



A STUDY OF INVESTORS BEHAVIOUR TOWARDS THE INVESTMENT ALTERNATIVES-WITH SPECIAL REFERENCE TO LUDHIANA CITY

Satveer Kaur

Ph.D Research Scholar

I.K.Gujral Punjab Technical University

Kapurthala, Punjab.

Dr Joginder Singh

Research Supervisor and Professor

BIS Group of Institutes, Kot Ise Khan, Moga

ABSTRACT: The study discusses about the investors behaviour towards the various investment alternatives with special reference to Ludhiana city. The sampling method used was stratified random sampling technique with sample size as 500. The tool used for data collection was questionnaire. The tools used for the purpose analysis were simple percentage analysis and ranking method. It was concluded from study that respondents had chosen bank saving accounts as their first preference. The second place was occupied by life insurance, followed by fixed deposits. The fourth, fifth, sixth and seventh places were occupied by mutual funds, public provident funds, commodity market and equity market share market respectively. The least preference was given to government securities, followed by bonds, debentures and forex market respectively. The sample investors were considering safety as the important factor before making their investments. The investors were facing the constraint of time consuming process of investments. The investors had investment experience of more than 5 years. The investors were making the investments on medium term basis. The prime most important objective of the sample investors was tax saving objective. In order to rationalize the investments in Ludhiana city, the respondents had given the suggestion to the financial institutions to make investment policies which would provide maximum returns within minimum time period.

KEYWORDS: Investment, Investment avenues, Investor behaviour, Investor. Ludhiana city

1. INTRODUCTION:

Investment became an important part of economy of any nation. With the saving invested in various options available to the people, money act as driver for the growth of the country. Investment benefits both economy and society. It is the outgrowth of economic development and maturing of modern capitalism. For an economy as a whole aggregate investment sanctioned in the current period is a major factor in the determining aggregate demand and here level of employment in the long term. Current investment determines the economy's future productive capacity ultimately a growth in the standard of living. By increasing the personal wealth investing can contribute to higher overall economic growth and prosperity (Murithi, 2012).

Investment refers to the employment of funds with aim of achieving additional income or growth in value. It involves the commitment of resources which have been saved or put away from current consumption in the hope that some benefits will accrue in future. It is basically reward for waiting (Preeti Singh, 2009). Investment can be explained as purchase of

a financial product or other item of value with an expectation of favorable future returns. Saving is left over the disposable income where as when these savings are used to generate further returns are known as investment (www.investorwords.com)

The investment behaviour consists of why they want to invest, how much of their disposable income they want to invest, for how many years/months they want to invest and the most importantly the timing of such investment (Chakraborty, 2012)

Investor refers to the person who puts their money in investment products in the expectation of favorable future returns. The future returns may be in the form of capital appreciation, income in the form of interest, dividend, bonus and other benefits.

2. INVESTMENT AVENUES

There are number of avenues/options available to investors in which investors can make investments. The selection of the mode of investment depends upon the risk bearing capacity of investors. The investment avenues can be categorized on the basis of risk bearing capacity of investors in the following paragraphs.

2.1 Bank Fixed Deposits: Once an explicit quantity of cash is deposited in bank with a hard and fast rate of interest and for specific fundamental quantity, then such deposit is termed fixed deposit. All the banks provide fixed deposit theme with a large vary of tenures starting from 7 days to 10 years. On maturity the investor is entitled to receive principal quantity at the side of interest attained at pre-specified rate of interest

2.2 Bank Saving Account: A saving account is an account provided by bank to people to avoid wasting cash and earn interest on the money control within the account. A saving account is accustomed economize for specific expenses or for extended term indefinite goals. The interest given on saving deposits is nominal. At present, rate of interest ranges 4% to 6% per year.

2.3 Public Provident Fund: Public provident fund could be a saving seed tax saving and retirement fund schemes introduced by central government. PPF account will be opened at any head post office or nationalized banks and any branch of banking concern of Asian country. The PPF account matures after fifteen years from the date of the primary investment. A minimum yearly deposit of Rs. 500 is needed to open and maintain PPF account. A most deposit of Rs. 1, 50,000 will be created in PPF account. The present rate of interest on public provident fund is 8.1% per annum.

2.4 Government Securities: The securities issued by central government, state government and quasi government are called government securities. These are thought of low risk securities since these are secured through onerous power of state. Government securities have 3 styles. It includes (a) Treasury bills (b) Treasury notes (c) Treasury bonds.

2.5 Mutual Funds: A mutual fund is an institutional device through which investors pool their funds to invest in a diversified portfolio of securities, thus spreading and reducing risk (Gupta, 2015). A fund may be a professionally managed investment theme sometimes goes past associate quality Management Company that brings along a bunch of individuals and invests in stocks, bonds and different securities. There are numerous kinds of mutual funds. It includes (a) open ended schemes (b) close ended schemes (c) interval schemes (d) equity funds (e) debt funds (f) money market funds (g) Growth funds (h) Income funds (i) Liquid funds.

2.6 Life Insurance: Life Insurance may be a contract between an individual and insurance company for variety of years covering either life time period or a set number of years. There are 2 parties within the insurance contract one is insurance firm (insurance Company) and

insured (person who is taking insurance policy). Once capitalist takes an insurance policy on his portfolio he should pay some installment to the insurance company. This installment is named premium. The vital kind of insurance policies are (a) Whole life policy (b) Limited payment life policy (c) Endowment policy (d) Joint life policy (e) Sinking fund policy

2.7 Debentures: A debenture could be a tool or instrument to borrow cash at a hard and fast rate of interest. It's essentially employed by giant firms. Certificate of indebtedness represent a contract wherever by one party lends cash to a different party on planned terms with regards to rate of interest, maturity amount, etc. A debenture could be a document beneath the corporate's seal that provides for payment of a principal and interest on it at regular intervals that is typically secured by mounted or floating charge on company's property or enterprise and that acknowledges a loan to the company. The necessary kinds of debentures are (a) Registered debentures (b) Bearer debentures (c) Secured debentures (d) Unsecured debentures (e) Redeemable debentures (f) Non redeemable debentures (g) Convertible debentures (h) Non convertible debentures

2.8 Bonds: A bond could be a debt investment in which capitalist loans cash to an entity (typically company or governmental) which borrows funds for a particular period of time at a variable or fixed rate. Bonds are employed by corporations, municipalities, states, and governments to lift cash and finance a range of the projects and activities. These area unit debt instruments issued by government having a set tenure of 6 years and also the current rate of interest on bonds is 8% per annum paid half yearly. The government of India launched bonds 1st time in 2003. The necessary forms of bonds are (a) Convertible and non convertible bonds (b) Sinking fund bonds (c) Secured and Unsecured bonds (d) Redeemable and irredeemable bonds (e) Joint bonds.

2.9 Equity Shares: The equity shareholders are the real owners of company. They have voting rights in the meeting of the company. They have control over the working of the company. Equity shareholders get dividend after paying it to the preference shareholders and debenture holders. The rate of dividend depends upon profits of the company. They may get a higher rate of dividend or may not get anything on liquidation of company. These shareholders get refund of capital only after satisfying claims of creditors and preference shareholders. The investors in the shares have risk of income as well as of their share money.

2.10 Commodity Market: Commodity market is a market that trades in primary economic sector rather than manufactured goods. Commodity market can include physical trading and derivatives trading using forwards, futures, options, etc. It is a physical or virtual market place for buying, selling and trading raw or primary products such as gold, silver, oil, etc and thus these are currently about 50 major commodities market worldwide and that facilitate investment trade in approximately 100 primary products.

2.11 Forex Market: Foreign exchange market may be a international localized or over the counter marketplace for mercantilism currencies. This includes all aspects of shopping for, marketing and exchanging currencies at current or determined costs. The exchange market provides physical and institutional structure through that the money of one country is changed for that of another country. The speed of exchange between currencies is decided and exchange transactions are physically completed. An foreign exchange dealings is associate degree agreement between a client and a marketer that a given quantity of one currency is to be delivered at a fixed rate for a few alternative currency.

3. REVIEW OF LITERATURE

Sarita Bahl (2012) conducted survey on investment behavior of working women in Punjab and concluded that 78% women in Punjab invested their savings and 22% women did not make investments and out of 78% women, most of women invested their money in insurance plans as they were not willing to take risk to attain gain and want to had a safe future.

Prof. M. Kothai Nayaki (2013) was undertaken a study on investors behavior towards the different alternatives with special reference to Coimbatore city and it was analyzed that the respondents had chosen negotiable securities as their first preference and second place was occupied by non-negotiable securities followed by real assets and the fourth, fifth and sixth places were occupied by mutual funds, tax sheltered schemes and life insurance respectively. It was also concluded that investor's most important objective was return on the investment and investor considers liquidity as the most important factor before making their investments.

Dr. Arparna Samudra et.al (2012) studied the investment behavior of middle class households in Nagpur and found that bank deposits remained the most preferred investment option of middle class income in Nagpur with 41% respondents marked it as relatively most preferred instrument. This was followed by life insurance where 30% respondents marked it as second relatively preferred instrument. Small savings such as public provident funds, post office saving deposits were third preferred investment option. It was found that majority of the respondents said that they look for high returns while investing in any instrument. 60% of the respondents had reported that there had been a change in their investment pattern in last five years and change in income had been prime reason for change in investment pattern and it was also found that 52% of the respondents had reported that they take investment decisions on their own.

