International Journal of Research in Economics and Social Sciences(IJRESS)
Available online at: http://euroasiapub.org
Vol. 9 Issue 3, March- 2019
ISSN(o): 2249-7382 | Impact Factor: 6.939 |
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Scope of Practicing Stock Market Investment by Young Generation for Self-Employment

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Abstract: Today's youth are more innovative and tech-savvy than their predecessors were at the same point in their lives, both socially and economically. There's a lot of speculation regarding whether or not today's youth are worried about and knowledgeable about their future and investment finances. The purpose of this study is to investigate whether or not today's youth are financially savvy. In this study, questionnaires were utilized to collect primary data, and participants ranged in age from 21 to 35. Three independent variables—financial literacy, personal agenda, and environment—have been identified as relevant to the predictor variables, the awareness on investing, based on our review of the literature on awareness. The purpose of this research is to analyse the correlation between self-awareness and the previously mentioned factors. The findings show that the independent variables chosen have a considerable impact on the major driven on investment among the younger generation. Lastly, we give several caveats and suggestions for future research that we hope will improve the quality of the outcome.

Keywords: Environment, Awareness, Investment, Financial Literacy, Young Generation, Personal Interest.

Introduction:

Knowledge of Capital Outlay In general, while making an investment, investors are willing to forego some level of certainty in exchange for a potentially larger payoff in the future [1]. A number of choices may need to be made, including which instruments to use, whether to use a combination of instruments, how much to spend, when to invest, and so on. Behavioural finance challenges the premise of traditional finance theory, which holds that investors must act rationally while making investment decisions. Many people mistakenly view investments as a savings mechanism because of this misconception. One of the reasons why people are less likely to put money into investments now is because of this. According to Alex Wang (2011), factors such as knowledge, wealth, and skills all have a significant impact in determining whether or not the upcoming generation will choose to invest in particular financial products [2]. The literature is unanimous in its assertion that, with careful management, the right investing tool can yield a profit for the investor who keeps a close eye on it. In addition, this gain or profit is only possible when there are emotional and influencing reasons towards engaging in investment activities.

Every person has a role to play in shaping the global economy, and saving is one of the most fundamental human activities. Everyone on Earth hopes to put away a portion of their earnings for the sake of future aspirations and unforeseeable difficulties by way of various investment vehicles [3]. The primary purpose of this paper is to investigate whether or not young Indians are breaking away from their parents' investment habits and gravitating instead toward more modern vehicles such as mutual funds and the stock market, or whether they prefer the tried-and-true strategies of their elders, such as gold and property. One of the main reasons for investing is to protect against inflation [4]. When the purchasing power of a currency decreases over time, a country is said to be experiencing inflation. Investors can use financial products as a hedge against the risk and potential reward associated with their particular level of risk tolerance and financial circumstances. Historically, Indian investors have put their money into "Bank Deposits, Post Office Deposits, LIC Scheme, and Gold." However, the rising maturity of India's financial sector over the past few years has led to a generational shift in the country's young people's investment preferences [5]. Although the census defines "young people" as those between the ages of 15 and 30, this study focuses on those between the ages of 21 and 35 because that's when many people begin to think about their financial futures. The age range of 21–35 years was selected for the young investors in this study.

Possibilities for Financial Investment:

- Investment Company
- Stock Exchange
- Bank Deposits
- Postal Service Deposits
- Property
- Gold

Mutual Funds:

A mutual fund is a trust or company that pools the resources of its investors to buy stocks, bonds, or other securities in accordance with predetermined investment strategies. Investing in a mutual fund is a way for even a small investor to gain access to the expert wealth management services of an asset management firm. Their primary goal is to help investors increase their income or wealth by taking advantage of opportunities in various markets and types of securities. Mutual funds can tailor an investment strategy to meet virtually any need [6]. As a result, the mutual fund structure permits the pooling of substantial sums of money from numerous individuals through its various mechanisms.

