

A Study on Investment Preferences of Young Investors with Reference to Ghaziabad City

Ekta Tyagi¹, Dr. Gaurab Kumar Sharma²

¹Research Scholar, Faculty of Management and Commerce, Swami Vivekanand Subharti University (SVSU), Meerut, (U.P.)

²Associate Professor, Faculty of Management and Commerce, Swami Vivekanand Subharti University (SVSU), Meerut, (U.P.)

Abstract:

From the economic liberalization there are various investment alternatives available in the market and the main objective of this research paper is to know the investors preferences over the investment alternatives which are available in the market. Investment is an activity by which people earn money by investing their money in some investment whether it is physical and Financial Asset. Investors invest their money with different needs, goals and objectives in their mind such as safety, Profit, Security, and capital Appreciation etc. There are various number of investment avenues present in the market such as Bank Deposits, Post Office Deposits, Equity Market, Mutual Funds, Physical Gold, Real Estate. The primary objective of this research paper is to find what are the preferences among the Young Investors who belong to the age group of 21-35 years in Ghaziabad city.

Keywords: Young Investors, Investment Avenues, Investor attitude

Introduction:

Savings and Investments form an integral part of everyone life. Investments refer to the employment of funds with an objective of earning a favorable return on it. investment also plays an vital role in shaping nation's economy. Investors invest their money with different needs, goals and objectives in their mind such as safety, Profit, Security, and capital Appreciation etc. Every investors have some future goals, keeping that in mind investors investment their money in some sort of investment avenues to make better returns of it. In past recent years, the success of investment avenues choice has grown increasingly. It demands both information and expertise to make great investing avenues selection. Also Calculating the expected risk and reward and returns associated with an investment avenue choice requires skills. In order to understand the various investment options accessible in today's economic environment, of country knowledge is primary goal of each and every investor may be in the form of capital appreciation and consistent returns. When an investment avenue is sold out at a higher price than whenit avenue was purchased, it's called capital growth. It includes things like capital appreciation, liquidity, investment safety and security, capital growth, relaxation from various tax benefits, rate of inflation, low risk, and so on.

Review of literature:

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.

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

Dhiraj Jain and Nikhil Mandot (2012) study found that various demographic factors like age, marital status, gender, city, income level, market knowledge, occupation and qualifications have majorly influence the investment decision of investors in Rajasthan.

Saugat das and Ritika Jain (2014) found that various demographic factors such as age, gender, education, occupation plays a very important role in investment decision. From the above study, these factors (more expectations of returns, minimization of Risk Capital Appreciation, Tax Benefits, Financial Security, Marketability) have been selected for the current scenario study to measure the factors that influence the decision.

Dr. C. M. Shinde, Priyanka Zanvar (2015) identified that demographic factors of investors such as age, educational qualification, income level, effect the investor's level of risk tolerance influences individual's investment decision.

Fachrudin K.R., Fachrudin K.A (2016) examine role of financial literacy, knowledge and experience while making investment decision by investors in Medan city. For the study a questionnaire is used to collect data and the sample size is 200-250 respondents in Medan city. Data were analyzed using descriptive statistical analysis and Structural Equation Modelling. The results of the study showed that individual investors with undergraduate degrees are 46.80%. 36.00% of the investor has a maximum of 3 years of investing experience in the stock market.

Amudhan et al. (2018) In this study analyzed the behavior of an investor who buys small and low risk capacity investment and then measured their performance with low risk investment choices such as bank deposits, post offices, insurances, mutual funds etc. it is concluded that there is a positive degree correlation between behavior of the investor and previous performance. The study describe investment is utilize of finances with the goal of generating extra revenue and increasing the worth of an asset. an investment imply it requires a period of waiting for a better reward.

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

Objective of the study:

To know the Investment preferences among the young investors.

Hypothesis of study:

H0 - There is significance difference among the Genders while choosing Investment Avenues.

H1 - There is no significance difference among the Genders while choosing 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:

The sample size taken for analysis is only 100.

