

Socio-Economic Groups and Investment Pattern Income Below 5,00,000 in Ghaziabad City.

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Abstract:

Nowadays, the investment companies have emerged as the most advanced component in Indian financial market. Reforms in the Indian economic system and the opening up of the economy have been the purpose for the tremendous growth in the Indian capital market. This study examines the impact of socio-economic variables on the attitude of investors towards investments. Every individual investor wants to get higher returns from the savings/amount they invest in different financial investment options. Referring on individual income and their different lifestyles pattern, different income groups invest their money accordingly. This study investigates the level of awareness among different segments of investors, across a diverse spectrum of investment possibilities. It examines how demographic factors such as age, education and occupation, affect investors' knowledge about different options and highlight the potential shortcomings and opportunities for financial awareness initiatives. To achieve this, 100 respondents of Ghaziabad city, from different socio-economic profiles were surveyed. The result also focuses that certain factors like gender, awareness about the investment avenues, age of investors etc make significant impact while determining the investment patterns of investors. Further, it is observed that status of income also influences the investment decisions.

Keywords: Investment Awareness, Investors Income, lower class group.

Introduction:

Investments have become an essential requirement for everyone. In our country there is an expeditious development in the financial sector. Majority of investors invest their funds in various financial investment opportunities. Investing wisely is a function of investors' specific needs. Every investor has different goals that required to be met depending on factors such as age, income and attitude towards risk. Investors have to figure it out with their investment profile to decide which financial investments are right for them and should consider important factors such as personal/own status, plans and constraints. Every investor has a different mind set when they choose a certain investment avenue for own. In different stages, every investor expects that his/her well deserved money to put into a secure and healthier investment. Generally, the investors consider the span of investment, period of return and investors have to bear the risk with intention to make a future investment. Normally higher income level groups have more distribution income, they are willing to make more investments in risky areas with the hoping to grow their profits. As the lower income and middle income groups funded their fund in the safest avenues.

Review of Literature:

Rajarajan. V. (2003) examine that there is strong relationship between demographic variables and risk tolerance capacity of different Indian investors, there is a significant relationship found between investors income and level of risk tolerance of different investors are mostly high. The salaried class level investors added up the mostly part of all the categories.

Kiran and Rao (2005) examined by conducting a sample survey, whether demographic variables and psychographic variables were effective on risk tolerance level of investors. By analyzing the data from survey through different statistical method like factor analysis they found a significant relationship between attitude of risk capacity and demographic variables and psychographic variables influence the investment decision.

Manish Mittal and Vyas (2008) examine to categorize different investors on the basis of capacity of risk level of investors and what types of investing decision that made. Experimental studies shows that different factors such as income, age, education and marital status affects decision of every individual investors. In paper its also classify that Indian investors has different personalities and they explore investment as per their personalities between demographic variables and other psychographic variables.

The study conducted by Lutfi (2010) study he concluded that Investors education and their income level are positively correlated with capacity of risk tolerance of the investors. The study shows that investor behavior and risk somehow positively correlated with many kinds of investment investors choose. Investors who are open to risk prefers risky investments, mostly in stocks. generally, the risk takers are those who are mostly single, well educated, relatively wealthy.

Girdhari and Satya (2011) analyzed that investment decisions of investors depend on their age, gender, income, marital status and education.

Bhushan and Medury (2013) analyzed that gender has an impact on different behavior of different investors while making investment decisions. Sample taken for study who are working various universities of Himachal Pradesh, India. They found behavior of different employees working in various universities Socio-demographic variables such as age influence decisions, and gender influence investors' decision-making of Himachal Pradesh, India.

S. Umamaheshwari, M. Ashok Kumar (2014) this study finds the correlation between Demographical and social economic factors that affects the decision of an investors like investment awareness and returns on levels of risk etc. This study also find out the priorities of different salaried category class people with regards to investment decisions. Different factors that mostly influence the conclusion of investors such as gender, age, Income, education etc.

Fatih B. Gumus and Yusuf Dayioglu (2015) to examine whether the demographic, social and also economic factors are affected the investors while taking decisions or not. It is concluded that factors can influence the decision apart from marital status. Further, researchers have gone through with scanning of the multiple transactions of exchange security market of 90-100 investors from the last two- three years so that actual and authentic data can be found.

Baiq Fitri Arianti (2018) analyzed and examine whether education of an investor and behavior of an investor, income to what extent influence the decision of an individual investor while making investment. Data was collected through questionnaires, the sample size was 100 and the techniques used are descriptive statistics analysis, multiple linear regression test, F test, t-test and coefficient of determination. Investor's education doesn't has notable effect on investment decisions but Income has notable effect on investment decisions.

Ajinkya Kumawat and Alka Parkar (2020) noted how age, income, and education are the major elements that influence an individual's investment decision.

Septian, Hasnawati, & Hendrawaty (2022) Conducted a study on the COVID-19 pandemic has caused various economic upheavals all over world, especially in the financial sector. The results identify that heuristic and market behavioral bias have a positive influence on individual investors' investment decisions.