Dr. Mandeep Kaur et.al (2012) had done study on understanding individual investor's behavior and stated that the individual's decision to invest in the financial market was greatly influenced by variety of benefits each individual wanted from owning a particular stock. It was also concluded that investor's portfolio practices, preferences, risk perceptions, intentions, pattern of investment and their awareness level affected portfolio decision of investor. Knowledge about the expectations, demographic profile, attitude of an investor towards risk, personal circumstances played a vital role in the financial markets.

Dr. Dhiraj Jain et.al (2012) analyzed the saving and investment pattern of school teachers with reference to Udaipur. The aim of the study was to determine relationship between the saving and investment literacy among school teachers. It was concluded that in today's world money played a vital role in one's life and that the importance of money had been started being recognized by school teacher's community. They knew the importance of money so they were initiated themselves to prepare budget and lesson down their expenses to meet the future consequences. It had been evident from study that most of the school teachers were saving their money as bank deposits for the purposes of their children's education, marriage and as security after retirement.

Deepak Sood et.al (2014) studied the impact of demographic factors of people preference various investment avenues and revealed that majority of the investors had knowledge about securities and found that most of the male investors liked to invest in PPF, LIC, DS and RE and female investors wanted to invest in PPF and LIC and as the age increases investors preferred less risk instruments instead of high risk instruments. Investors whose age was less than 25 they preferred to invest in SD but whose age was between 40-60 they preferred to invest in PPF, LIC, RE and education played an

important role in the decision regarding selection of investment. Graduates liked to invest in SD and postgraduate as well as people with professional qualification liked to invest in PPF and LIC. According to occupation people who were on government and private job preferred to invest in SD and PS but professionals they want to invest in LIC and PPF according to their suitability of risk and return. Students preferred equity portion. Income was one of the major factor that influenced investment, whose income was less than Rs. 2,40,000 prefer to invest in SD and whose income between Rs. 2,40,000-5,00,000 preferred LIC and PPF. So it was wholly concluded that most of the people invested in LIC, PPF and SD in Ludhiana region of Punjab.

Prof.CA Yogesh. P et.al (2012) conducted survey on investment perspective of salaried people and found that investment mutual fund was one of the most favored option of youngsters today and real estate market was also one of which youngsters prefer fixed deposits were opted by senior citizens. Gold was still preferred to extent especially when it came to the females saving tax was one of the major reasons behind investment by youth. Other traditional investment options like fixed deposit or post office schemes NSC, NSS, KVP or IVP were losing their way due to blocking of funds and lower returns.

Sanjay Das (2013) had examined small investor's perception on mutual funds in Assam and concluded that the mostly small investors had positive approach towards investing in mutual funds. The study also revealed that the female segment was not fully tapped and even there was low target on higher income group people. It was also revealed that liquidity, flexibility, tax saving, service quality and transparency were the factors which had a higher impact on the perception of investors. Therefore it was imperative on the part of fund managers to enhance these features for attracting more investors and also to retain the trust of investor in them.

Dr. Balwinder Singh et.al (2011) had made study on the determinants of investment decisions of working women and had found that working women rank basic saving purposes to be foremost consideration while investing. While investing, the family related matters such as children education, children marriage, life protection and medical expenses had a much more impact on the minds of married working women than on unmarried ones. The facility to encash the investments whenever required was also an important objective while deciding to invest. The working women were significantly influenced by marketing skills of investment advisors and she decided for investments on her own or on the guidance of her husband or other family members.

Suman (2012) had done study on the investment behavior of individual investors in stock market. It was found that annual income and the annual saving were given importance of consideration by respondents because level of income decided the level of savings. Today's investors were fully aware about stock market. The market movements affected the investment pattern of investors in the stock market.

4. OBJECTIVES OF THE STUDY

The study has been undertaken to fulfill the following objectives:

1. To bring out preference wise level of investments in different types and reasons thereof.
2. To study the investors objectives.
3. To study the factors influencing the investors to invest in various investment alternatives.
4. To identify the time horizon with which they make the investment
5. To analyze the relative contribution of various socio economic parameters in investment decision.
6. To study the motivational source of investment for investors.

7. To examine the constraints in investment making and suggest remedial measures to investors.
8. To suggest the policy measures in rationalizing investments in Ludhiana city.

5. RESEARCH METHODOLOGY

5.1 Research type: The research is basically Empirical in nature

5.2 Research design: A empirical research design study was used in this study.

5.3 Data collection source: The data for the study were collected from the both primary and secondary sources. Primary data were gathered using questionnaire as a tool for data collection. Secondary data were collected from books, financial journals and magazines, reports, newspapers, websites and expert opinion published in various print media. For this purpose the library and Internet were used.

5.4 Sample size: Total 500 respondents were surveyed in Ludhiana city consisting of salaried people, traders and industrialists.

5.5 Sampling technique: In this case stratified random method of sampling has been used from the certain identified strata of the population units.

5.6 Sampling area: The sampling area was Ludhiana city only.

5.7 Analysis techniques: Diagrams and tables were used to describe the performance of different financial instruments. The tools used for the purpose of analysis were simple percentage analysis and ranking method.

5.8 Scope of the study

This study was mainly planned to understand the various investment opportunities available for people and also to understand the preferred investment avenues. This research study surely will provide for a better understanding of the investment avenues available to an investor from various institutions. The findings of study present a comparison between selected investment avenues.

5.9 Limitations of the study:

- Time constraint was major limitation of this study.
- The study is limited to extent of availability of data.
- This study has been limited to Ludhiana city only.

6. DATA ANALYSIS AND INTERPRETATION

6.1 Age group of respondents:

The age of the investor plays a very important role in indentifying the investment behaviour of investors because as long as the age of individual grows, the priorities, responsibilities and their investment behaviour changes accordingly to lead their livelihoods. In that sense age become more important to examine the response. The details of age group of respondents are given in the table 6.1.

Table 6.1
Distribution of respondents according to their age categories

Age group (in years)	Frequency	Percentage
Below 20	2	0.4
Between 20- 40	350	70
Between 40-60	132	26.4
Above 60	16	3.2
Total	500	100

Source: Primary Data

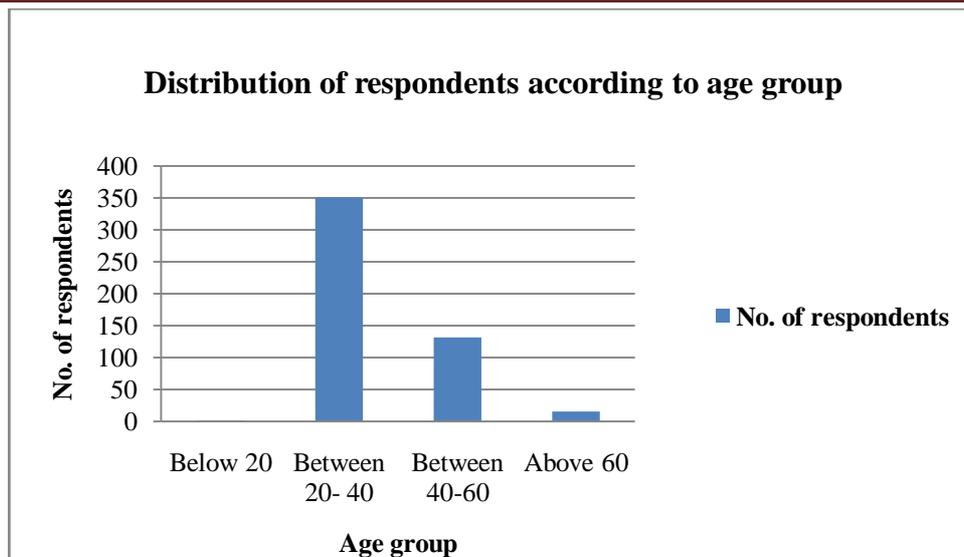


Fig. 6.1 Distribution of respondents according to age group

The table 6.1 clearly showed that a majority of 70% of respondents were in the age group of 20-40 years, followed by 26.4% of respondents were in the age group of 40-60 years, subsequently 3.2% respondents were in the age group of above 60 years and a fraction of 0.4% respondents were below 20 years. It showed that respondents belonging to the category of 20-40 were very much interested in making the investments. This means youngsters and middle aged people show interest in investments because these people are more energetic, progressive, innovative and prone to change than old ones.

6.2 Gender of respondents

It is often observed that investment behaviour and investment patterns may differ based on the gender of the investor he/she belongs. In the table 6.2 an attempt has been made to study the gender of respondents.

Table 6.2
Distribution of respondents according to their gender

Gender	Frequency	Percentage
Male	368	73.6
Female	132	26.4
Total	500	100

Source: Primary Data

It can be seen from table 6.2 that majority of 73.6% respondents were male investors and 26.4% were female investors. It can be inferred that male investors showed their interest in investments than females. It is due to the fact that male investors are tends to be more confident in making investments decisions and have more risk bearing attitude than female. Besides this According to census 2011 of Ludhiana city sex ratio is 869 which clearly indicate that there are fewer women behind per 1000 men. Obviously male investors are more than female investors in Ludhiana city for making the investments.