Stock Exchange:

The issuance and trading of shares of stock takes place on the equity market, which can be an exchange or an over-the-counter market. The capital market, often known as the stock market, plays a crucial role in a market economy by connecting firms in need of funding with investors who are looking to gain a return on their money by purchasing a piece of a company's future revenues [7]. The world of equity is one of the most perilous. However, this is also a place where investors can expect high rates of return. Alternatively, when investing, you need a strategy that will use up the money for a while. The individual must weigh the benefits and risks of these two options and make up his own mind.

Cash on Deposit:

There are essentially two kinds of deposit accounts offered by banks. Deposits of demand include things like checking and savings accounts, whereas deposits of term include things like CDs and IRAs [8]. When you open a deposit account with a financial institution, you gain the status of account holder or depositor. Money needs are met instantly every day through the utilization of savings accounts. For instance, you have a checking account at a bank that also provides you with a cheque book. The bank requires a minimum deposit of Rs 1000. The annual interest rate paid by the bank is 4%. The savings account can also be accessed using an ATM card. Banks employ ATM withdrawal caps to regulate customers' access to their money. When the Reserve Bank of India (RBI) adjusts its policy interest rate, the savings account deposit rate also shifts. The interest rates on savings accounts are lower than the rates on term deposits at most banks. This is why a growing number of people are putting their money in term deposits. Term deposit accounts are used to store funds for a predetermined time frame. In return for these term deposits, the bank will pay interest. You may not withdraw your funds, however, until the specified time period has ended. Let's say you put $10,000 (Rs.10,000) into a bank's fixed deposit account over the course of five years. The bank will pay you 8.5% interest per year on that amount.

Deposits at the Post Office:

Investors can choose from a variety of Post Office deposit plans. These are also known as micro-savings plans. What makes these systems unique is the state's backing, or "sovereign guarantee." Some postal services also qualify for tax breaks under Section 80C of the Income Tax Act. Interest rates on these programs are reviewed and adjusted quarterly by government officials. The Department of Post Office offers a variety of savings plans, including the Senior Citizen Savings Program, PPF, Period Deposit, and Recurring Deposit (Post Office).

Real Estate:

One of the most common activities in India that has been going on for a very long time and will likely continue into the future is investing in real estate. For at least the past decade, real estate in India has been one of the most lucrative investments available. Investors in real estate also stand to gain from the rental income generated by their properties. The improvement of public facilities means that real estate can be a good long-term investment due to its potential for price appreciation [9].

Gold:

Since it can be worn as jewellery and used as currency, gold is considered one of India's most valuable investment instruments. Paper gold investors can buy into gold via ETFs and sovereign gold funds, save for their retirement with the Gold Savings Program, and even purchase digital gold via PAYTM and GOLDRUSH (both maintained by the Stock Holding Corporation of India).

Importance of the Research:

The research is important because it sheds light on the relationship between investing and savings among young investors and the investment avenues they choose. If young investors make wise decisions about where to put their money, it will assist our government craft laws that encourage investment in the financial markets and their instruments. Students, salaried workers, and young professionals are well represented in the surrounding community. In addition, this research will aid young investors in determining which financial products to purchase in order to achieve their goals.

Hypothesis

Hypothesis 1:

H0 - There is no significant difference between men and women when it comes to investing in stocks, bonds, and mutual funds.

H1 - When it comes to equity & mutual fund investments, for example, women and men make very different decisions.

Hypothesis 2:

H0 – Investing in stocks or mutual funds does not significantly differ with age.

H1 – Investing in stocks and mutual funds is not the same for people of different ages.

Literature Review:

Bonds are seen as an investment for retirees and don't pique the interest of young people, according to research by Gupta et al. (2001) on the preferences, future intentions, and experiences of Indian family investors. Mutual fund market penetration was found to be much lower than equity share market penetration across all age categories.

According to Gupta and Jain's (2008) analysis of data from 1463 households, investors' preferences can be broken down into several broad categories: shares, indirect investment via various mutual fund schemes, other investment types like marketplace gold funds, bank deposits, and public savings schemes. The findings shed light on the ways in which investors' views on various investment types are influenced by demographic factors like income and age as well as practical considerations like portfolio diversification and their perceptions of the quality of market regulation.

