

INFLUENCE OF DEMOGRAPHIC VARIABLES ON PORTFOLIO MANAGEMENT BEHAVIOUR OF AN INDIVIDUAL INVESTOR – A SCIENTIFIC ANALYSE OF DISTRICT DEHRADUN

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ABSTRACT

The behavior of an investor is one of the oldest and largest factors in the world. Investors are always in search of best investment avenues to invest in. Stock market is one of the common option for the investors. Stock market helps to channelize household savings to the corporate sector which in turn utilize for the development of industrial and service sector. An equity share is a piece of the ownership capital of an organization and the holder of such a share is an individual from the organization qualified to share numerous advantages for the organization. One puts resources into shares keeps it for quite a while relying on the stock cost. At the point when the rate of share cost builds, pitches the securities to another gathering. Investment in shares will get better returns contrasted with some other types of investment. At whatever point the expansion rate is high, the stock market has given higher rates of come back to the financial specialists. Share exchanging encourages the corporate to raise extra supports for extension by making interest for the securities.

Keywords: Investment, Equity Share, Trading, Securities

INTRODUCTION

In recent years corporate securities emerged as an attractive avenue for the investors who were looking for higher returns and were ready to bear the risk. Investment in securities has become an imperative choice of investors with the objective of return optimization. The uncertainty of expected return is a vital part of the investment decision in securities. The volume and composition of domestic savings in Dehradun have undergone sea change over the years. Investment refers to the employment of funds to asset with the aim of achieving additional income or growth in value over a given period. Investment may be defined as “a commitment of funds made in the expectation of some positive rate of return”. Today, investors have various avenues of investment with different features matching their needs. But the art of investment is to see that the return is maximized with minimum risk which is inherent in all investments. The funds allocated by the investors to various investment avenues depend to a large extent on the investment objectives perceived by them. Investors differ in their pattern of investment, preferences, perceptions and importantly objectives of investment. Demographic Variables influencing in Retail Investors’ Investment are - Place of residence, Age, Gender, Marital status, Educational Level, Occupation, Family Size, No. of earning members in the Family, Monthly Family Income, Type of Investor, Category of Investor, Type of Market Operated, Market Experience

HYPOTHESIS

Hypothesis 1: Individual investors behavior is not influenced by the Demographical factors. (Null Hypothesis)

OBJECTIVES OF STUDY

1. To study the Demographic variables of the respondents in Dehradun district.
2. To identify the investment pattern of individual investors of Dehradun district based on demographic factors.
3. To suggest valuable suggestions to the individual investors.

METHODOLOGY OF STUDY

The study is empirical in nature based on survey method. The primary data relating to the individual investors were collected through questioner (respondents are 125) with the help of the interview schedule. The secondary data relating to the study were obtained from various published and unpublished records, annual reports, manuals, bulletins, booklets, journals, magazines, etc., The study is individual, investor oriented and the factors selected are personal in character.

REVIEW OF LITURATURE:

1. Slovic Paul¹, (1972), in his study entitled, “Psychological Study of Human Judgment: Implications for Investment Decision Making”, examined the use of psychological approach in the field of financial decision making.
2. Mckelvey², (1996), in the study entitled, “Intangible Factors in Stock Evaluation”, pointed out that when making an investment decision one should look for certain factors beyond current earnings and dividends. The study emphasizes that current earnings and yield are important factors in determining the attractiveness of stock, but they are not the only ones.
3. Mart Grinblatt and Matti Keloharju³, (2000), in their study entitled, “The Investment Behaviour and Performance of Various Investor Types: Study of Finland’s Unique Data set”, analyzed the extent to which past returns determine the propensity to buy and sell. The study revealed that foreign investors tend to be momentum investors, buying past winning stocks and selling past losers.
4. Santi Swarup K⁴, (2008), in his survey entitled, “Measures for Improving Common Investor Confidence in Indian Primary Market: A Survey”, analyzed the decisions taken by the investors while investing in primary markets. A number of suggestive measures in terms of regulatory, policy level and market oriented were suggested to improve the investors’ confidence in equity primary markets.
5. Arun Lawrence and Dr. Zajo Joseph⁵ (2013) in their study entitled “Factors leading stock investment: An Empirical Examination” had been elicited that friends and media play a key role in influencing the investors share trading decisions.
6. Durga Rao, Chalam and Murty⁶ (2013) in their study entitled “Demographic variables influencing in the retail investors investment – A Scientific Analysis” had elicited how the demographic variables influenced in the investment of retail investors and suggested that the government and regulatory bodies like SEBI to create lot of awareness and encourage in retail investors in equities to become greater part of development of economic system for making investment on long term basis.

