

CHAPTER- VII

SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

Investment decisions are affected by many factors which include psychological factors, economic factors, risk factors etc. The psychological factors mainly talks about the behavior and perception of the investors which ultimately impacts their investment pattern.

In this study the objective is to examine investor behaviour towards investment decisions in the state of Haryana. The researcher tries to investigate about the behavioral pattern in terms of taking investment decisions. In addition to this, the researcher captures the responses of investors to investigate the motivating factors and investing patterns in context to their investment decisions. The research also focuses on knowing the perception of the investors about their financial advisors.

Investment is a securing of a financial product or other item of value with an expectation of favorable future returns. Individual Stockholders have a lot of investment avenues to invest in the savings. Risk and returns from each of these investment avenues differ from each other and every individual are investing in the surplus money in the various investment avenues built on their risk taking attitude. “No pain no gain” is the ideal principle of investment management. In the fast moving world, the individuals’ can earn extra money, by investing in financial assets. Investors cannot avoid risk but they can reduce the risk by investing their money in diversified forms of investments so that, they can get enough profit. Individuals’

investment behaviour is not only affected by risk and return, it is also influenced by many other factors such as demographic profile, level of awareness and attitude toward investment. social factors and behavioural traits.

The present study on the “A Study of Investors Behavior towards Investment Decisions in the state of Haryana” is carried out with the following objectives:

1. To find out the impact of demographic, economic characteristics of the investors in investment decision.
2. To find out the motivating factors of investors in taking investment results.
3. To examine the investment design of the investors.
4. To identify the investors’ perception regarding their financial broker

7.2 Summary of Findings

In order to achieve the aim the research has applied both primary and secondary approach in collection of the data. The primary data was gathered from 530 investors in Haryana (six divisions -Gurugram, Ambala, Hisar, Faridabad, Karnal and Rohtak).The secondary data was used to support the analysis of primary data. The researcher has followed ontology paradigm in align with positivism approach. The researcher tries to examine the impact of demographic and economic characteristics of the investors in the investment decision. Descriptive research helps the researcher in presenting the demographic profile of the respondents. Therefore, the researcher used descriptive research design is considered appropriate for the present study. The study undertakes the population of investors in Haryana who regularly invest their money in stocks, deposits, mutual funds and in other financial portfolios.

The researcher framed the data analysis in four parts wherein the first part focuses on capturing the factors that motivate the investors in taking investment decisions. This part also covers the knowledge on demographic profile and frequency of investments among investors. The second part focuses on capturing the investment pattern of investors that included the investment portfolio, sectored stocks and their perception on making financial decisions. The third part talks about financial objectives, investment information and advantages entailed with financial investment. Lastly the fourth part aims to know the investors perception in regard to their financial advisors. The researcher ensured the consistency of the data by testing the validity and reliability of the study.

7.2.1 Findings on the impact of Demographic and Economic Characteristics of the Investors in their Investment Decision

While doing the analysis of the primary data, initially the demographic profile of the respondents was studied.

- The demographic profile includes age, gender, current marital status, educational qualification, employment and current annual income. The figures reflected that the data set contained superiority of male respondents who were either self-employed or were running their own business.
- The demographic profile like gender, age, domicile, marital status, education, occupation, family type and family size have significantly influence the investment behaviour.
- Most of the respondents were well educated that earned a fair income. Investor's equally value the short term as well as the long term investment horizons.

- For investing in the financial transactions the investors either borrow the money or use their savings.
- It was identified that majority of respondents i.e., nearly 40 percent live in the urban area followed by 34 percent of respondents in the rural area.
- It was found that maximum number of respondents' (34 per cent) income between Rs.2,00,001- Rs.4,00,000 followed by 27 per cent of respondents having income of above Rs. 6,00,000 per annum.
- It was noted that maximum number of respondents (32.60 per cent) had the savings potential of above Rs.3,00,000 per annum tracked by nearly 30 per cent of respondents who had the savings potential of less than Rs. 1,00,000 per annum.
- It was found that, irrespective of the gender, majority of the respondents (69 per cent) had awareness at average level and it was further found that, female respondents had high level of awareness than male respondents.
- Respondents belonging to 41 to 50 years were found to have higher level of awareness when it compared to all other age group with the high mean score of 2.37.
- The respondents who are diploma qualified had maximum level of awareness when compare to all other category of respondents with the mean score value of 2.44
- The respondents who were from urban area (54 per cent) had comparably good level of awareness than respondents from rural area. The respondents who belong to joint family system had more awareness on investment.

