

# Investment Attitude Of Indian Households In Moradabad District Of Uttar Pradesh

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**Abstract:** In the modern scenario, the level of competition to earn the livelihood has become a challenge for all and the bigger challenge than this is to invest the hard earned penny with the most diligent mind. To secure a sustainable future, the right investment attitude plays a pivotal role in everybody's life. The issue of investment becomes more crucial for the people who are daily wage earners or fixed salary earners and has no other source of income. Hence, the decision of investment plays a critical role on any Nations economy adjoined with investor's priorities and preferences. There are number of instances where the different households invest their money after a long thought process i.e. FD, Normal bank savings, Equities, Insurance, Home Loans, Real estate, or gold. The investors sees many things before investing his money i.e. accessible investment channels, nature and image of financial institutions, etc. The present research study will surely be helpful in understanding the knowledge, judgmental power and investment attitude of family members before investing their money in different avenues of investment. Hence, an analysis of household investment behavior has always been drawn as a pertinent attractive investment component in the Indian financial system. The present paper focuses attention towards the understanding criterions of different Households about various types of investment and also put light on the various level of Investment Attitude of Households in Moradabad District of Uttar Pradesh State in Indian subcontinent.

**Index Terms:** Investment, Attitude, Knowledge, Financial Institutions, Funds, Competition, Economic Activity

## 1. INTRODUCTION

In modern society, the money occupies an integral place in our lives. In order to cope up with the future challenges and probable uncertainties in a more ease way, it is advisable to all to invest their hard earned money in a judicious way. Investment may be defined as 'The expectation of increasing the value of present asset within a defined span of time adjoined with certain risks'. The different investors have different mindset about deciding their investment of monetary value in a particular domain. Every individual's first need and wish is to invest in a safe media having negligible risk. However, the decision varies from individual to individual and the level of their risk taking aptitude. Talking of Investment behavior directly relates to all those various investors activities considering the search, the evaluation, the acquire, the review of various avenues of investment present in the market to select the most appropriate product for oneself for investment wherein the investor puts his surplus financial resources to various instruments and media available in the competitive market. The Central Government headed by Mr. Narendra Modi showing disruptive, hard and consistent poaching on black money has come as an electric shock to the Indian investor who till then was using large cash in the informal and unstructured market to target high returns in no time. The Indian investor is taking time to get adapted with the changing paradigm. Policy change must quickly understand the world from the investor's perspective and instituted guidelines which really promote financialisation, abolish arbitration and compensate Indian investor's tax-paying money.

The Indian household is a sharp, smart investor; it is up to the government to give the confidence to move it from black to white. From real to financial. From cash to tax-paid.

## 2 LITERATURE REVIEW

### CASE STUDY TO UNDERSTAND THE NEED OF PRESENT RESEARCH

#### Case 1

Ms. X, age 45 who works as Head of Personnel Department for a IT company in Delhi, was the first among her relatives to move towards equity from fixed deposits on the on the advice of a financial planner. Ms. X is the flag bearer for the Indian household investor's growing popularity, and yet very few recognize her. The average Indian retail investor has been shown to secure yields on such a marketplace with marginal or no risk for several decades. The banks were state-owned and the insurance companies offer long-term returns a statutory guarantee. According to the World Bank's Global Findex Survey, The stock market looks the same as a spinning wheel for gamblers To which many families were not interested in joining, Yet banks and insurance did not have such a wide scale either—65% of Indians over most of the age of 15 seemed to have no bank accounts as late as 2011. Nevertheless, in the lack of state social security, Indians have benefited a great deal.

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S.No.	Proposer with Year	Proposed Theory or Model
1	Barber and Odean (2000)	The effect of 'rational thought' on shareholder choice in order to investigate the real investor experience.
2	Chalam (2003)	Many shareholders get their first portfolio option as in real estate, accompanied by mutual fund structures and then as in.
3	Kumar Rajesh and Arora R.S. (2013)	Stakeholders require proper investment understanding through television, the internet, newspapers and qualified newspapers to boost their true understanding.
4	Pati & Shome. (2011)	The protected option of bank deposit programs is favoured by families as opposed to unsecured forms of investment, despite high returns.
5	Puneet Bhushan (2014)	The degree of understanding and investing attitudes of salaried persons against financial instruments and indicated that participants are well aware of conventional and safe financial instruments while the level of understanding among many of the populous of new world order financial products is small.
6	Singh (2006)	Investment decisions reached by the majority of investors following the advice of professional and financial advisors.