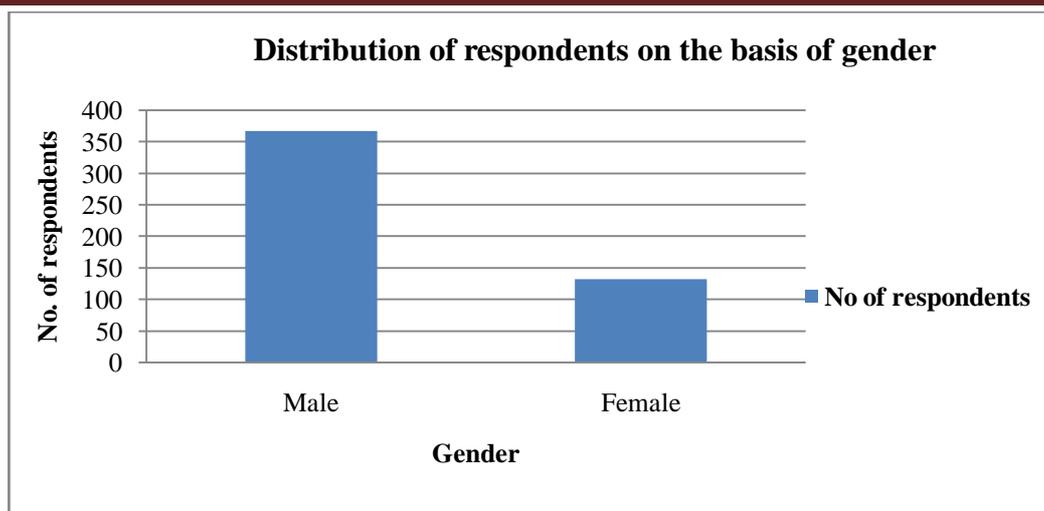


Fig. 6.2 Distribution of respondents on the basis of marital

6.3 Marital Status of respondents

Marriage is an important event in one’s life. It influences the style of living and also attitude, disposition towards various things in life. The perception and attitude of the person can also differ by marital status of persons because marriage makes the person little more responsible and matured in understanding. In the table 6.3 an attempt has been made to study the marital status of the investors.

Table 6.3
Distribution of respondents according to their marital status

Marital status	Frequency	Percentage
Married	368	73.6
Unmarried	132	26.4
Total	500	100

Source: Primary Data

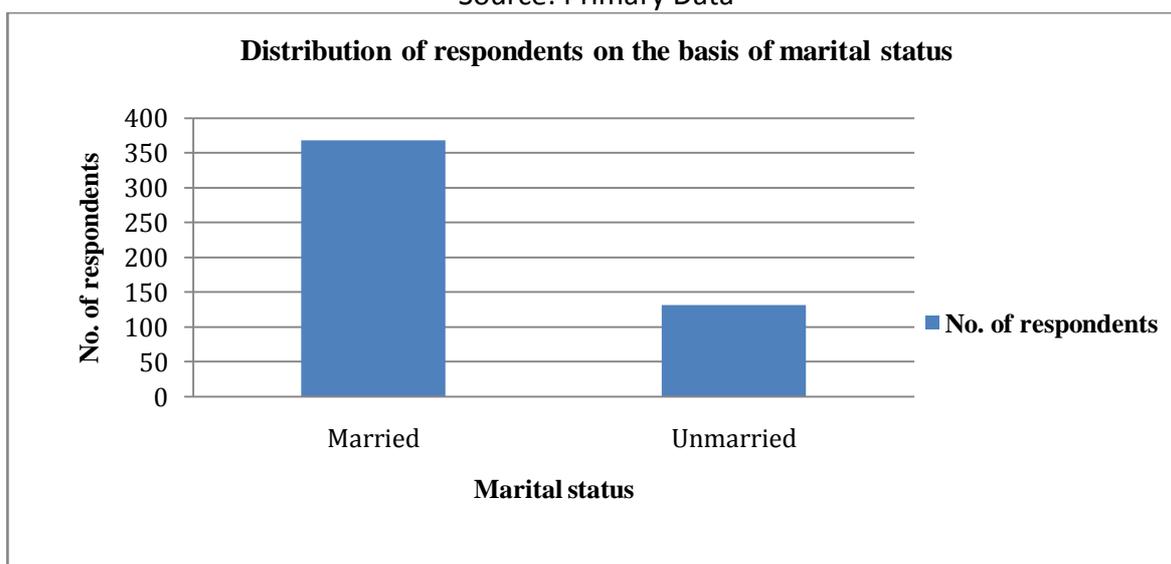


Fig. 6.3 Distribution of respondents on the basis of marital status

It can be observed from table 6.3 that 73.6% of respondents were married and 26.4% respondents were unmarried. It could be seen that married investors were interested in making the investments than unmarried investors because married people have more responsibilities and obligations after marriage. Due to family commitments, married investors prefer to invest their money for providing financial assistance to their children to secure future by keeping in their mind their educational, marriage and health issues.

6.4 Education of respondents

It was expected that Educational level of investors determines the awareness and preference of the investors. Education is a powerful background for the investor’s analysis about pros and cons of investment. In a way response of an individual likely to be determined by his educational status and therefore it becomes imperative to know the educational background of respondents. The data pertaining to education of respondents presented in table 6.4.

Table 6.4
Distribution of respondents according to their education

Education	Frequency	Percentage
Under-matric	10	2
Matriculate	45	9
Undergraduate	66	13.2
Graduate	159	31.8
Postgraduate	210	42
Others	10	2
Total	500	100

Source: Primary Data

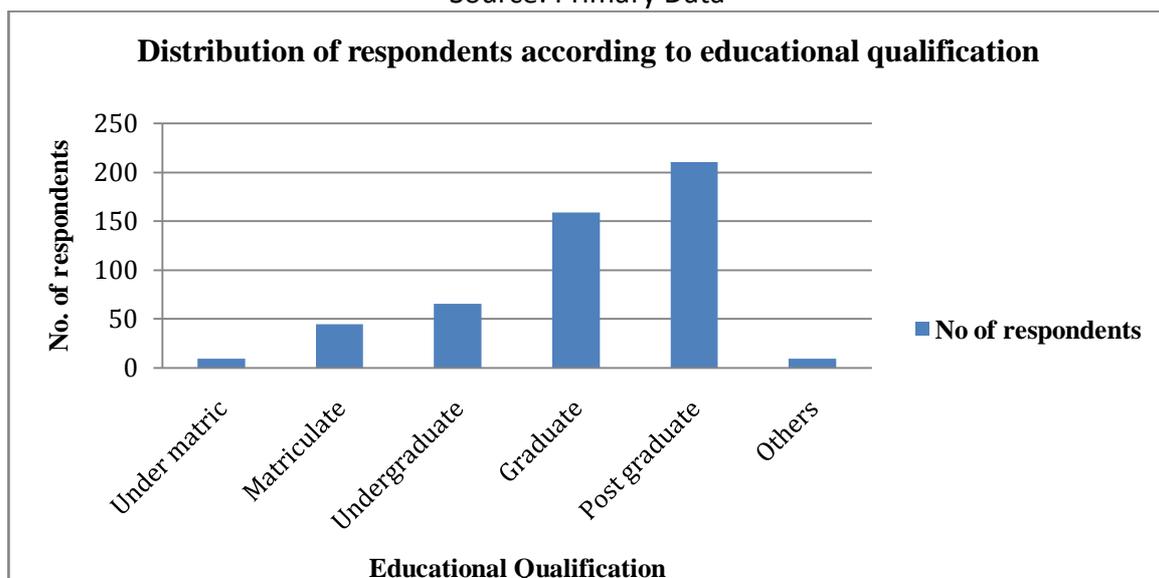


Fig. 6.4 Distribution of respondents according to Educational Qualification

The distribution of respondents in table 6.4 showed that vast majority of 42% of respondents hold postgraduate degree, followed by 31.8% respondents hold graduate degree, subsequently 13.2% respondents were undergraduate. However 9% respondents were matriculate, 2% respondents were under-matric and rest 2% of respondents having other qualification. Thus it indicated that majority of investors were having background of higher qualification because unlike less educated investors, higher educational level increases the knowledge, awareness level of investors regarding investment avenues available to them. Moreover according to census 2011, literacy rate of people in Ludhiana city increased to 84.8% as compared to literacy rate 79.5% in 2001 census. Therefore from this, it can also be concluded educated people showed more interest in investing their money in appropriate avenues.

6.5 Occupation of respondents

Occupation is one of social determinants of one’s economic status and it affects the life style, behaviour, conduct and even the morale as well as one’s role in the society. Occupation of the investors paves the way and also induces the investment pattern of investors. Table 4.5 depicts the occupation of investors surveyed among the three groups according to their occupation.