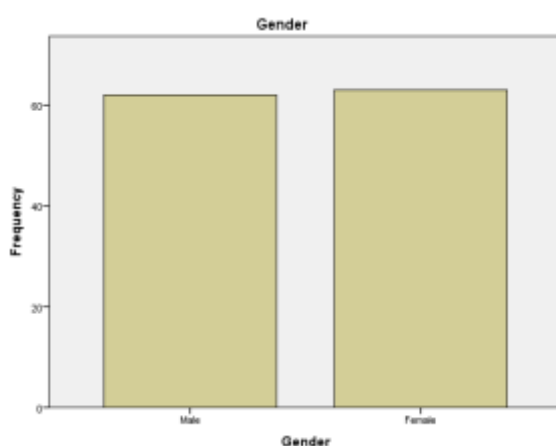
DISCUSSION AND RESULTS

Investment objectives of the individual investors based on the following Demographic variables: Age, Gender, Marital Status, Educational Level, Occupation, Financial literacy, Monthly family income, No. of dependents in the Family, Annual Household savings, Monthly Family Income, Family Investment culture, Family structure, Work status.

Gender

Investors have been divided into two groups based on their gender as ‘Male’ and ‘Female’. Out of 125 sample investors, 49.6% (62) are Male investors and 50.4% (63) are Female investors.

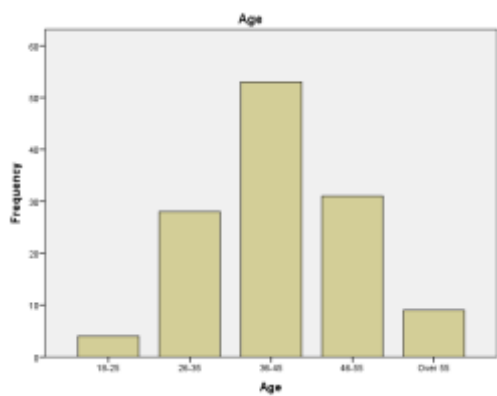
		Frequency	Percent
1	Male	62	49.6
	Female	63	50.4
	Total	125	100.0



Age

Investors have been divided into five categories based on their age as (18 – 25 years), (26 – 35 years), (36 – 45 years), (46 – 55 years) and (55 years and above). Out of 125 sample investors, 3.2% (4) are of (18 – 25 years), 22.4% (28) are of (26 – 35 years), 42.4% (53) are of (36 – 45 years), 24.8% (31) are of (46 – 55 years) and 7.2% (9) are of (55 years and above).

		Age	
		Frequency	Percent
2	18-25	4	3.2
	26-35	28	22.4
	36-45	53	42.4
	46-55	31	24.8
	Over 55	9	7.2
	Total	125	100.0

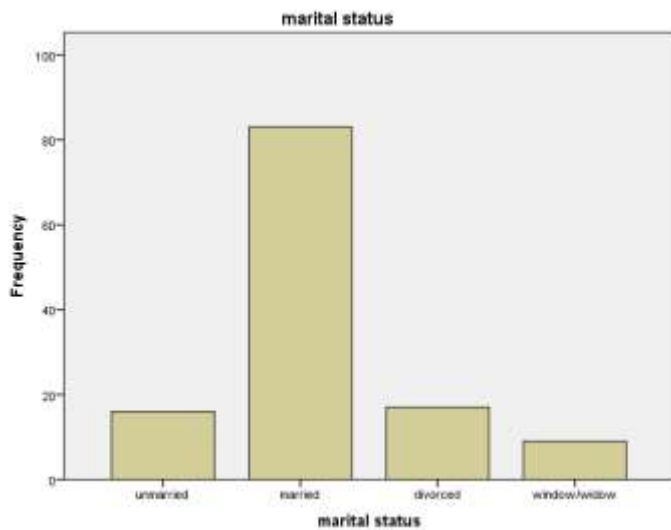


Marital Status

Investors have been placed into four groups based on their marital status as ‘Married’ Divorced, Widow and ‘Unmarried’. Out of 125 sample investors 66.4% (83) are Married investors and 12.8% (16) are Unmarried investors 13.6% (17) are Divorced investors and 7.2% (9) are Widow.