Mutual funds are popular among practitioners, students, and self-employed people, according to research conducted by Verma (2008), who examined the effect of demography and personality on investing decisions made by Indian investors. Retirees' lack of interest in taking on financial risk was on display when they avoided buying mutual funds and stock. It was also shown that those with more education had a better grasp of investing complexity. Those with advanced degrees were more likely to put money into mutual funds and stock markets.

The influence of respondents' lifestyle characteristics on their investing preferences was investigated by Nagpal and Bodla (2009). According to the findings, an individual's risk tolerance is mostly shaped by his or her way of life. Despite remarkable progress in the security industry, the study found that individual shareholders favor less risky investments including life insurance plans, fixed deposits at banks and post offices, PPF, and NSC.

According to the findings of Brahma Bhatt, P.S. Raghu Kumari, and Dr.ShamiraMalekar's study of investor behavior in Mumbai's investing avenues (September 2012), people continue to put money into the stock market despite experiencing significant losses. They give savings a higher priority for security yet demand higher interest rates for shorter terms with lower risk.

The primary factors that guide family investing decisions were investigated by Davar and Gill (2009). Findings highlighted the importance of familiarity, satisfaction, opinion, & demographic variables across all investment channels.

According to research conducted by GiridhariMohanta and Dr. Sathya Swaroop Debasishin, differences in income and employment status between male and female investors have a significant impact on investment choices. Male investors are more likely to participate in the selection of potential investment opportunities, and they tend to make more sensible decisions overall.

This systematic evaluation of primary data acquired through standardized questionnaires and secondary information, conducted by Dr. D. Harikanth and B. Pragathi, demonstrates the importance of investors' income and occupation while deciding on investment vehicles.

Dr. M. Nazer, and Mr. J. SidharthulMunthaga purpose of this research was to examine the investment preferences of residents in the Thanjavur District. The survey results were used to help in the analysis of the study. According to the research, people in the Thanjavur District have a moderate understanding of the several types of investment opportunities available to them, but they lack any familiarity with the stock market, equities, bound, or debentures. A small sample size, as stated in the introduction, is used to perform the research. Except for a few outliers, all of the respondents in this survey live in the Thanjavur District. N. S. Neha Shukla This report presents an investigation on the attitudes of salaried investors regarding various investment vehicles. While the answers varied, it was clear that respondents put a lot of money into fixed deposits, the post office's savings and loan program, and precious metals. The vast majority of investors are preparing for a home purchase or planning for future growth.

Researchers Sonali Patil and Dr. Kalpana Nandawar used a closed-ended survey as their major data source. Statistical software was used to run tests like the chi-square and the Person Correlation Coefficient on the collected data. According to the study's findings, paid workers routinely think about security and return on investment. All respondents, with the exception of women investors, are familiar with the various investment opportunities in India.

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Research Methodology:

In this study, primary data was gathered through a survey administered to Young Investors. The preferences of younger investors were the focus of a streamlined questionnaire. There was a total of 140 questionnaires sent out, however only 119 valid responses were received. In addition to the standard demographic questions (age, gender, profession, level of education), participants were also asked about their investing preferences across a range of vehicles (Mutual Fund, Equity Market, Bank Deposits, Post Office Deposits etc.) The Statistical Analysis was Performed with the Use of the Social Science Statistical (SPSS). The methods employed included the percentage analysis, independent t-test, and one-way analysis of variance. Since there are only two possible sex categories, an Independent T-Test is used to compare male and female investment preferences, while a One-Way Anova is used to compare the investment preferences of different age groups.