Table 6.5
Distribution of respondents according to their occupation

Occupation	Frequency	Percentage
Industrialists	80	16
Salaried	300	60
Traders	120	24
Total	500	100

Source: Primary Data

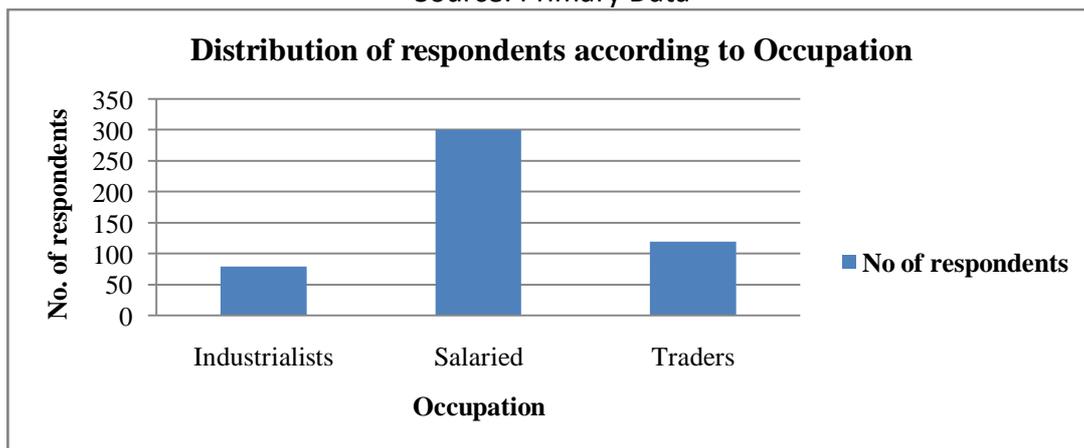


Fig. 6.5 Distribution of respondents according to Occupation

It can be inferred from table 6.5 that majority of the respondents 60% were engaged in the salaried occupation, followed by 24% respondents were engaged in traders occupation and rest 16% respondents were engaged in industrialist’s occupation. This showed that large

numbers of respondents were salaried people from Ludhiana city. It is due to the reason that Economic profile of Ludhiana city of 2011 depicts that in Ludhiana city there is 63.6% people are belonging to salaried class or working class which is much higher than percentage of industrialists and traders in Ludhiana that is 33.74% and 14.55%. Therefore salaried class show more interest in investments as compare to industrialists and traders in this study.

6.6 Income level of respondents

It is known fact that investing behaviour of person varies with change in the income level of person. More incomes lead to more investments. Income level of the person determines their standard of living and status in the society. It gives prestige, power and purchasing power to the individual. The distribution of the respondents in this regard to know the income level presented in the form of the table 6.6.

Table 6.6
Distribution of respondents according to their income level

Income group (Rs. In lac)	Frequency	Percentage
Less than 2	39	7.8
Between 2-4	198	39.6
Between 4-6	87	17.4
Between 6-8	79	15.8
Between 8-10	57	11.4
More than10	40	8
Total	500	100

Source: Primary Data

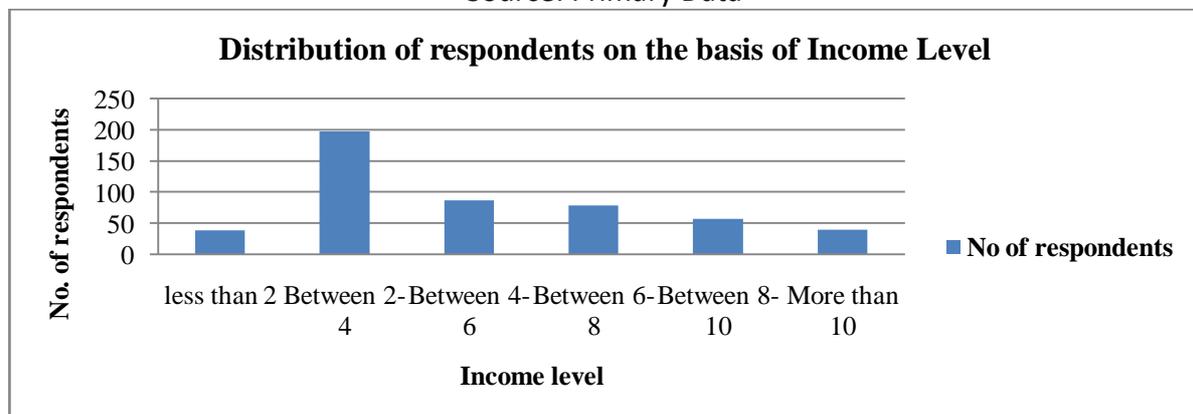


Fig. 6.6 Distribution of respondents on the basis of income level

It is evident from the table 6.6 that 39.6% respondents were having annual income between Rs. 2-4 lac, followed by 17.4% respondents were having annual income between Rs. 4-6 lac, 15.8% respondents were having annual income Rs. 6-8 lac. However 11.4% respondents were having annual income between Rs. 8-10 lac, 8% respondents were having annual income more than Rs. 10 lac and a small segment of respondents were having annual income less than Rs. 2 lac.

It can therefore be concluded that majority of respondents which were interested in making the investments belonging to the income category of Rs. 2-4 lac as compare to other categories of income. It is due to the reason that keeping in mind the inflation rate in economy respondents of this income category has very limited income for securing their future. Therefore they make more investments for themselves and for their family for securing their future as compare to respondents of other income categories.

6.7 Investor preferences for the investment avenues

There are so many investment avenues available in the market. Higher return on investment is normally associated with higher risk. So the investors have to take the investment decision very carefully. A study is made to identify their investment preference. The distribution of respondents in this regard is presented in the table 6.7.

Table 6.7
Investor preferences for the investment avenues

Low risk avenues	Frequency	Percentage
Saving Accounts (SA)	494	98.8
Fixed Deposits (FD)	269	53.8
Public Provident Fund (PPF)	146	29.2
Government Security(GS)	42	8.4
Moderate risk avenues	Frequency	Percentage
Mutual Funds (MF)	173	34.6
Life insurance (LIC)	328	65.6
Debentures(DB)	10	2
Bonds (BO)	27	5.4
High risk avenues	Frequency	Percentage
Equity Share Market(ESM)	79	15.8
Commodity Market (CM)	88	17.6
Forex Market (FM)	7	1.4
Others	Frequency	Percentage
General Provident Fund (GPF)	1	0.2
Recurring Deposit (RD)	4	0.8
Real Estate (RE)	7	1.4