- Majority of respondents (52 per cent) in the yearly income of above Rs.6,00,000 have excellence awareness towards investment. Due to their high earning power, the respondents search for new avenues to invest their excess income. Hence those respondents who have higher level of income had excellent level of awareness.
- It was observed that 60 per cent of the respondents have awareness at excellent level belong to the category of respondents who have savings potential of above Rs.3,00,000 the respondents have high savings potentials were aware of more about investment avenues in investing their funds.
- Chi square test results reveals that there is a relationship between age, level of education, social status, nature of family, nature of organization, residential area, annual income, savings potential and preference of portfolio with level of awareness whereas gender and number of earning participants does not affect the level of awareness at five per cent level of significance.

7.2.2 Findings on Motivating Factors of Investors in Taking Investment Decisions

- With regard to the motivating factors, the researcher investigates the psychological, technology, risk, security, benefits and other factors in reference to their investment in the stock market.
- The risk bearing capacity of the income class investor is low so it affects the investor decision in great extent. So the income class doesn't want to invest in share market due to high risk feature, associated with it.

- The study makes to understand that the average level of investment behaviour was found among the respondents and the investment behaviour was found to be better at the time of investment than before investment and post investment.
- The study also observed that the safety was the foremost preferred aspect among the fixed income segment and investment for safety.
- Capital appreciation was foremost preferred aspect in long term investment and pride and contingency savings.
- Additional income was the most preferred aspect in liquidity investments.
- The factors namely gender and investment ratio in real estate does influence the investment behaviour.
- The pre-investment behaviour found to be significantly influencing factor of overall investment behaviour of the investors considered for the study.
- The factor capital appreciation influences more on the long term and savings. Even though huge number of investments is available towards savings accounts, insurance policies, gold and silver are found to be the most preferred investments.
- In this electronic era no doubt that the electronic media and internet plays a key role in providing reliable information to the investors.
- The analysis also shows that education on investment is necessary to the investors in Haryana.
- The findings indicate that the most important factor that impact investor's decision to undertake a financial investment is the amount of financial returns.

- However, these financial decisions are also affected by the amount of risk undertaken. This risk can be reduced by investing in a diversified portfolio of investments.
- With regard to the motivating factors, the researcher investigates the psychological, technology, risk, security, benefits and other factors in reference to their investment in the stock market. The findings indicate that the most important factor that impact investor's decision to undertake a financial investment is the amount of financial returns.
- Additionally, the age of the investor plays an important role in affecting the financial decision. Apart from this, the relative strength index and the stock market trends act as motivates the investors in undertaking financial decisions.
- However, these financial decisions are also affected by the amount of risk undertaken. This risk can be reduced by investing in a diversified portfolio of investments.
- Undertaking proper risk management activities can help the investors in living a safe and secured life. To facilitate the effective decision making process, the investors take suggestions from their peers and relatives.
- In addition to this, the investors take suggestions from their financial advisors and prefer to undertake the investments that have the maturity of more than 5 years.
- Further, the investments offer multiple benefits in the form of risk coverage, tax benefits and financial security.

- Lastly, the economic incentives in the form of bonus, dividends and financial performance act as motivating factors for the investors.
- This research has identified several factors in the selection process of security to invest in, Not necessarily that all the variables will influence the person in the same way and same extent.
- For majority of the respondent's parents and spouse were the mainly motivating factors to make investment with a mean score of 3.77 and 3.57. It clearly reveals that the family members are the main motivators for any person to save their earnings in a fruitful manner.
- The result of Garrett Ranking technique that 'safety of investment' had greater influence on investment decision, with the highest Garrett score of 62.81. 'Perception on investment' was ranked second with the Garret score value of 59.43, followed by 'tax benefits' with Garrett score value of 52.57.
- But motivational factors such as industry attractiveness, historical data, expected dividends, financial indicators, loss minimization, chances of capital gain, etc. has a great influence over the investment decision making.
- Tax benefit, return potential, liquidity, low cost and transparency are the major factors that motivate a retail investor to invest in mutual fund. Economies of scale are also a motivating factor to a certain extent.
- The income class investment decision is influenced by their relatives, friend and family members at a greater extent.