Data analysis and Interpretation:

Question 1: Gender of Respondent

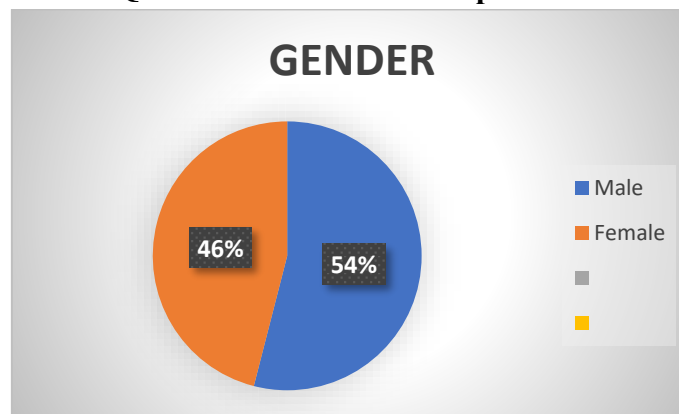


Figure no.1 Above pie-chart shows that out of 100 respondents 54% of the respondents are male category and 46% of the respondents are female category.

Question 2: Qualifications Level of Respondents

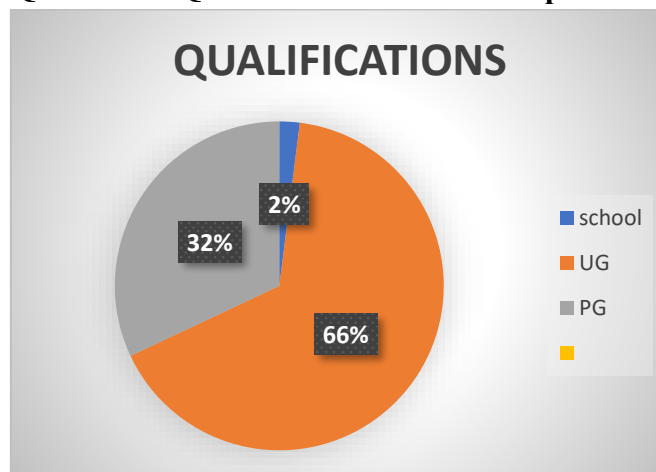


Figure no.2 Above pie-chart shows that out of 100 respondents 66% of the respondents in UG and 32% of the respondents are in PG.

Question 3: Annual Income Level?

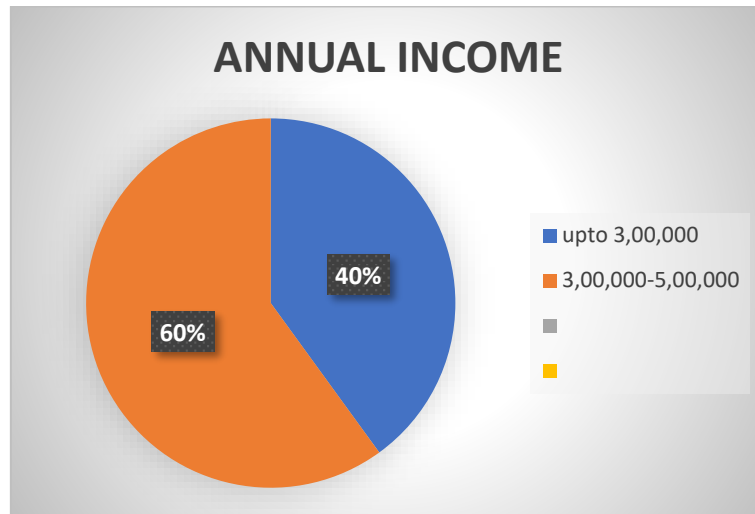


Figure no.3 Above pie-chart shows that out of 100 respondents 40% of the respondents belongs to up to 3,00,000 income category and 60% of the respondents belongs to up to 3,00,000-5,00,000 category.

Question 4: Which of the following avenues have you opted for?

