CHANGING ATTITUDE IN METHODS OF SAVINGS BY INDIVIDUAL INVESTORS - A STUDY

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Abstract

The changes that have occurred as a direct result of changes in the international environment are directly causing shifts in the manner in which an investor makes investments. In the modern world, investors are more willing than ever to take on greater levels of risk as a consequence of the following factors: an increase in the availability of ready information; a decline in bank interest rates; the Covid–19 effect; the presence of a variety of investment avenues; an expansion of the scope of investment opportunities; and, most importantly, an overall increase in investor knowledge. The general populace has historically depended on deposits made at the post office, as well as fixed deposits in banks and recurrent deposits at the post office. In the past, following a lock-in period of five years, we had the opportunity to earn a return that was equal to twice the amount of money that we had first invested into these accounts. The fact that investors have changed themselves from traditional investors into global investors during the Covid-19 period is evidenced by the increase in the number of persons who hold DEMAT accounts in the time after the Covid-19 period. They were able to accomplish this goal by diversifying their assets across a variety of asset classes, including stocks, bonds, debentures, mutual funds, derivatives instruments, and cryptocurrency. During the period known as Covid-19, this shift took place all over the world. The purpose of this study is to investigate the ways in which investors' historical behaviours regarding their investment strategies have shifted over the past 10 years.

KeyWords:*Investment, Global Scenario, Investment Avenues,Covid -19, Traditional Investment*

Introduction

In recent years, it has been observed that investment has become the backbone of economies that are attempting to grow. This is because investment offers a big boost to the GDP, which is why it has become the backbone of economies that are seeking to grow. As a result of this, the observation has been made that investment has developed into the central pillar of economies that are actively working to expand. As a consequence of this, it is of the utmost importance for the general public to undertake research on a variety of emerging investment avenues, make investments in such avenues, and also encourage possibilities for international investment. Due to the fact that return and risk are the essential features of investing that are comparable to the two sides of a coin, an investor may have an equal possibility of encountering either return or risk depending on the composition of their portfolio. The manner in which the respondent chooses to think about their present-day savings in relation to their plans for the future has a considerable bearing on the patterns of investment that emerge.

Need for the study:

As a result of this, it appears that there has been a behavioural shift among investors toward investment, which is what inspired me to carry out this study in the first place. According to post covid – 19, there has been a rise in the number of persons who have DEMAT accounts. This is something that we can notice. This lends credence to the notion that investors' behaviours have undergone a sea change.

Objectives of the study:-

1.   To find emerging Financial Instruments in India
2.   To analyze the pattern of investment by Individual investors.

Research Methodology:

Sources of data:

Primary data: Data is collected from investors by preparing Questionnaire.

Sample size:

For the present study data is collected from   1100 investors residents of Hyderabad.

Tools used:

Garratt Ranking tool is used for present analysis.

Investment:

" Generating Money from Money "

Putting money or other liquid assets into investments can result in the acquisition of real-world assets. People set aside money in the event that they will need it in the future, and when that time comes, they anticipate that their savings will increase in value or appreciation of investment value in accordance with the time value of money. In other words, people put money away in the event that they will need it in the future. The level of danger that an individual is willing to expose themselves to influences their choice on whether or not to invest their savings in tangible goods.

Types of Investors:

➢ **Risk Averse** - The investor who does not want to take Risk.

➢ **Risk Nutural** - Investor behavior based on emotional preference.

➢ **Risk Lover** -   is a person who is willing to take more risk in order to get more income.

There is a one-to-one correspondence between the levels of risk and return. The greater the risk you take, the greater the potential reward, and depending on how comfortable an individual is with taking risks, he or she will choose the asset that they wish to hold for potential future liquidation.

Type Assets:

➢ **Real Assets :**

Any investment which is made on physical assets such as real estate, energy and infrastructure.

➢ **Financial Assets :**

A financial asset is a non physical asset whose value is derived from contractual claim and also some extent prices of financial assets value is influenced by legal, emotional, political and psychological condition in the market.

Types of Financial Assets:

Bank Fixed Deposits: which is a risk free investment and which carry fixed rate of interest and principal will be paid back after fixed period of time.

Post office schemes: purchasing different schemes in post office.

Insurance Contracts : Insurance contracts constitute another another classification of financial assets. In these types of agreements, one party (known as a policy holder) is responsible for paying a premium to an insurance company in exchange for the right to receive compensation from the insurance company in the event that an unexpected event in the company's future results in the company being unable to meet its financial obligations.

Recurring Deposits:every month some part of money is deposited .

Equity shares : Purchasing ownership in a company.