Marital Status

		Frequency	Percent
3	Unmarried	16	12.8
	Married	83	66.4
	Divorced	17	13.6
	Widow	9	7.2
	Total	125	100.0

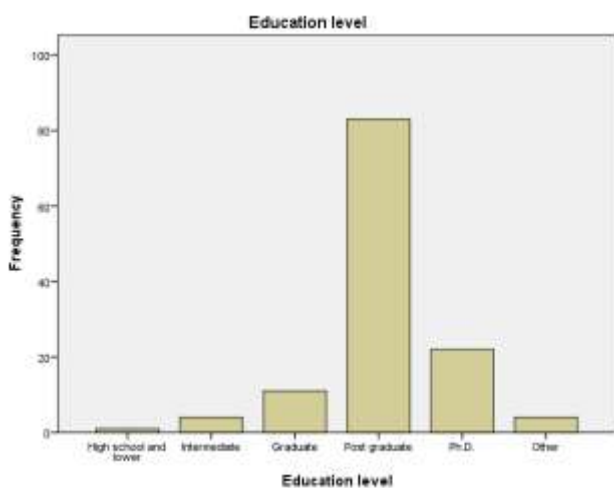


Educational Level

Investors have been classified into six categories based on their educational level as ‘High School’, ‘Intermediate’, ‘Graduate’, ‘Post Graduate’, ‘Ph.D.’ and ‘Others’. Out of 125 sample investors, .8% (1) investor is with High School education, 3.2% (4) are investors with graduation, 66.4% (83) are investors with Post graduation, 17.6% (22) are investors with Ph.D. and 3.2% (4) investors belong to the others category.

Educational Level

		Frequency	Percent
4	High school and lower	1	.8
	Intermediate	4	3.2
	Graduate	11	8.8
	Post graduate	83	66.4
	Ph.D.	22	17.6
	Other	4	3.2
	Total	125	100.0



Financial Literacy

Investors have been classified into three categories based on their financial literacy as ‘Low’, ‘Medium’ and ‘High’. Out of 125 sample investors, 11.2% (14) have Low financial literacy, 75.2% (94) Medium financial literacy and 13.6% (17) have High financial literacy.

Financial Literacy Level of Investor

		Frequency	Percent
5	Low	14	11.2
	Medium	94	75.2
	High	17	13.6
	Total	125	100.0

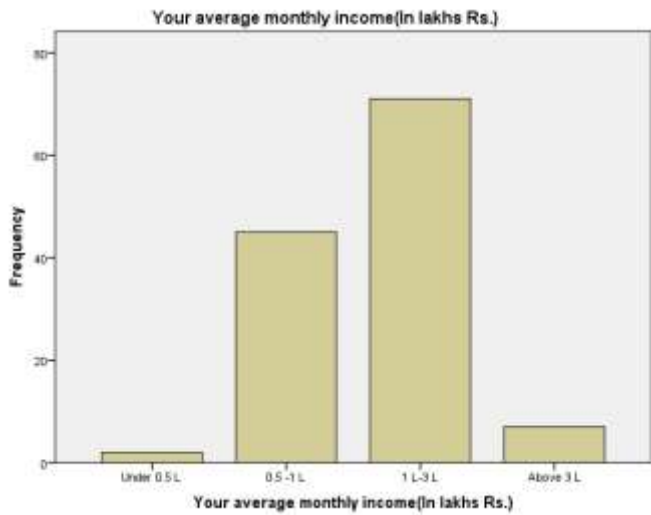


Monthly Family Income

Investors have been classified into four categories based on their monthly family income as 'Low' (below Rs50,000), 'Lower medium' (Rs. 50,000 – Rs.1,00,000), 'Medium' (Rs.1,00,000 – Rs.3,00,000), and 'High' (Rs.3,00,000 and above). Out of 125 sample investors, 1.6% (2) have Low monthly family income, 36% (45) Lower medium family income, 56.8% (71) Medium family income and 5.6% (7) have High family income.

average monthly income (In lakhs Rs.)