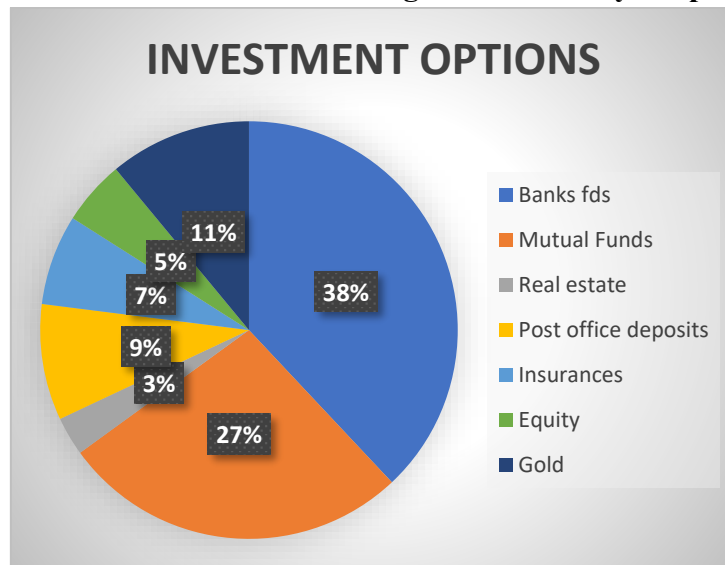


Figure no. 4 From the above pie-diagram out of 100 respondents 38% choose banks fds, 27% choose mutual funds, 11% choose gold 9% choose post office deposits, 7% choose insurances, 5% choose equity and 3% choose real estate.

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.

There is significance difference among the Genders while choosing Investment Avenue.

Conclusion:

The primary aim of this research was to analyze the investment preference of the young investors in Ghaziabad city. From the study the result is that the Young Investors choose bank FDs, gold and post office deposits as they are safe and secure but still some investors are interested towards mutual funds, equity market for maximizing their capital. While conducting this study it was also found that 50% of the young investors is inclined towards bank FDs and 21% of the young investors is inclined towards mutual funds. And there is significant difference among the Genders while choosing Investment Avenues, as males are ready to take risk whereas females are less risk takers.

References:

1. Bharti Wadhwa, Aakanksha Uppal, Anubha Vashisht, Davinder Kaur, (2019), 'A Study on Behavior and Preference of Individual Investors towards Investment with special reference to Delhi NCR', International Journal of Innovative technology and exploring engineering (IJITEE). Volume 8 Issue 65
2. C. Elisa, G. Gloria & U. Rigoni, Risk Taking, Diversification Behavior and Financial Literacy of Individual Investors, Working Paper Series, Working Paper n. 17, ISSN: 2239-2734.
3. Dhingra, R and Manchanda, R. (2015). Investor's Preference about various investment avenues with reference to NCR-An empirical study Anusandhan, The Research Repository of Gibs, Vol.2(1), pp. 55-63.
4. Gaur, A; Sukijha, J; and Sharma, S. (2011). Difference in Gender Attitude in Investment Decision Making in India, Research Journal of Finance and Accounting, Vol 2, (12), pp. 215-234.
5. Kabra Gaurav, Mishra Prashant Kumar and Dash Manoj Kumar. (2010). Factors Influencing Investment Decision of Generations in India: An Econometric Study. ISSN 2229 – 3795.
6. M. Giridhari & Dr. S. D. Sathya, A Study on Investment Preferences among Urban Investors in Orissa, Prerana - Journal of Management Thoughts and Practices, Volume: 3, Issue: 1, ISSN: 0974-908X
7. R. Sree Priya & P. Gurusamy., Investment Pattern of Salaried People –A Study in Coimbatore District, International journal of Scientific Research, Volume: 2, No 1, ISSN No 2277 - 8179
8. Raja sekharan Pillai, Rozita Carlo & Rachel D'souza (2010). Financial Prudence among Youth. Retrieved from <http://mpa.ub.unimuenchen.de/22450/1/>. MPRA_paper_22450pdf
9. Sikidar, S. and Singh, A., 1996. Financial services: Investment in equity and mutual funds - A behavioral study, In: Bhatia, B. and Batra, G., (Eds), Management of Financial Services, New Delhi: Deep and Deep Publications, pp.136-45.
10. Shinde C.M, Priyanka Zanvar (2015) in their research paper titled, "A study of investment pattern on the basis of demographic traits" published in International Journal of Research - GRANTHAALAYAH ISSN- 2350-0530(O) ISSN- 2394-3629(P) Impact Factor: 2.035 (I2OR) Shinde et. al., Vol.3 (Iss.11).
11. Wadhawa, B. (2019). A Study on behavior and preferences of individual investors towards investment with special reference to Delhi NCR. International journal of innovative technology and exploring engineering (IJITEE).