Statement of Problem:

Day by day there is growing demand for wealth management functions. It comprise the concern of investor's needs and providing financial plan according to it. Income patterns of investors are differs from person to person. As lower income groups are mostly not aware of different investment avenues. so it's a difficult task to lower groups to take decisions as in what investment avenues they choose as per their needs.

Objective of the Study:

1. To study the investment pattern of lower income category income below 5,00,000.

Hypothesis of the Study:

H0: There is significant level of investment into various investment avenues.

H1: There is no significant level of investment into various investment avenues.

Research Methodology:

Exploratory study

Sampling design: Random convenience sampling

Sample size: 100

Statistical tool: Z-test

Tool and source of data collection: For data collection the questionnaire was used. And source of data collection for the study is primary in nature.

Limitation of the Study:

1. The sample size taken for analysis is only 100.
2. The size is restricted to Ghaziabad city.

Data Analysis and Findings:

Question 1: Gender of Respondent

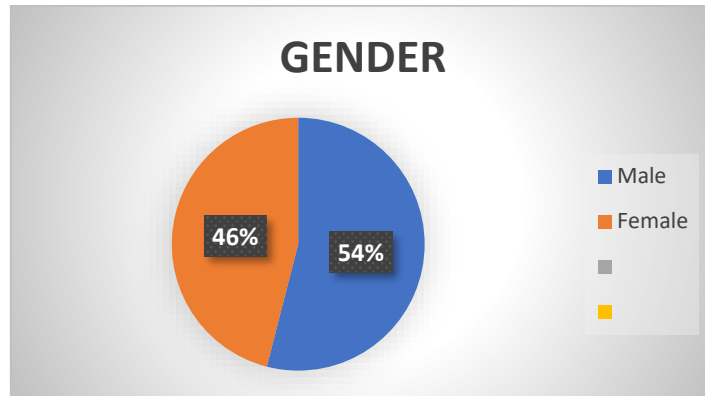


Figure no.1

Above pie-chart shows that out of 100 respondents 54% of the respondents are male category and 46% of the respondents are female category.

Question 2: Age of Respondent

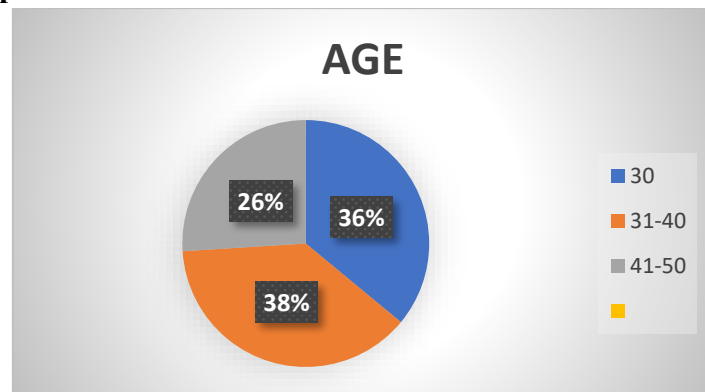


Figure no.2

Above pie-chart shows that out of 100 respondents 38% of the respondents are in age of 31-40 years and 36% of the respondents are in age of 41-50 years and 26% of the respondents are in age of up to 30 years.

Question 3: Qualifications Level of Respondents

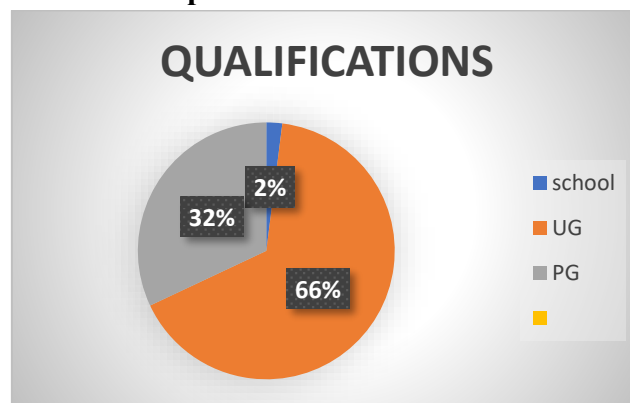


Figure no.3

Above pie-chart shows that out of 100 respondents 2% of the respondents in school and 66% of the respondents in UG and 32% of the respondents are in PG.

Question 4: Nature of Employment?