		Frequency	Percent
6	Under 0.5 L	2	1.6
	0.5 -1 L	45	36.0
	1 L-3 L	71	56.8
	Above 3 L	7	5.6
	Total	125	100.0

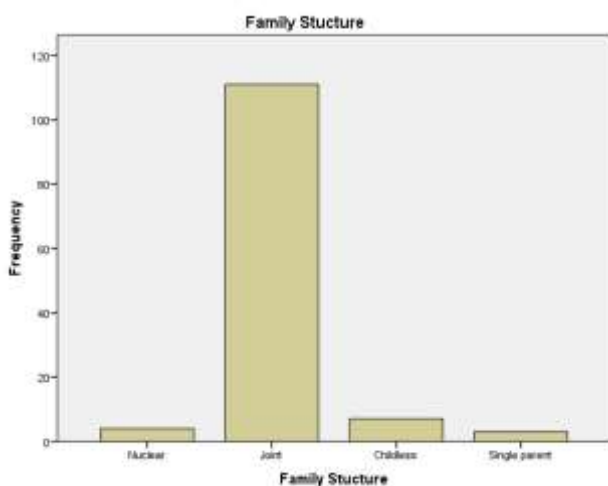


Family Structure

Investors have been classified into four categories based on Nuclear, Joint, Childless and single parent. Out of 125 sample investors, 3.2% (4) belong to Nuclear family, 88.8% (111) belong to Joint family, 5.6% (7) belong to childless family and 2.4% (3) belong to Single Parent.

Family Structure

		Frequency	Percent
7	Nuclear	4	3.2
	Joint	111	88.8
	Childless	7	5.6
	Single parent	3	2.4
	Total	125	100.0



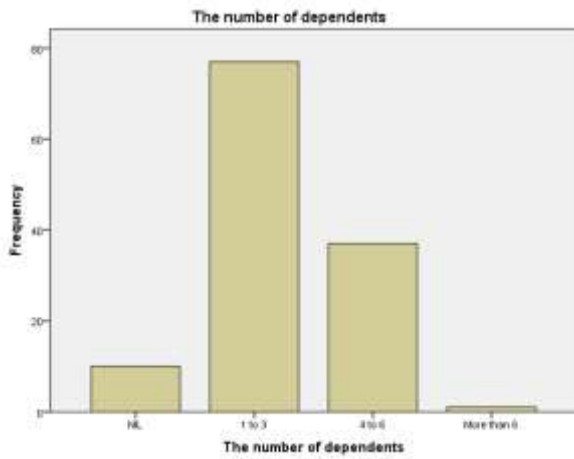
No. of dependents in the family

Investors have been classified into four categories based on the number of dependents in their family as Nil '1 to 3', '4 to 6', and above '6'. Out of 125 sample investors, 8% (10) investors have Nil member in their family, 61.6% (77) investors have 1 to 3

members in their family, 29.6% (37) investors have 4 to 6 members in their family and .8% (1) investors have above 6 members in their family.

The number of dependents

		Frequency	Percent
8	NIL	10	8.0
	1 to 3	77	61.6
	4 to 6	37	29.6
	More than 6	1	.8
	Total	125	100.0

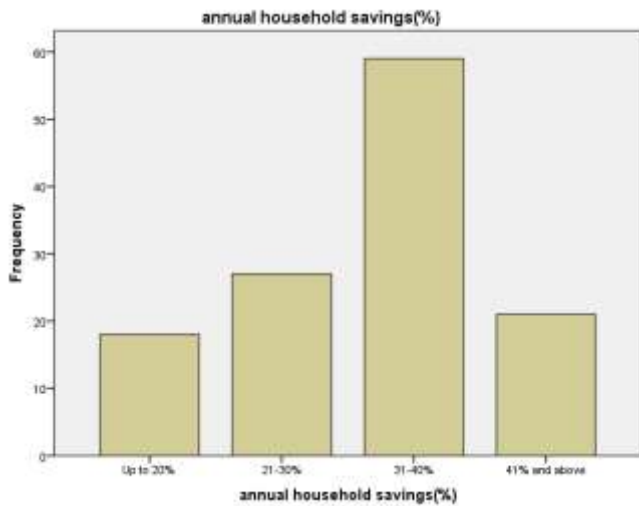


Annual Household savings

Investors have been classified into four categories based on their family savings as ‘Low’ (up to 20%), ‘Lower Medium’ (21-30%), ‘Medium’ (31-40%) and ‘High’ (Rs.41% and above). Out of 125 sample investors, 14.4% (18) have Low savings, 21.6% (27) Lower Medium family savings, 47.2% (59) Medium family savings and 16.8% (21) have High family income.

annual household savings(%)

		Frequency	Percent
9	Up to 20%	18	14.4
	21-30%	27	21.6
	31-40%	59	47.2
	41% and above	21	16.8
	Total	125	100.0