Source: Primary Data

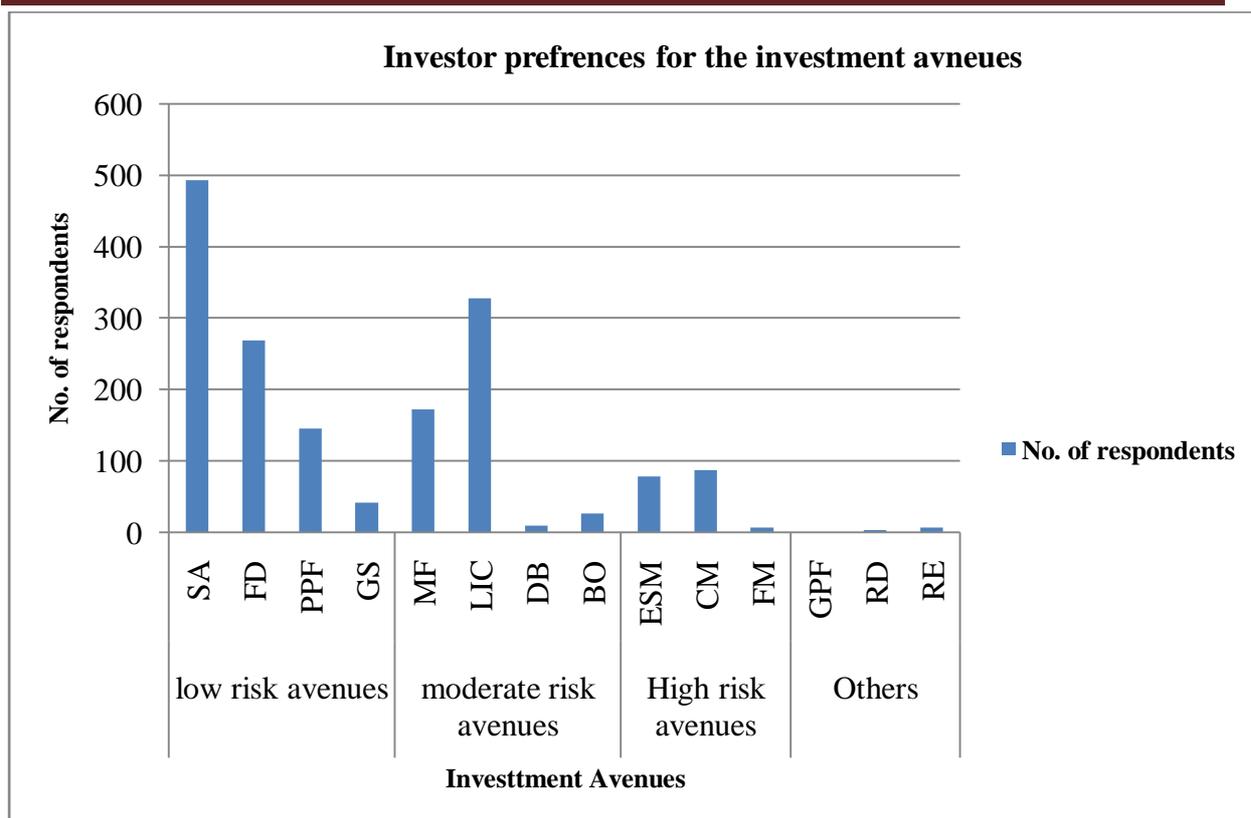


Fig 6.7 Distribution of respondents on the basis of investment avenues

The above analysis of table 6.7 showed that majority of respondents 98.8% preferred to invest in SA, followed by 65.6% respondents preferred to invest in LIC, followed by 53.8% preferred to invest in FD, followed by 34.6% respondents preferred to invest in MF, 29.2% respondents preferred to invest in PPF , followed by 17.6% respondents preferred to invest in CM, followed by 15.8% respondents preferred to invest in ESM, followed by 8.4% respondents preferred to invest in GS, followed by 5.4% respondents preferred to invest in BO, followed by 2 preferred to invest in DB, followed by 1.4% preferred to invest in FM and RE and least preferred avenues were GPF and RD with 0.8% and 0.2 %.Thus it could be seen that majority of investors preferred to invest in low risk and medium risk avenues, only a small segment of respondents preferred to invest in high risk avenues. Reasons being in Ludhiana city respondents are risk cautious in nature.

6.8 Preference of Investment sector

There are a number of sectors available in the financial market in which investors can invest their funds according their necessities, choices and convenience. The distribution of respondents in this regard is presented in the table 6.8.

Table 6.8
Distribution of respondents according to preference of sector

Sectors	Frequency	Percentage
Only Private	105	21
Only Public	283	56.6
Only Foreign	11	2.2
Private and public	95	19
Public and foreign	3	0.6
Private and foreign	1	0.2
Private, Public and Foreign	2	0.4
Total	500	100

Source: Primary Data

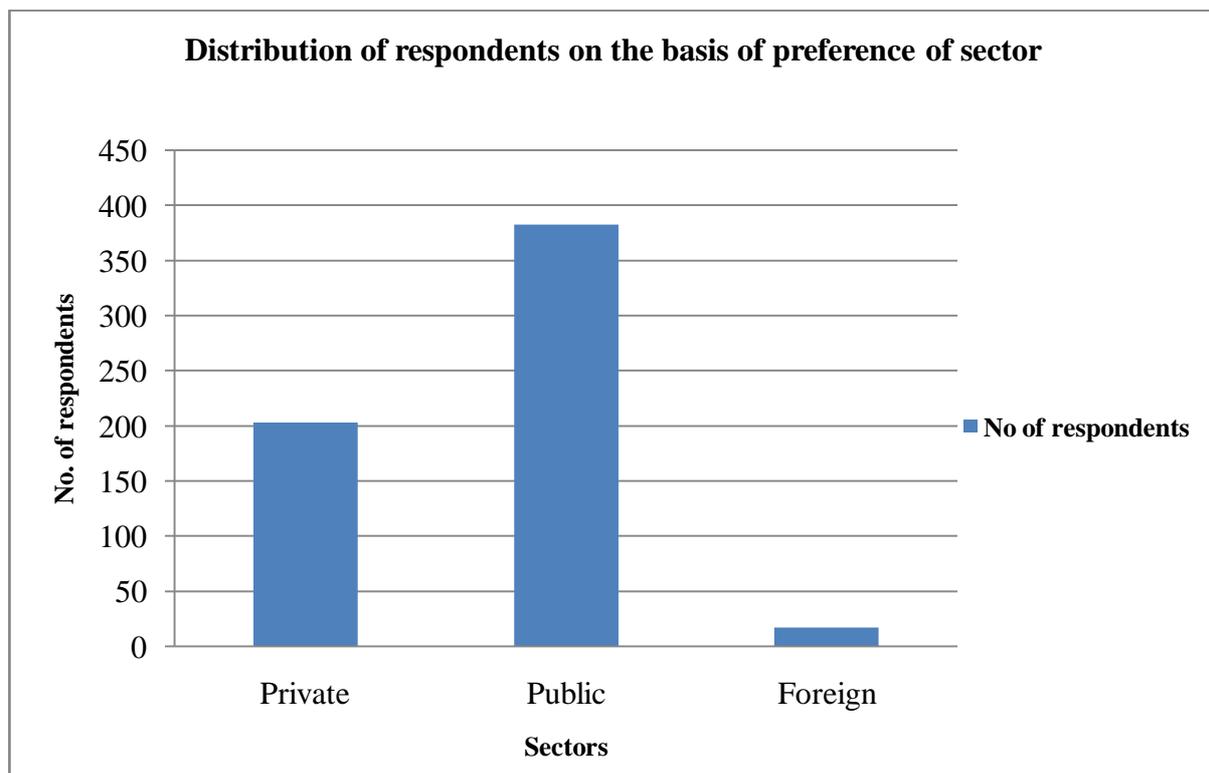


Fig. 6.8 Distribution of respondents on the basis of preference of sector

It can be inferred from table 6.8 that majority of 56.6% of respondents preferred to invest in public sector, followed by 21% of respondents preferred to invest in private sector and 19% of respondents preferred to invest in both public and private sector. However only 2.2% of respondents preferred to invest in foreign sector; Yet another 0.6% of respondents showed their preference to invest in both public and foreign sectors; only a fraction of 0.4% of

respondents preferred to invest in all the three sectors private, public and foreign and a small segment 0.2% of respondents preferred to invest in both private and foreign sectors. It can be stated that large number of sample investors showed the interest for the investment in the public sector only. People rely on public sector due to safety of money. The investor’s belief that government would return their lost money if any of their financial institution fails.

6.9 Preference of factors considered by people for making an investment

There are a number of factors which investors considered before making investments. Preferences of factors depend upon the type of investor he/she is. The data of respondents regarding this was collected and presented in the table 6.9.

Table 6.9
Distribution of respondents according to the factors considered

Factors	Frequency	Percentage
Risk	228	45.6
High return	247	49.4
Maturity period	87	17.4
Safety	296	59.2

Source: Primary Data

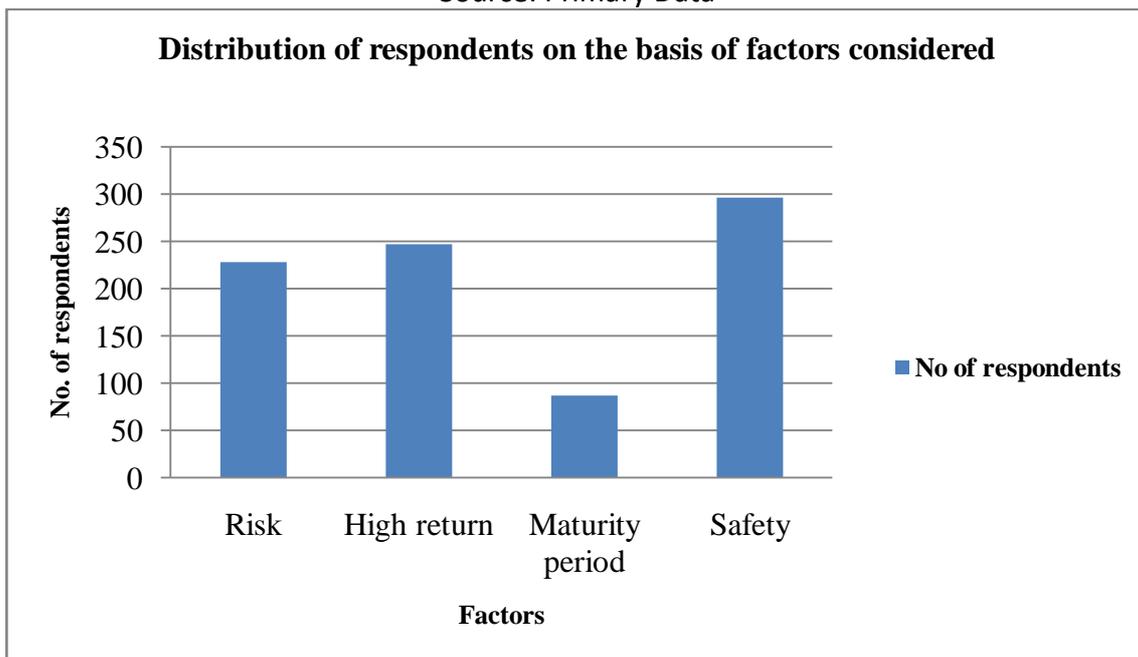


Fig. 6.9 Distribution of respondents on the basis of factors considered

From the table 6.9 it can be stated that 59.2% of respondents considered safety before making an investment, followed by 49.4% respondents considered high return before making an investment, and 45.6% of respondents considered risk before making an investment and least preferred factor was maturity period. Thus majority of respondents were giving importance to safety factor and least preference is given to the maturity period.

6.10 Purpose of making an investment

To ascertain the investment objective influencing the investor behavior, sample investors were asked to indicate their choices for various investment objectives. The obtained information is presented and analyzed in the table 6.10.