- Education for children and future uncertain needs is high priority goals of the income class.

7.2.3 Findings on the Investment Pattern of the Investors

- The findings indicate that the investors prefer to invest their money in the time deposit of the banks.
- They don't prefer to invest in equity stocks, mutual funds and future contracts. This is because equity stocks and mutual funds are considered to be riskier than the other instruments.
- The class prefers to make an investment annually rather than prompt investment.
- The mutual fund plan which is considered the best is equity plan followed by income plan, balanced plan and other sector specific or special plans.
- Equity based schemes are preferred over debt schemes
- These investors are associated with the primary market and have short tie horizons.
- The main objective of these respondents from Haryana is for buying house followed with education and marriage.
- Also the objective of investment is found to have positively relation with the age of the respondent.
- The respondents also seek advises of family, financial advisors, websites, newspapers/magazines, friends, co-workers or abridged prospectus.
- However at the end they prefer their own self technical analysis or the advice of financial advisor largely for the same.

- Bank deposits /post office deposits are first preferences and second desirable investment avenue due to less risk, satisfactory return and high availability of liquidity. It provides withdrawal facility whenever depositor required. It is most suitable for the income class.
- Share market is least preferable by the income class due to lack knowledge and misconception about share market.
- Real estate is a most desirable investment avenue among the class people due to high return within less time period and it also provides social security and status, but most of the investors of the group are not able to make an investment in it because of high demand for cash in hand at a time for making investment.
- It was interestingly noted that, majority of respondents had all sorts of financial assets except corporate fixed deposit, foreign exchange and commodity market where only nominal per cent of respondents had invested. It could be inferred that, the individuals were aware about the importance of investment and develop their investment habit.
- It was found that maximum number of respondents (46.90 per cent) had the investment experience of more than three years.
- It was further noted that majority of respondents i.e., 34 percent review their investment fortnightly followed by 32.60 per cent of respondents review their investment occasionally.
- It was identified interestingly that period of holding of investment by the respondents was spread more or less equally from one year to above three years.

- It was revealed in the study that majority of the people does not prefer to invest their money by using their personal borrowing and it further reveals that all the respondents of the study had a source of personal income for making their investment and majority of the people (57 percent) use their income of family members to make investment.
- It was surprising to note that 98 per cent of the respondents had investment to meet out unanticipated expenses followed by wealth creation.
- The information search behaviour of the respondents revealed that, majority of the respondents (89 percent) sort out the investment related queries through friends and relatives followed by members of the family. It further reveals that only 45.40 percent of the respondents sort out the investment related queries through financial advisors.
- The preference of portfolio reveals that, 38 percent of the respondents prefer having high earnings with moderate or balanced risk. It indicates that IT professional have awareness about the risk involved in investment avenues and prefer to reduce the risk involved in the various investment avenues through diversified portfolio.
- The cross tabulation analysis between socio-economic factors and preference of portfolio revealed that people who are younger in age i.e. 21-30 years prefer to invest in risk balanced scheme. This may due to their lack of experience. Among the IT enabled service organization majority of respondents i.e., 31 percent have a preference towards ‘high earnings with high risk’ portfolio.

- About 59 per cent of the respondents are those whose income falls between Rs.4,00,001 and Rs. 6,00,000 per annum prefer 'high risk and high return' portfolio. It further revealed that maximum number of respondents prefers to have 'risk balanced' portfolio to have a secure investment.
- Analysis of Variance test reveals that, the preference of portfolio was influenced by gender, age, level of education, social status, nature of family, nature of organization, residential area, annual income and savings potential. Number of earning members in the family does not have influence on the preference of portfolio.
- The variables of investment behaviour such as experience in investment, reviewing the investment, period of holding the investment, time taken for investment decision, purpose of investment and sources of information were significantly influencing the portfolio preference of the individual investors

7.2.4 Findings on the Investors' Perception regarding their Financial Advisor

- The last part of the study focuses on understanding that financial broker or advisor plays a very important role in the transactions regarding certain instruments like shares, mutual fund, commodity market, futures, and options. 26.5% people agree that their financial advisor can suggest that how to earn better returns than the market over the long term.
- But at the same time 25 % people also strongly disagree that with their financial advisor's appropriate amount of knowledge and effort, they can become billionaires through active portfolio churning and management.