After the liberalization of 1991, things got changed and so the mental stature of the households regarding investment also got certain shift of mind from conventional sources of investment to complex but more long benefits sources. The private sector was permitted to enter and sell mutual funds and insurance, interest rates were connected to the economy and significant Indian stock market restructuring was followed by a major controversy. The government's dependence on domestic deposits to cover its annual deficit, nevertheless, hindered a comprehensive reform of distorted competition laws and arbitration throughout types of investments and items. One still needs to start looking at both the banking and insurance laws to see such a occurring in a situation of financial intervention in a manual. According to data from the Reserve Bank of India (RBI), the proportion of equity had risen to 8 per cent of domestic financial assets in the financial year 2018 compared to 3 per cent in the financial year 2016. Like gold and real estate, the portion of bank deposits is dropping. During that same span, the proportion of currency and deposits in household financial assets dropped from 55% to 51%. According to Deepak khemani, after the Demonetization phase the people started moving towards mutual funds.

### Case 2

Mr. Z, age 41, a resident of Gurgaon (DELHI-NCR) and a founder of a startup xx.com, a content platform for mothers, finds Long Term Capital Gains on equity a dampener. According to him, Short term Investment Plans are good to perform. He said Long Term Capital Gains have also imposed costs on investors who are merely switching between two equity funds or between equity and debt. So with the above illustrations it was highly evident to propose some research in the field to have some very close connections between different investment attributes, patterns and different household attitude of them before investing their money in the

same

### PURPOSE

1. To understand the Investment attitude of Indian households in Moradabad District.
2. To analyze several Investment avenues present in the market.
3. To analyze various Environmental factors shadowing investment considerations.

### 3 RESEARCH MATERIALS AND METHODOLOGY

#### • Source of data

Majorly the data collection has been done through Primary sources but a bit of Secondary sources have also been used. Researchers gathered primary data over a discussion on selected respondents in view of the study's goals. Secondary data are collected from different sources published in professional journals, theses as well as some portals.

#### • Sampling Design

The data gathering from the whole district was not feasible due to the high number of households throughout the region. The sampling methodology was therefore used as a suitable model using the Convenience Sampling approach to identify sample respondents with due regard for the ability of the participants and the practicality of the investigator. The sample size of 100 shareholders from those in the Moradabad District was chosen for the present study research.

#### Scope

This research examines the behavior of investing of sample households in Moradabad District of Uttar Pradesh State in India. The present study also discusses the sensitivity of the investor of different aspects of investing.

#### DATA ANALYSIS AND INTERPRETATION

The collected data has been analyzed and interpreted accordingly on the basis of three broad profiles of the Household Investors i.e. Socio- economic Profile, Investment Attitude, and Influencing Factors of Investment

#### • Household investors ' socioeconomic profile

The key factors such as age, sex, education, jobs, monthly income, family income, family size were analyzed.

**Table 1.** Classification of the respondents on the basis of Gender

Gender	No. of respondents	Percentage
Male	71	71
Female	29	29
Total	100	100

Table 1 indicates the respondent's category based on their gender. Of the 100 respondents, 71 percent are male and the remaining 29 percent are female.

**Table 2. Classification of the respondents on the basis of Age**

Age	No. of respondents	Percentage
20-30	07	07
30-40	28	28
40-50	32	32
50-60	20	20
➤ 60	13	13
Total	100	100

Table 2 reveals respondents' classification based on age group. Of the 100 respondents, 07% belong to the 20-and30-year age bracket; 28% belong to the 30-and40-year age bracket; 32% are between 40 and 50 years old. Twenty percent of respondents are between 50 and 60 years of age; 13 percent are over 60 years of age. Most respondents are between 40 and 50 years of age.

**Table 3. Classification of the respondents on the basis of Marital Status**

Marital Status	No. of respondents	Percentage
Unmarried/ Widower/ Separated with no issues	16	16
Married	84	84
Total	100	100

Table 3 indicates the respondents' classification based on their marital status. Of the total respondents, only 16 percent were unmarried. 84% of the rest are married.

**Table 4. Classification of the respondents on the basis of Occupation**

Occupation	No. of respondents	Percentage
Salaried Employee (Government)	32	32
Pensioners	13	13
Salaried Employee (Private)	18	18
Business/ Entrepreneurs	35	35
Other Professionals	02	02
Total	100	100

Table 4 reveals the classification of respondents based on their profession, level of knowledge and preference with respect to different investment media. Out of 100 respondents, 32% are Government Employees. Pensioners make up 13 percent of the respondents. Just 18% of them are private workers. 35 percent of respondents are in industry, and only a smaller proportion of respondents are academics, i.e. 02 percent.