Preference Shares : investment is done to get some fixed rate of dividend.

Debentures / Bonds : it is a legal document consists of two parties were one party promise to pay interest every year and principal amount when it matures .

Derivatives : it is a contract between two parties , the value of which depends on underlying assets .

Mutual Funds: Diversifying investment with the help of portfolio managers.

Data Analysis

Garrett's Ranking Technique

The ranking method developed by Garrett was utilised in this study so that the most influential aspect of the respondent could be identified. In accordance with this methodology, the respondents were questioned regarding the order in which they considered each factor to be, and the results of these rankings were then translated into a point value with the assistance of the following formula:

Percent position = 100 (Rij – 0.5)/ Nj

Where Rij = Rank given for the ith variable by jth respondents

Nj = Number of variable ranked by jth respondents

With the help of Garrett's Table, the percent position estimated is converted into scores. Then for each factor, the scores of each individual are added and then total value of scores and mean values of score is calculated. The factors having highest mean value is considered to be the most important factor.

Factors	1	2	3	4	5	6	7	8	9	10
Savings	332	22	81	58	162	47	29	20	50	175
Fixed deposits	209	204	147	90	77	37	37	156	171	66
Bonds	114	200	258	98	74	58	61	176	89	56
Gold/Silver	89	93	90	240	122	94	271	98	31	36
Postal savings	128	88	70	133	231	165	107	42	174	54
Insurance	90	34	161	78	207	307	157	63	31	45
Equity	115	33	72	113	80	117	251	138	89	172
Mutual Fund	223	96	81	87	49	88	84	256	164	49
Recurring Deposits	159	135	137	64	72	174	59	103	225	61
Real Estates	479	94	71	161	30	37	65	82	109	395

Rank	Percent position value	Garret value
1	5	82
2	15	70
3	25	63
4	35	58
5	45	52
6	55	48
7	65	42
8	75	36
9	85	29
10	95	18

Factors	1	2	3	4	5	6	7	8	9	10	Total
Savings	27,224	1,540	5,103	3,364	8,424	2,256	1,218	720	1,450	3,150	54,449
Fixed deposits	17,138	14,280	9,261	5,220	4,056	1,776	1,554	5,616	4,959	1,188	65,048
Bonds	9,348	14,000	16,254	5,684	3,900	2,784	2,562	6,336	2,581	1,008	64,657
Gold/Silver	7,298	6,510	5,670	13,920	6,344	4,512	11,382	3,528	899	540	60,603
Postal savings	10,496	6,160	4,410	7,714	12,012	7,920	4,494	1,512	5,046	972	60,736
Insurance	7,380	2,380	10,143	4,524	10,764	14,736	6,594	2,268	899	810	60,498
Equity	9,460	2,310	4,536	6,554	4,160	5,616	10,542	4,968	2,581	3,096	52,823
Mutual Fund	18,286	6,720	5,166	5.046	2,548	4,224	3,528	9,216	4,756	735	60,225
Recurring Deposits	13,038	9,450	8,631	3,712	3,744	8,352	2,478	3,708	6,525	1,098	60,745
Real Estates	39,278	6,580	4,473	9,338	1,560	1,776	2,730	2,952	3,161	7,110	78,958

Statement showing Distribution of the Sample Investors Respondents on the Basis of Rank given

Factors	Total	Average	Rank
Savings	54,449	49.63	9
Fixed deposits	65,048	59.29	2
Bonds	64,657	58.93	3
Gold/Silver	60,603	55.24	7
Postal savings	60,736	55.37	5
Insurance	60,498	55.36	6
Equity	52,823	48.15	10
Mutual Fund	60,225	54.89	8
Recurring Deposits	60,745	55.37	4
Real Estates	78,958	71.97	1

Interpretation

The rankings of various investment opportunities, as determined by 1,100 respondents who were part of the sample, are presented in the table that can be seen just above this one. First position goes to real estate, then comes fixed deposits, then bonds, then recurring deposits, then savings accounts with the post office, then insurance, then gold and silver, then mutual funds, then savings accounts, and finally equity rounds out the top 10. Real estate takes the first spot.

Conclusion

Changes in the global market, changes in the regulation in a particular country, changes in living standards, changes in the thinking of investors, and changes in the availability of information in the figure tips have resulted in a shift in the pattern of investment behaviour among individuals, who have gone from being risk-averse to risk-neutral to risk-loving. Changes in the global market, changes in the regulation in a particular country, changes in living standards, changes in the thinking of investors, and changes in the availability of information This change has come about as a result of a variety of different circumstances.

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