Results and Interpretation:

Demographic Variables	Category	Percentage
Gender	Male	58.2%
	Female	41.8%
Age (in Years)	21-25	60.9%
	25-30	13.6%
	30-35	25.5%
Job/Occupation	Salaried	35.8%
	Business	15%
	Housewife	9.1%
	Student	14.5%
	Professional	25.5%

Invest Pre-Frequencies:

		Responses		Percent of Cases
		N	Percent	
IN WHICH ASSET YOU INVEST	PRE_MF	79	32.5%	71.8%
	PRE_EQ	62	25.5%	56.4%
	PRE_BD	45	18.5%	40.9%
	PRE_PO	15	6.2%	13.6%
	PRE_RE	20	8.2%	18.2%
	PRE_GOLD	22	9.1%	20.0%
Total		243	100.0%	220.9%

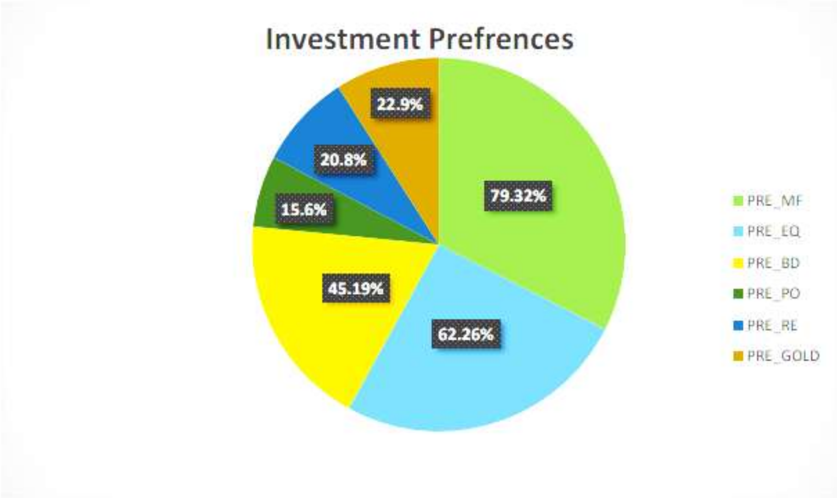

Figure 1: Investment preferences

Figure 1 displays the preferences of young investors; from this, we may infer that they are more interested in investing in the stock market and mutual funds than they are in more conventional options like bank deposits, post office deposits, gold, or real estate.

Sector Preference:

	Frequency	Percent	Valid Percent	Cumulative Percent
PRIVATE	57	51.8	51.8	51.8
PUBLIC	27	24.5	24.5	76.4
GOVERNMENT	26	23.6	23.6	100.0
Total	110	100.0	100.0	

Figure 2: Sector

Investors are shifting their money away from the public & government sectors and towards the private sector, as seen in Figure 2, since private sector enterprises are delivering higher returns on investment.

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Equity Market & Mutual Fund Profitability are Greater than Other Channels, when Gender is the Independent Variable.

Evaluation of Separate Samples:

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Do you think Investing in Mutual Funds and Equity Market is more profitable than other avenues [Response]	Equal variances assumed	.259	.612	-.108	108	**.915**
	Equal variances not assumed			-.108	99.766	**.914**

The significance value is higher, indicating a positive relationship between the independent variable of gender as well as the dependent variable of financial success in the stock market and mutual funds. Since this value is less than.05, we accept H0, which states that "there is no significant difference between gender when selecting Investment Avenue like Equity & Mutual Fund."

ANOVA:

Equity Market & Mutual Fund Profitability is More than Other Investment Options as Age Increases is seen in the table below. Do you believe the mutual fund and stock market investment opportunities present the best long-term returns

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.122	2	1.561	2.887	**.060**
Within Groups	57.869	107	.541		
Total	60.991	109			

According to the results shown in the table above, when the significance level is greater than 0.05, it is accepted that "There is no significant difference among the Age Category while Investing in Equity & Mutual Fund." The dependent variable is the profitability of equity market & mutual fund investments.

Conclusion:

The primary objective of this study was to examine the investment habits of young people in the city of Raipur. The findings suggest that these investors are more interested in riskier avenues for growing their money, such as the stock market and mutual funds, than in safer ones like bank deposits & post office savings accounts. While conducting this research, we found that 32% of millennials favour mutual funds, while 25% favour the stock market; that there is a strong correlation between risk tolerance and investment channel preference;

and that millennials aren't constrained by the long- or short-term considerations that traditionally govern investment decisions. Young people have abandoned the tried-and-true way of investment in favour of more daring strategies.

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