Table 6.10
Distribution of respondents on the basis of purpose of investment

Purpose	Frequency	Percentage
Wealth creation	153	30.6
Tax saving	242	48.4
Earn return	210	42
Children education/ marriage	215	43
For purchase car and home	44	8.8
For retirement and medical purpose	96	19.2

Source: Primary Data

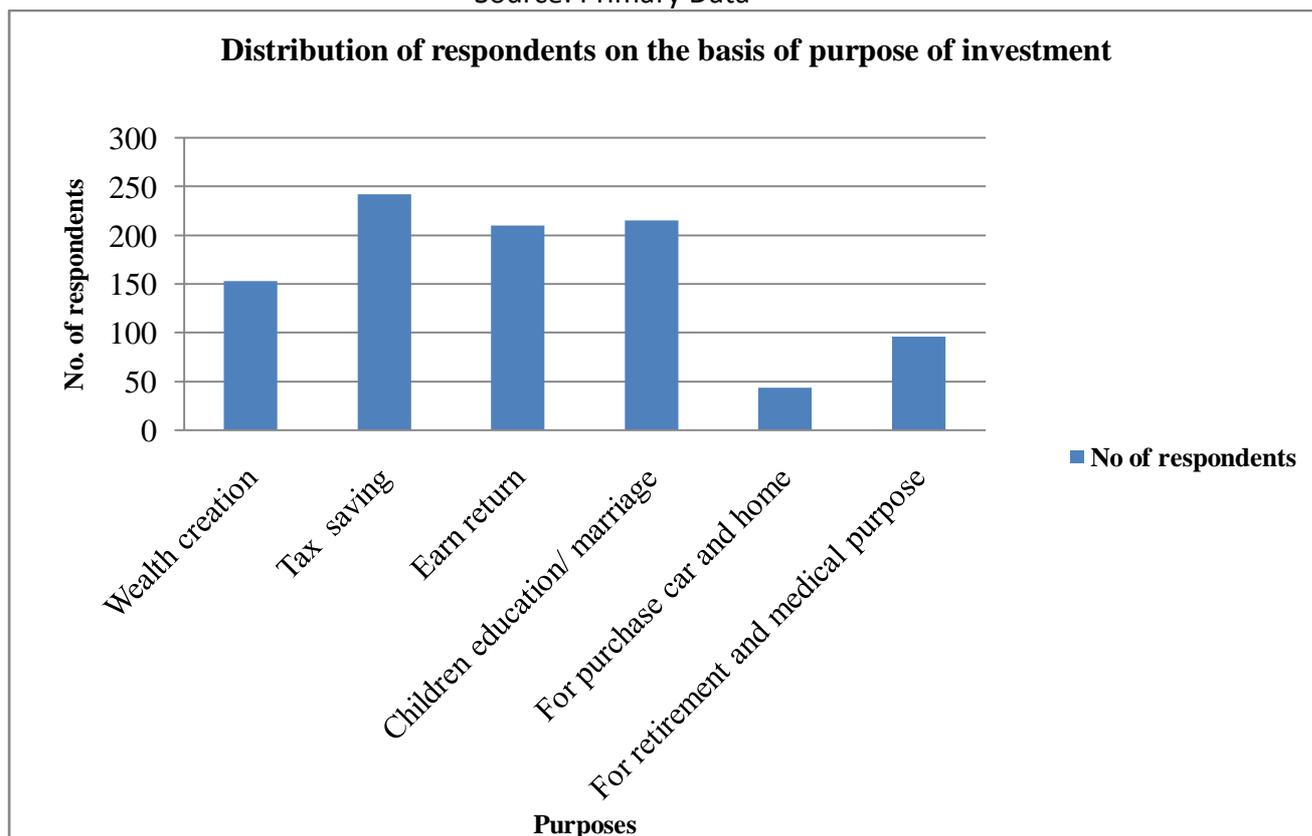


Fig. 6.10 Distribution of respondents on the basis of purpose of investment

From the analysis of table 6.10 it was found that majority 48.4% of respondents having purpose of tax saving, followed by 43% of respondents having purpose of children education/marriage and 42% of respondents having purpose of earn return. However 30.6%

of respondents having purpose of wealth creation, relatively followed by 19.2 % and 8.8% of respondents having purpose of retirement/medical and purchase of car/ home respectively. Thus it can be concluded that majority of respondents were investing for tax saving purpose afterwards for children education / marriage purpose and least preference given to car and home facilities.

6.11 Investment experience

For the purpose of analyzing the investment experience of investors, sample investors were asked to indicate the choices of their choices for investment experience. The information showing the investment experience of the sample investor is furnished in table 6.11.

Table 6.11
Distribution of respondents on the basis of investment experience

Years	Frequency	Percentage
Less than 1 year	60	12
1-5 years	209	41.8
More than 5 years	231	46.2
Total	500	100

Source: Primary Data

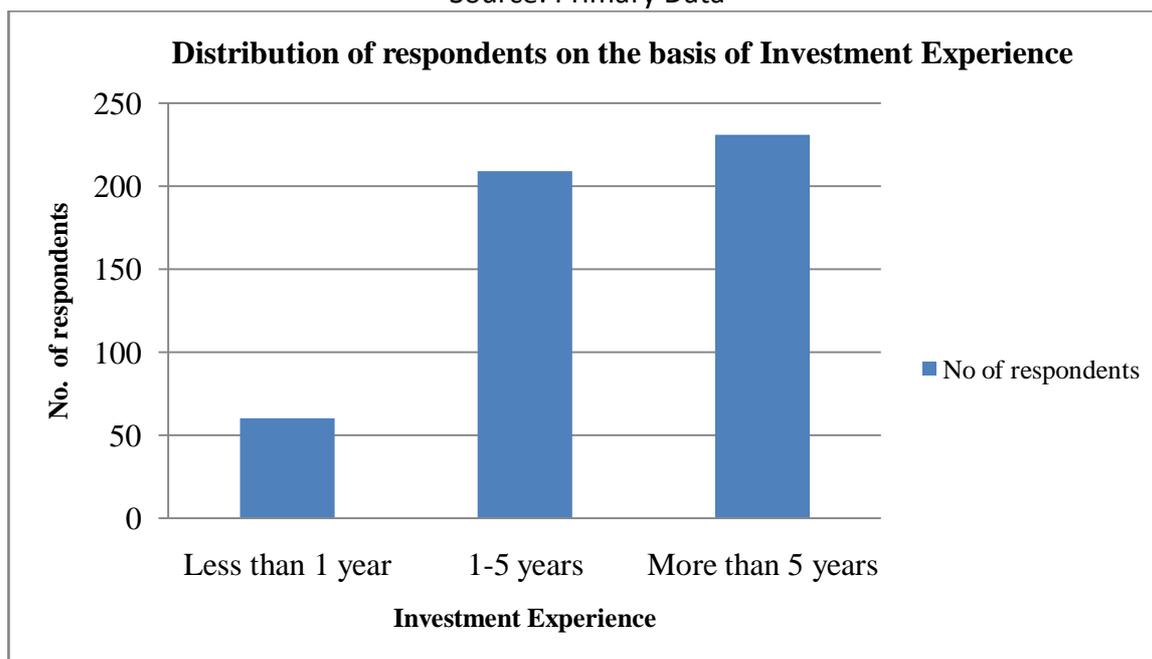


Fig. 6.11 Distribution of respondents on the basis of investment experience

It may be noted from table 6.11 that majority 46.2% respondents had investment experience of more than 5 years, followed by 41.8% had investment experience of 1-5 years and a small segment of 12% respondents had investment experience of less than 1 year. Thus it can be revealed that with the increase in the investment experience investors start investing more money in all investment avenues viz. low risk, medium risk and high risk avenues. Experience increases the knowledge and level of understanding of investors.

6.12 Percentage of income investing by investors

It is to ascertain the Percentage of income invested by investors, the respondents were asked to indicate their choices for Percentage of income invested by investors. The distribution of respondents in this regard is presented in the table 6.12.

