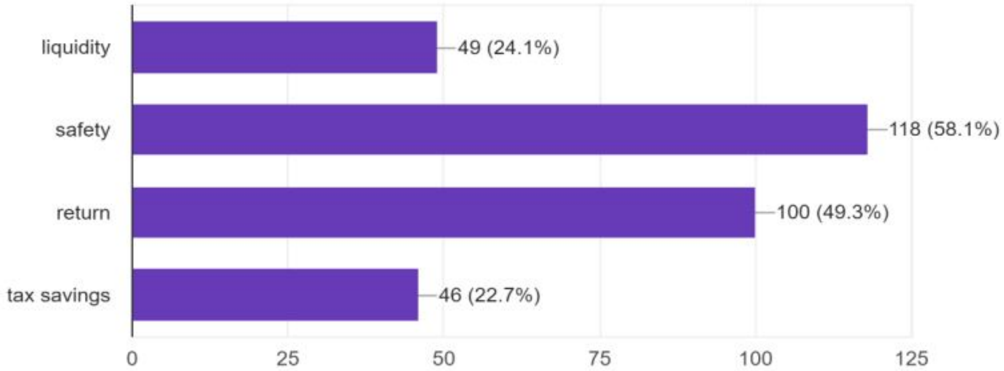
From the above table we can state that respondents save only 10-20% of the income due to the liquidity factor.

Table-8: A table showing the short-term goal of the respondents in respect of their investments.

Short-term goal	Number of people	Percentage
Liquidity	68	33.4975369
Returns	135	66.5024631
	203	100

From the above table we can observe that though liquidity is the major aspect of income but the respondents prefer returns as the short-term goal to increase the saving.

Chart-2: A chart representing the long-term goal of the respondents in respect of their investment.



From the above chart we can study that safety of funds is long-term goal and return is also a major factor of investing as for the working class the safety and return of their income is very important.

Table-9: A table showing factors influencing the investment decision.

Factors influencing investment decision	Number of people	Percentage
Retirement corpus	72	35.4679803
Children's future	77	37.9310345
Dream house	40	19.7044335
Others	14	6.89655172
	203	100

From the above table we can observe that the important factor influencing the investment decision of the respondents is children's secure future and the retirement corpus of the individual.

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Table-10: A table showing the investment horizon preferred by the respondents.

Investment horizon	Number of people	Percentage
<1 year	9	4.4335
1-2 years	35	17.2414
2-5 years	63	31.0345
>5 years	96	47.2906
	203	100

From the above table we can observe that most of the respondents prefer investing for a period of more than 5 years as the return will be higher.

FINDINGS

1. In the study 203 respondents were investigated from the city of Bangalore (North). Among which around 68% were male respondents and around 32% of the respondents were female. The majority of the respondents are of the age group 36-45 years.
2. The respondents of a younger age group i.e, 18-25 years show a good interest in investments.
3. Among the 203 respondents 59.61% of individuals are aware of the various investment avenues whereas still a number of 27.59% of individuals are not completely aware of the investment avenues.
4. 59.11% of the population prefers banks considering the safety factor of the investment which is the long-term goal of most of the individuals. Whereas only 40.88% of individuals prefer securities as an investment option.
5. A majority of 45.32% of individuals prefer fixed deposits as it provide greater returns, this is preferred by the middle-income group of Rs.20,000 to 40,000. But up to 30.54% of individuals prefer the savings deposit as their interest is the liquidity factor to serve their immediate and emergency financial requirements.
6. The occupation of the individual has a greater impact on the investment. The salaried employees contribute to a major investment i.e, 81.28% whereas home makers, students and retired persons contribute to the remaining approx.19% of the investment.
7. The majority of individuals save up to 10-20% if their income since they prefer to save their investment for more than 5 years period. Due to liquidity factor most of the investors prefer saving a small portion of their income.
8. 37.93% of the respondents save their income for the purpose of securing the future of their children and 35.47% of people save it as their retirement corpus to fund their requirements. Rest of the 26.6% of the respondents save their income to fulfill their desire of travel and tour, higher studies etc.
9. The long-term goal of making investment is return and safety. Therefore, majority of the individuals prefer making investment in mutual funds as it caters to all the needs of the individuals.
10. The income and awareness of various investment has a major impact on the investment decision of an individual. The major portion of the respondents consider mutual funds as an investment option for a greater period to reap good benefits as it contains a pool of securities with different return rate providing good returns on investment.

SUGGESTION

This study on investment is limited only to the North Bangalore. It involves respondents who are a majority of salaried employees. This study generalized to only a few investment avenues, this can involve many other securities. this study can also involve individuals from market, industry, major investor etc. This study can also be limited only to either banks or securities.

CONCLUSION

From this study we infer that awareness of the individuals regarding various investment avenues and risk involved in making investment in such avenues has major impact on the decision making by the investor.

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According to the study the population is not risk averse. The gender does not caste any impact on the decision making by individuals. And from this study we can conclude that the majority of the individual make investment for safeguarding their income, and returns is the second most important aspect of investment. The population invests for a longer period of time as the return from the longer investments gives greater returns and also increases money to cover future expenses and costs.