- It means that they can get better returns than market with their advisor's knowledge and active management but that alone cannot make them billionaire.
- Factors which prevent investors from investing in mutual fund mainly is bitter past experience .Difficulty in selection of schemes is another preventing factor. For some investors lack of confidence in service being provided and inefficient investment advisers prevents them from investing and a few investors think that it is lack of knowledge that prevents them from investing in mutual fund.

7.3 Limitations of the Study

The present study entails few restrictions particularly in terms of time, area and limited size of the sample. The researcher faced problem in finding the investor's behavior pattern for the type of decisions they have made till now.

- The lack of availability of literature review for the study was one of the major limitations.
- There are very few studies done to understand the investor's behavior in financial marketplace in India, particularly taking special reference of any state of India.
- Most of the studies undertaken in India focused on understanding the saving behavior of individuals and less on investment and portfolio construction of investors.
- Due to tight work schedule of the respondents, getting exact information from them was a limitation.
- Respondents hesitate to disclose their true financial wealth information.

- Technical analysis was not covered while analyzing the financial investment avenues.
- Financial Investment avenues not mentioned in the selection of the investment avenues were not covered in the study.
- The sampling process and determination of sample size also served as an issue.
- The lack of official data to know how much investments are made by investors in India is a big limitation.
- During the survey the respondents were not ready to share their saving and investment decisions until properly explained about the objective of the study. The response bias is also one of the limitations entailed in the study.
- Sample size of the research was limited to 500 only. The sample size may not denote the entire market. •
- The study has not been conducted over an extended period of time considering both market ups and downs. The market state has a significant influence on the buying patterns and preferences of investors. The study cannot capture such situations.
- The scope of the study has been limited to certain important aspects of investors like information search, evaluation of capital market investments, preferences in investments and investment decision.

7.4 Scope for Future Research

The study of investor behaviour towards investment decisions plays an important role to mobilize savings and investment activities in the economy.

- Similar type of research can be done with a large sample size covering those areas where there is majorly investor's population.
- A census survey of investors can be done in other states of India and other developing countries in order to derive knowledge with respect to their income and investment patterns. Such knowledge can be helpful at the macro level for the financial system of the economy.
- It would be very interesting to conduct another study within the same area of research by including more cities into it. It will give more concrete result which will be applicable for the investor of other city also.
- Technical analysis of securities was excluded from the study which can be incorporated in further research.
- Comparison of different investment avenues can be the source of future research.
- A study may be conducted on the Impact of Behavioural Bias in Investment Decisions of Retail Investors.
- A study on Investment Behaviour among different Professions may be attempted.
- Influence of Macroeconomic Factors on the Investment Behaviour Investors could be studied.

7.5 Conclusion

The study concluded that the aim of the study to know the investment behavior pattern of investors is achieved. The analysis has been done to understand the

investment pattern of investors in the context of what factors motivate them to invest, the behavioral aspect is also covered in the study in terms of studying the sources on which investors rely before taking investment decisions and the study also end by studying investors perception about the financial advisors. Investors, prior to making investments, have to gather expenditure relevant info coming from online and also talk to friends, colleagues as well as purchase specialists before you make investments. The greater part of the investors would rather purchase savings account accompanied by Gold as well as the like, Fixed deposit account and Silver. The results of the analysis suggest that many of the investors favor bank account by-products accompanied by investment for yellow & bronze investment in the research region. By the forgoing studies, it's apparent that mutual fund investors are monetary conservatives. They're aware regarding the concept greater the chance, increased is going to be the go back and at the very same period they know that diversified portfolio will lessen the danger. And so the investors should think about purchasing a blend of systems to attain the certain objectives of theirs. There's a requirement for Indian Mutual Funds to emerge with revolutionary items which focus on the actually changing client demands. Diversified solutions are going to keep the existing momentum choosing the market at an competitive as well as economical fashion. The Asset Management Companies need to think about the changing perceptions, particularly chance notion of investors while introducing products that are brand new. This can assist the Mutual Funds to record the marketplace. Mutual fund businesses must come ahead with total support for the investors in terminology of advisory services, involvement of investor in profile layout, guarantee complete disclosure of relevant info to investor, good consultancy must be provided by mutual fund makers