#### • Investment Attitude of Households

It includes the source of investment, regularity of investment, level of risk that investor can bear, etc shown by various samples during the present research study.

**Table 5. Classification of Sources of Income**

Source of Income	No. of respondents	Percentage
Savings	45	45
Other earning	38	38
Part of regular income	17	17
Total	100	100

Table 5 indicates the source of investment for the shareholder. It shows how the shareholder's financing receives money. Only 17% of respondents use their share of regular monthly income as a source of investment.

**Table 6. Classification of Investors on the basis of Regularity of Investment**

Type of Investor	No. of respondents	Percentage
Regular	58	58
Occasional	42	42
Total	100	100

Table 6 shows participants' identification on the basis of their daily attitude towards their investments. 58 percent of the 100 respondents were current investors. Occasional shareholders account for 42% of the respondents.

**Table 7. Investor type on the basis of level of risk that investor willing to bear**

Risk Type	No. of respondents	Percentage
Risk averters (Known risk)	55	55
Risk neutrals	28	28
Risk takers	17	17
Total	100	100

Table 7 indicates the classification of respondents based on their ability to tolerate up to three levels of risk. These were risk-averters, risk-neutrals and risk-takers of 55%, 28% and 17%, both of them.

**Table 8. Present Investments in various investment avenues**

Investment Type	No. of respondents	Percentage
Bank deposits	11	11
Insurance	55	55
Post Office Schemes	15	15
Shares	6	6
Mutual Fund	5	5
Bond/Debentures	5	5
Chits	3	3

Table 8 reveals investors' current investments in certain investment options. 11% Investment in bank deposits was made by respondents. 55% Investment in various insurance policies was made by the respondents. 15% Investment in various postal systems was made by the respondents. Just

6% of the total number of participants participated in shares. Five per cent of all participants allocated in mutual funds and the same per cent invested in debentures / bonds. Just 3% of the total number of Chits respondents invested.

#### • Variables persuading the Investment

It includes the Return potential, the safety, the tax benefit, the liquidity, etc.

**Table 9. Ranking of the Investment Factors**

Investment Type	Rank							Total
	1	2	3	4	5	6	7	
Return Potential	21	17	20	17	14	10	1	100
Safety	43	21	17	10	4	3	2	100
Tax Benefit	1	7	17	11	11	11	42	100
Liquidity	21	21	15	15	13	13	2	100
Convenience	3	12	12	20	19	18	16	100
Capital Appreciation	9	12	12	11	20	15	21	100
Hedge against inflation	2	10	7	16	19	30	16	100
Total	100	100	100	100	100	100	100	

Table 9 indicates the respondents' ranks for various factors affecting investment. In line with this, the different driving factors for investment are the return potential, capital appreciation, security, tax benefits, liquidity, hedge against inflation and convenience. Most respondents ranked first for safety, and hedges are the least preferred.

## 4 CONCLUSION

The investment attitude of Indian households in Moradabad District is analyzed through this present research study. The study clearly remarks that Households choose savings investments and don't like mutual funds and shares. Based on the findings, the author is putting forward recommendations for wise investment decisions towards any method on the marketplace. If the recommendations are made, the conduct of the investment will be improved. The Indian household as said earlier in the present work is a sharp and intelligent mind in case of investment of his hard earned money in different avenues and so he seeks all the factors related to security, safety, the return and most important the risk associated with the investment to be done by him. So the decision on the investment has to be taken by then with a great wise and justified mind as there is no such 'U' turn regarding recovery of the losses if wrong investment is purported once.

## 5 SUGGESTIONS

- After seeing the real time instances that a big number of investors are investing in insurance only, then there should be knowledge camps to raise awareness amongst domestic stakeholders of all investment options.
- Many shareholders have family members and friends as their wealth managers, and different financial organizations are encouraged to follow a specific marketing approach to raise awareness by themselves.

- In the present exploration of study, it was evident that still many respondents follow the conservative approach towards investment like FD and of course do not wish to invest in stocks though profitability is higher in the later investment avenue. So the level of awareness has to come up through the efforts of concerned authorities.
- The right and wise decision has to be taken with due understanding of investment objectives of the investors first and after great analysis of the various investment avenues, the appropriate investment should be done.
- Since the factor like Safety placed in first rank, the government will ensure that the invested money in multiple business opportunities is protected.
- Because socio-economic factors such as education and income affect investment relationships, the government and the investment institution involved should reorganize their programs or activities for different groups of people in education and income.

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