Table 6.12
Distribution of respondents on the basis of Percentage of income invested

Percentage of income invested	Frequency	Percentage
0-15%	286	57.2
15-30%	174	34.8
30-50%	32	6.4
More than 50%	8	1.6
Total	500	100

Source: Primary Data

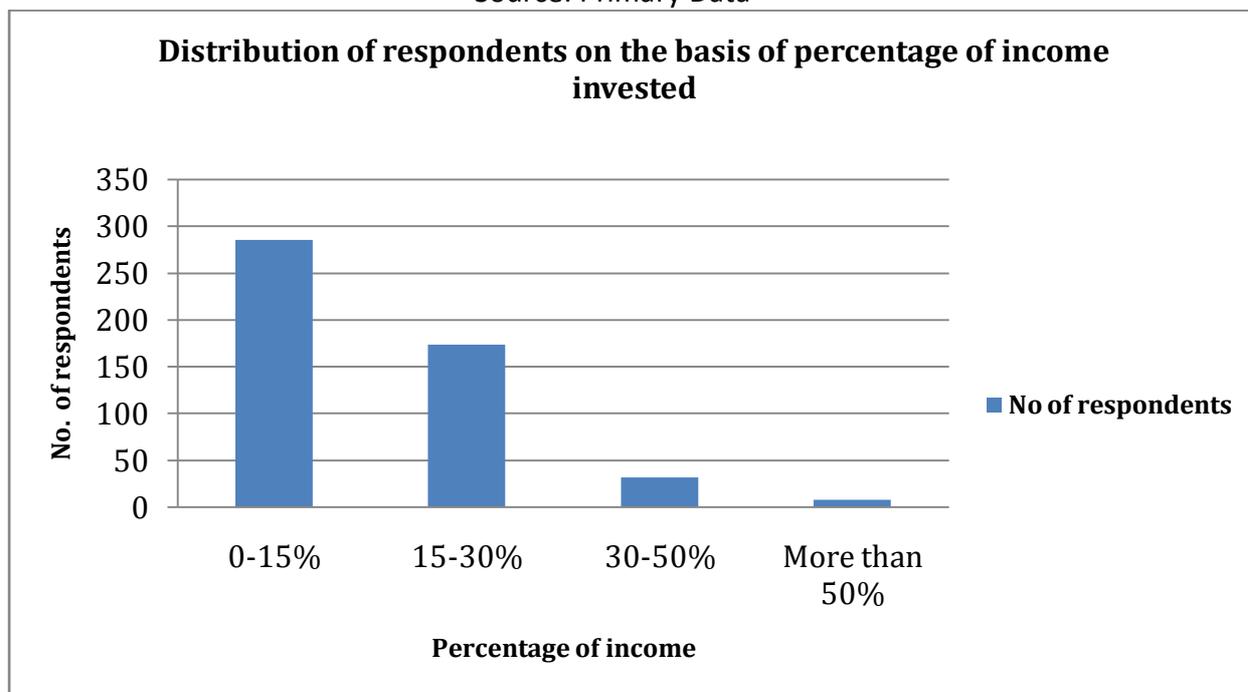


Fig. 6.12 Distribution of respondents on the basis percentage of income invested

It can be inferred from table 6.12 that 57.2% of respondents were investing 0-15% of their income, followed by 34.8% of respondents were investing 15-30% of their income and a fraction of 1.6% of respondents were investing more than 50% of their income. This indicated that majority of respondents were investing 0-15% of their income. Due to the high inflation rate in economy, investors are left with only small amount of disposable income for investment from which investors can invest up to the 0-15% of their income not more than that.

6.13 selection of time period of investment

Investors invest their money for a definite period of time. Selection of time period depends upon the objective of investment and convenience of the investors as well as income earned by investors. The data was collected from sample investors regarding this and presented in the table 6.14.

Table 6.13
Distribution of respondents on the basis of selection of time period of investment

Time period	Frequency	Percentage
Short term (0-1 years)	104	20.8
Medium term (1-5 years)	237	47.4
Long term (more than 5 years)	176	35.2

Source: Primary Data

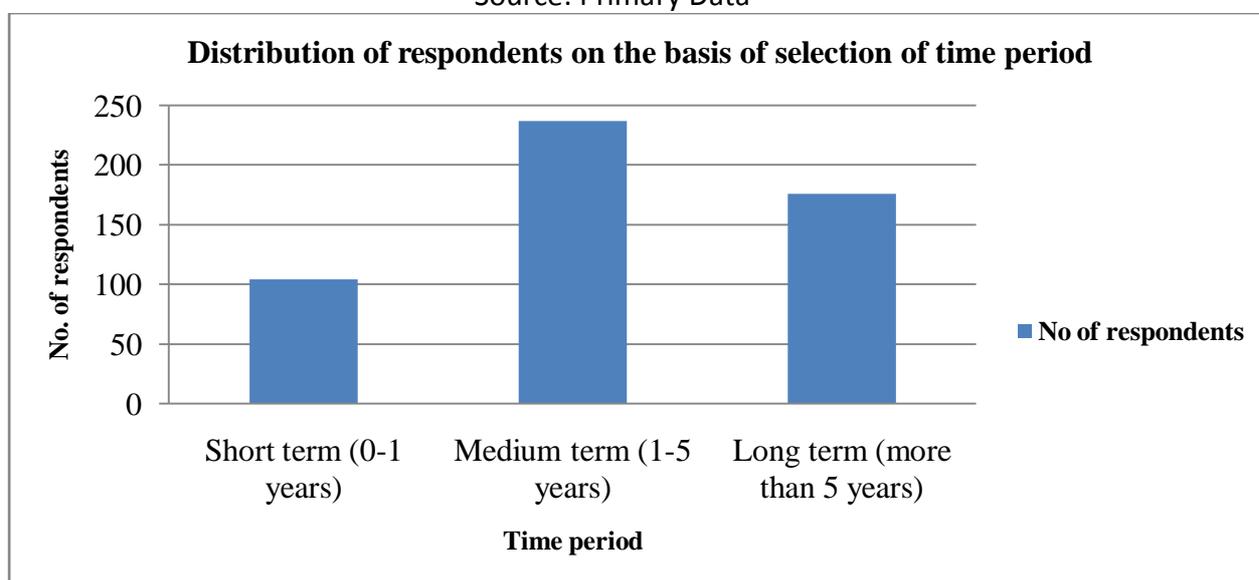


Fig. 6.13 Distribution of respondents on the basis of selection of time period

It is evident from table 6.13 that 47.2% of respondents were choosing investment time period of 1-5 years (medium term), followed by 35.2% of respondents were choosing investment period of more than 5 years (long term) and a small segment 20.8% of respondents were choosing the investment period of 0-1 year (short term).It indicated that maximum of the investors are choosing the medium term afterwards long time period and least preference is given to short time period. It is the known fact that longer the time period of investment higher the returns on investment and shorter the time period of investment less returns on investment.

6.14 Motivational source of investment:

In order to identify motivational source of investment, the data was regarding this and obtained information presented and analyzed in the table 6.14.

Table 6.14
Distribution of respondents on the basis of motivational source of investment

Channels	Frequency	Percentage
Newspaper	93	18.6
News channel	60	12
Family and friends	373	74.6
Books	12	2.4
Internet	82	16.4
Magazines	29	5.8
Agents and CA	225	45

Source: Primary Data

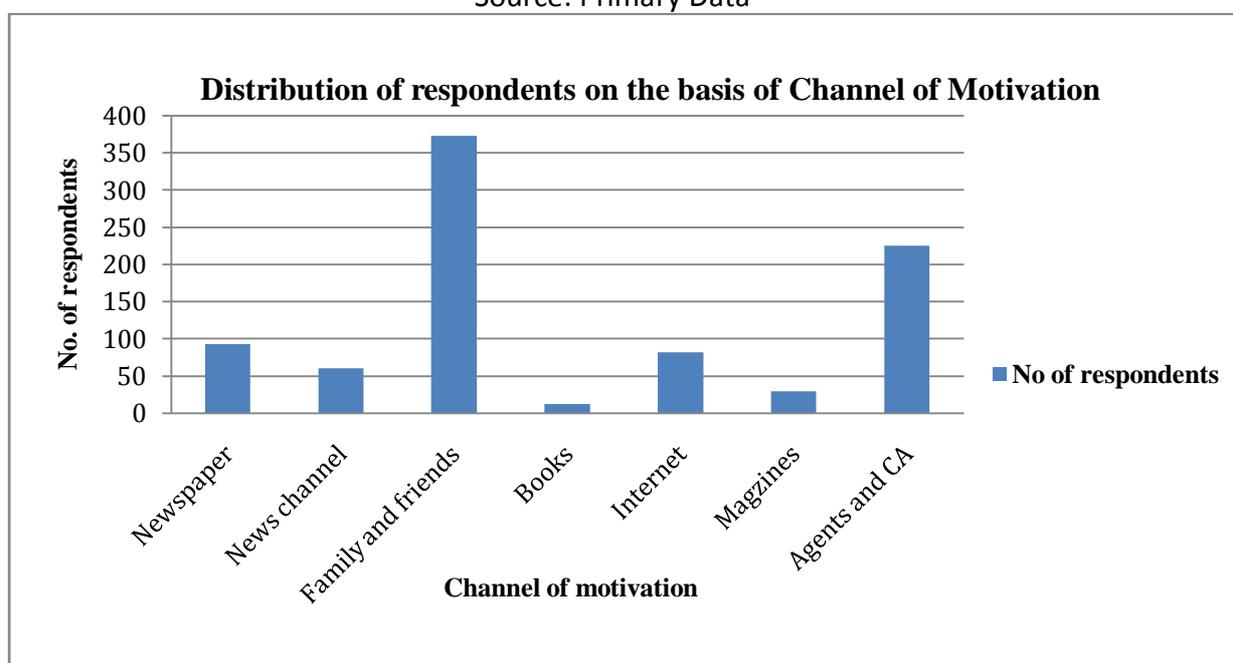


Fig. 6.14 Distribution of respondents on the basis of motivational source of investment

It can be inferred from table 6.14 that majority of 74.6% respondents were making the investments through the motivation of family and friends who were already making the investments, followed by 45% of respondents motivated from agents/CA and 18% of respondents motivated from newspapers. However 16.4% of respondents motivated from internet, yet another 12% of respondents motivated from new channel and a fraction of respondents 5.8% and 2.4% respondents motivated from magazines and books.