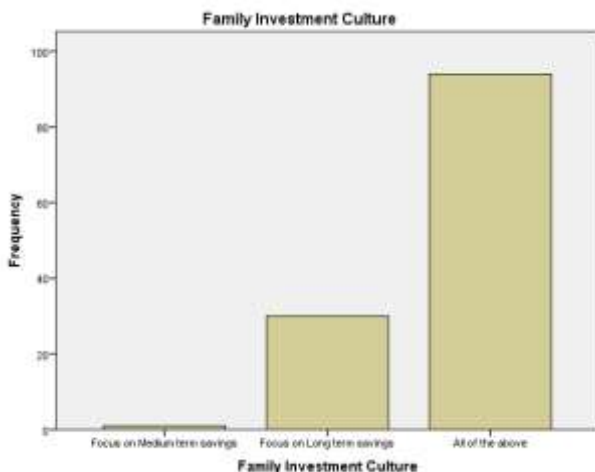


Family Investment Culture

Investors have been classified into three categories based on their period of savings as ‘Focus on Medium term savings’, ‘Focus on Long term savings’ and ‘Both’. Out of 125 sample investors 24% (30) are Long-term investors, .8% (1) are Medium term and 75.2% (94) are both long-term investors as well as medium term.

Family Investment Culture

		Frequency	Percent
10	Focus on Medium term savings	1	.8
	Focus on Long term savings	30	24.0
	All of the above	94	75.2
	Total	125	100.0

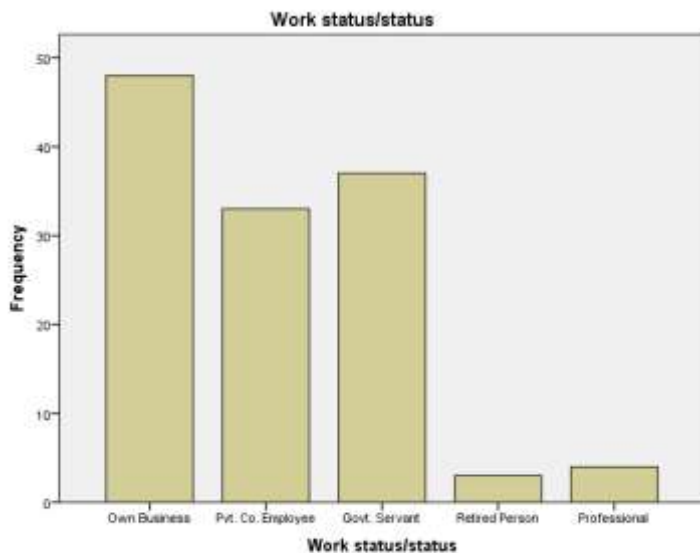


Work Status

Investors have been divided into five groups based on their occupation as ‘Govt. Servant’, ‘Professionals’, ‘Own Business’ ‘Retired Person’ and ‘Pvt. Co. Employee’. Out of 125 sample investors, 29.6% (37) belong to the govt. servant, 3.2% (4) belong to the Professional category, 38.4% (48) of the investors are Businessmen, 2.4% (3) of the investors are Retired Person and 26.4% (33) belong to the Pvt. Co. Employee.

Work status/status

		Frequency	Percent
11	Own Business	48	38.4
	Pvt. Co. Employee	33	26.4
	Govt. Servant	37	29.6
	Retired Person	3	2.4
	Professional	4	3.2
	Total	125	100.0

**TEST OF HYPOTHESIS**

Null Hypothesis: Individual investors behavior is not influenced by the Demographical factors. It is rejected.

FINDINGS

Dehradun town people are participating. Young people are investing more 22.4% (28) are of (26 – 35 years), 42.4% (53) are of (36 – 45 years) as they may take risk. 49.6% (62) are Male investors and 50.4% (63) are Female investors. Men and women are both investing equally in district Dehradun. Married and post-graduation level people participating more in this investment. Businessmen, small size family people with 1-3 dependents are participating more. Medium level income people and joint family structure family investors participating more. Long term investors and short term combine investment are more. People with medium financial literacy invest more than others.

SCOPE FOR FURTHER RESEARCH

The Present study is confined to Dehradun District only, there is scope for further research in other districts in Uttarakhand.

CONCLUSION

The participants are facing bitter experiences from the investment market due to the lack of awareness. The investor can make the share trading as a beneficial investment area. It is purely based upon the investor's awareness towards share trading. When the investor gets more and more accurate information on the right time, then he/she can enjoy the taste of success from the investment. The authorities should implement more training and awareness programmes for the investors.

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