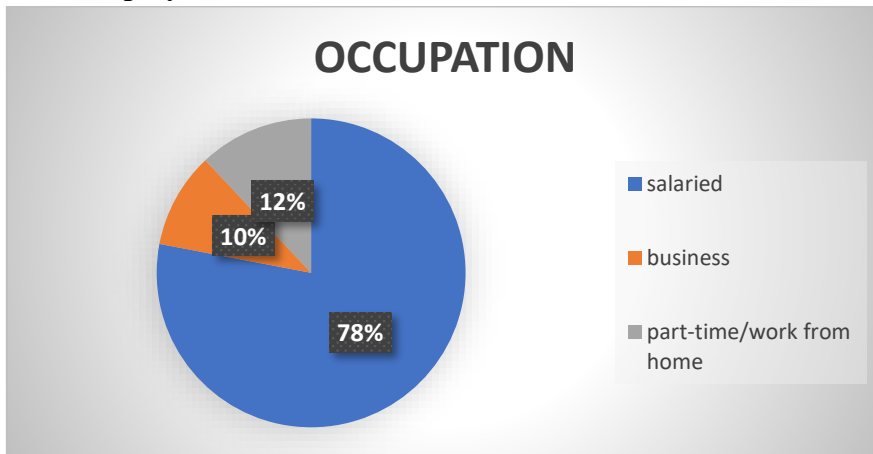


Figure no.4

Above pie-chart shows that out of 100 respondents 78% are the salaried class and 10% of the respondents are business class and 12% of the respondents are part-time/work from home.

Question 5: Annual Income Level?

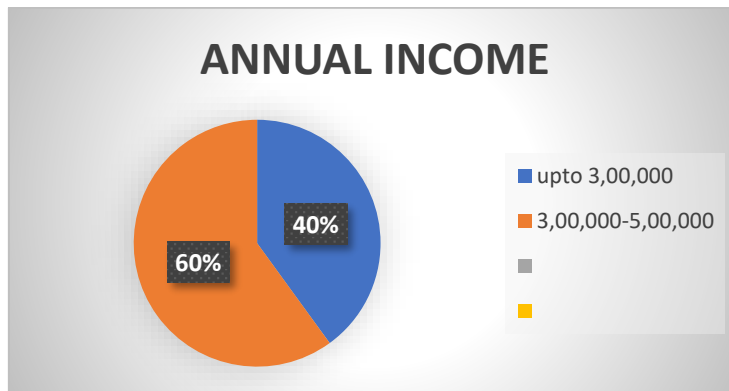


Figure no.5

Above pie-chart shows that out of 100 respondents 40% of the respondents belongs to up to 3,00,000 income category and 60% of the respondents belongs to up to 3,00,000-5,00,000 category.

Question 6: Which of the following avenues have you opted for?

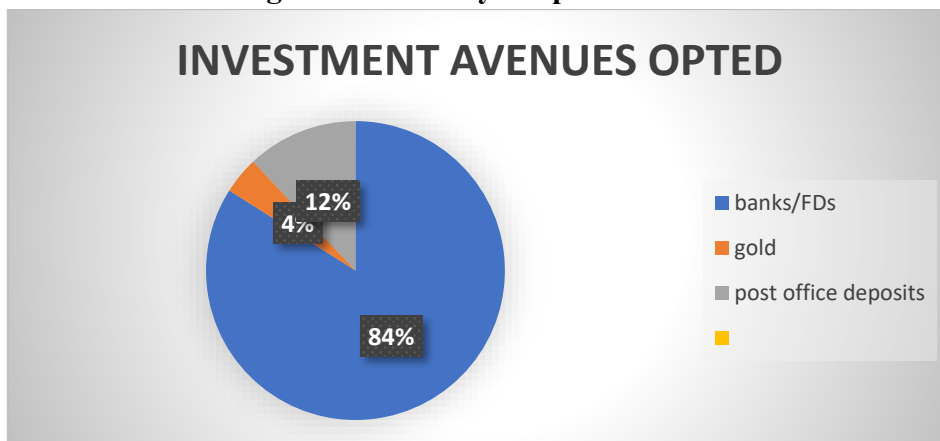


Figure no.6

Above pie-chart shows that out of 100 respondents 84% of the respondents are opted banks/FDs as investment and 4% of the respondents are opted gold as investment and 12% of the respondents are opted post office deposits as investment.

Hypothesis Testing:

$$Z = \frac{(\bar{X} - \mu_0)}{s}$$

$$Z = (3-2)/2.5 = 0.4$$

As the calculated value of Z-test (0.4) is less than is Z-score which is 1.96.

So, the Null Hypothesis is accepted.

Hence it is concluded that, There is significant level of investment into various investment avenues.

Findings:

- 84% of the respondent investors invest in banks/FDs as first priority and it also observed that 12% of respondent investors invest their money in post office deposits
- Majority of the investor respondents are in 31-40 years age category.
- It is also observed that majority of investors are unaware of other different financial avenues. they are not ready to take risk as such they belong to lower income class they prefer mostly safe and secure investment avenues such as banks/FDs post office deposits etc.

Suggestion:

- More and More Awareness programs and workshops regarding various investment options should be conducted by various financial organizations/institutions.
- More Awareness programs regarding various investments avenues should be conducted by financial institutions/organizations in the unorganized sector.

Conclusion:

It is concluded that lower income class category prefers most safe and secure investment avenues. they prefer safe/low investment such as banks/FDs as investment. Investors can't avoid full risk but they minimize it while choosing secure options as investments. further study shows majority of investors are unaware so awareness on various investment avenues is mandatory for investment participation. On the other hand, factors such as age, education and occupation affect investors' preferences of different options. Hence it is concluded that lower income category prefers safe/low investment such as options like banks/FDs.

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