6.15 Type of constraint faced by investors

To know the type of constraints faced by investor's number of options put before the investors and data was collected. The distribution of respondents regarding the types of constraints faced by customers presented in the table 6.15.

Table 6.15
Distribution of respondents on the basis of type of constraints faced by customers

Constraints	Frequency	Percentage
More Risk	85	17
Time consuming	98	19.6
Complicated procedure	79	15.8

Source: Primary Data

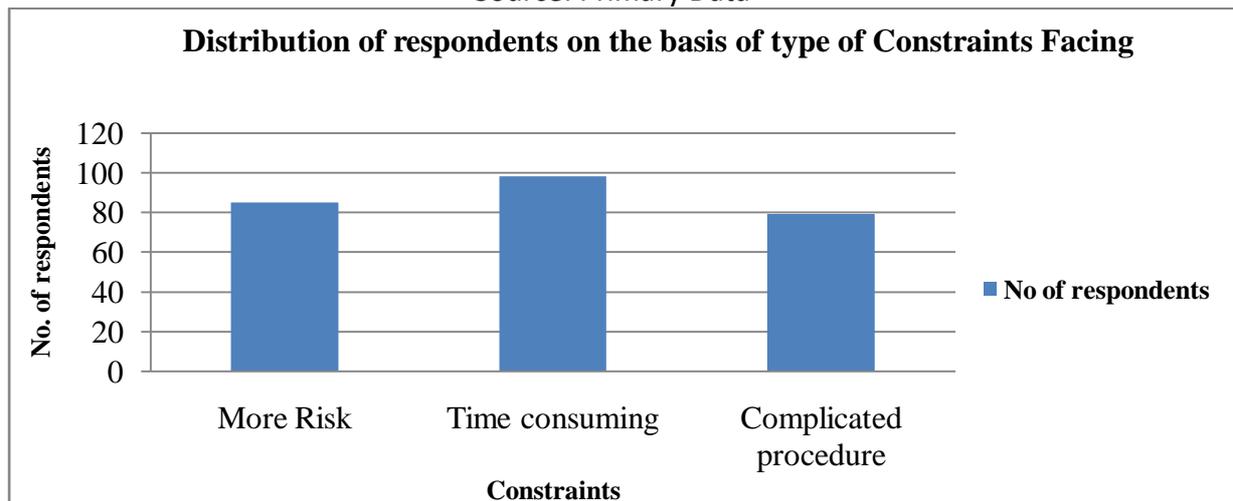


Fig. 6.15 Distribution of respondents on the basis of type of constraints facing

From analysis of above table 6.15 it can be inferred that vast majority 19.6% of respondents were facing the constraint of time consuming, followed by 17% of respondents of were facing the problem of more risk, followed by 15.8% of respondents were facing constraint of complicated procedure. Thus it was revealed that large no of investors were facing constraint of time consuming.

6.16 Suggestions given by investors for rationalizing investments

In order to rationalize the investments in Ludhiana city, respondents were asked to present their views about the rationalization of investments in Ludhiana city. The distribution of respondents regarding the suggestions given by investors for rationalizing the investments in Ludhiana presented in the table 6.17.

Table 6.16
Distribution of respondents on the basis of suggestions given by investors

Suggestions	Frequency	Percentage
High return	196	39.2
Less risk	83	16.6
Short time period	36	7.2
Clear cut/ Transparent policy	27	5.4

Security/safety	50	10
Permanent/ Fixed income	13	2.6
Flexibility/ liquidity	27	5.4
Simple procedure	28	5.6
Long time period	2	0.4
According to needs of customer	9	1.8

Source: Primary Data

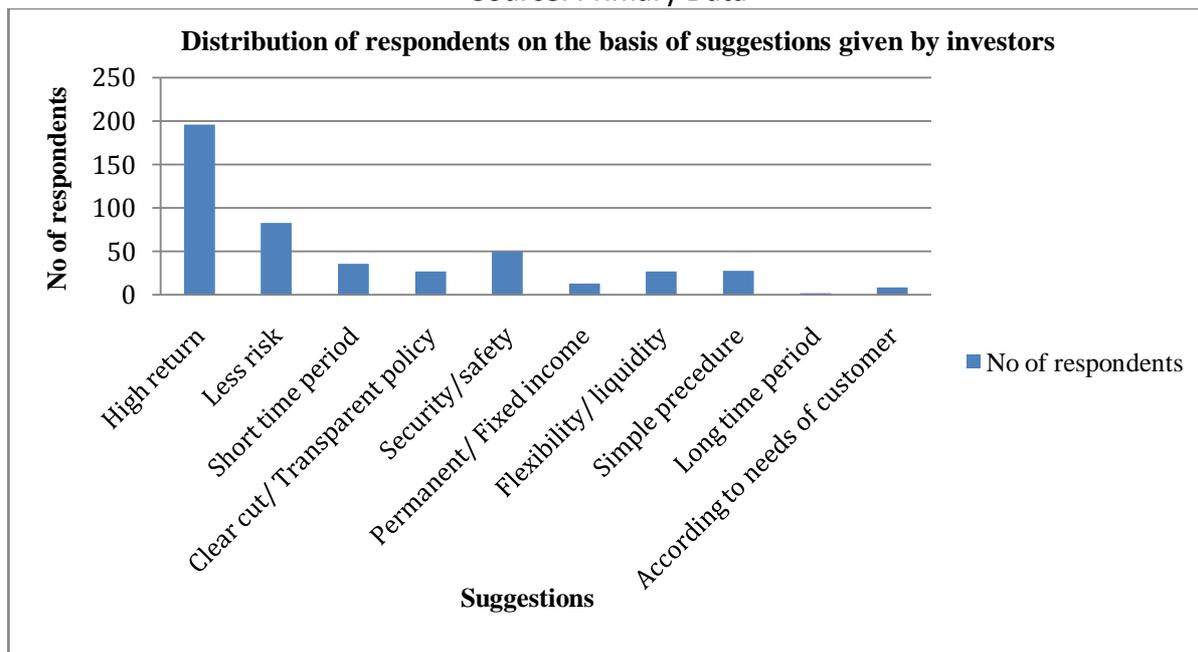


Fig. 6.16 Distribution of respondents on the basis of suggestions given by investors

It can be inferred from table 6.16 that majority 39.2% of respondents had given the suggestion of high return, followed by 16.6% had given the suggestion of less risk, followed by 10% of respondents had given the suggestion of security/ safety, followed by 5.6% of respondents had given the suggestion of simple procedure, 5.4% of respondents had given the suggestion of flexibility/ liquidity, followed by 2.6% of respondents had given the suggestion of permanent/ fixed income, 1.8% of respondents had given the suggestion of according to the needs of customers, 0.4% respondents had given the suggestion of long time period. Thus it can be concluded that large no of investors offered the suggestion that investment policy should be designed in such a way that it should provide more return to the investors within minimum time period.

7. FINDINGS

The findings of the research study are summarized below:

- Most of investors (70%) whose survey was done were in the age group of 20-40 years.
- The majority of respondents (73.6%) were married.
- Most of the investors (73.6%) were male investors.

- Most of the investors (42%) were possessing higher education like post graduation.
- The majority of respondents (60%) were working people or having salaried occupation.
- Most of the respondents (39.6%) were falling in the income category 2-4Lac.
- The Majority of respondents had chosen bank saving accounts with (98.8%) as their first preference. The second place was occupied by life insurance with (65.6%), followed by fixed deposits with (53.8%). The fourth, fifth, sixth and seventh places were occupied by mutual funds, public provident funds, commodity market and equity market share with (34.6%), (29.2%), (17.6%) and (15.8%) respectively. The least preference was given to government securities with (8.4%), followed by bonds, debentures and forex market with (5.4%), (2%) and (1.4%) respectively.
- Most of the respondents (56.6%) preferred to invest their in public sector only.
- The Majority of the respondents (59.2%) considered safety as the important factor before investing.
- Most of the respondents (48.4%) considered tax saving as the important objective.
- The Majority of respondents (46.2%) have an investment experience of more than 5 years.
- The Majority of respondents (47.4%) were medium term investors.
- Most of the investors (57.2%) were investing 0-15% of their income.
- The majority of respondents (74.6%) were motivated from family and friends for making investment decisions.
- The majority of respondents (19.6%) were facing the constraint of time consuming process of the investment.
- The majority of respondents (39.2%) given the suggestion of making the investment policies which would give high return to investors in minimum period.

8. CONCLUSION

It was concluded from study that respondents had chosen bank saving accounts as their first preference. The second place was occupied by life insurance, followed by fixed deposits. The fourth, fifth, sixth and seventh places were occupied by mutual funds, public provident funds, commodity market and equity market share market respectively. The least preference was given to government securities, followed by bonds, debentures and forex market respectively. The sample investors were considering safety as the important factor before making their investments. The investors were facing the constraint of time consuming process of investments. The investors had investment experience of more than 5years. The investors were making the investments on medium term basis. The prime most important objective of the sample investors was tax saving objective. In order to rationalize the investments in Ludhiana city, the respondents gave the suggestion of to the financial institutions to make investment policies which would provide maximum returns within minimum time period.

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