to the investors in discerning conditions and terms of many mutual fund systems, this kind of sort of fund designing must be encouraged that will guarantee to gratify requirements of investors, mutual fund info must be posted in investor helpful outfit and dialect, good phone system to inform investors must be created by mutual fund companies to evaluate danger in investments made by them, etcetera. On another it's required as per the regulatory bodies point and authorities of perspective that even more regulations must be there to secure the money of investors being exploited, much more tax rebate must be provided on mutual fund purchase, effective and proper grievance process, right of investor education, and much more control on asset control businesses must be there. There are several recommendations for batter wasting for investors that they need to maintain the investment of theirs for time that is long bearing in mind the amount of danger entail as well as conserving design, they need to require assistance of individual monetary consultants' to get purchase profile to lessen risk for purchase, they shouldn't spend money on higher volatile money, they need to gather most potential info before purchase, periodical comment must be achieved for choice as well as chance evaluation must be done properly and regularly, keep good documents for every transaction. A reasonable and careful diversification of investment in mutual fund must additionally be there on investor's portion to balance the chance involved in investment. It's additionally recommended that investor must have a pattern of typical conserving to make many much more additional regularly through modifying industry situation because little cost savings will develop in larger capital base. Among the good ideas is the fact that to spend a fair aspect of investment in to fluid protection to ensure that to fulfill some contingency.

There is an urgent need for the adequate research on individual portfolio to gain the perception of current efficient of such market and its future direction. A development of conceptual model in investing and saving sector can help the investors in constructing their optimal financial portfolio. Thus, the future studies can construct such model that can be beneficial for investors in their future financial decisions.

7.6 Recommendations

On the basis conclusion of the study, the following recommendations have been made to improve the investment behaviour of individual investors.

Recommendations for individual investors

- At present there are so many special investment schemes are available for investment, so investor are suggested to diverse their portfolio towards profitable avenues.
- Investors should develop a habit of reading newspapers, magazines related to investments and other watching investment TV channels to make their investment as profitable one.
- Investors could avoid taking suggestions from commoners. It is recommended to approach professionals such as tax consultants, chartered accountants and financial advisors to get dual benefits of investment as well tax reduction.
- Recognition of bias in oneself is the first step to avoid behavioural bias in the process of investment decisions.

- Specific and quantitative goals eliminate investors' narrow view and enable to make informed change in order to meet a long term goal.
- Tracking or reviewing of investment would help them to have a good knowledge about the present asset holding.
- Irrational decisions are to be best avoided as they result in situation those mostly unfavourable and detrimental whereas decisions which are well thought out and backed by solid data from reliable sources are recommended.
- The educational institutions should educate the students about the importance of investment at the younger age itself.

Recommendations for Policy Framing

- The investment products to be designed in way that every individual is encouraged to invest for longer period for long term growth of the nation.
- Tax benefits on various investment avenues need to be increased, so that it will attract higher income group to invest more for long term.
- Majority of the respondents favoured traditional avenues in the study area. So it is a need to explain about the various emerging investment avenues by adopting proper strategy through professional bodies.
- Individual investors' level of awareness was found to be at average level. Hence it is suggested that the investors are to be educated about the emerging avenues by SEBI and RBI. Proper financial literacy would help the investors to invest more on new and emerging investment avenues.

- Bank, insurance and financial companies shall adopt proper marketing strategies to attract high income group, because they invest for the purpose of tax benefits.

The suggestions and recommendations would certainly ensure desirable improvement in the investment habit of individual investors and would make them to more profitable in investment decisions.