

**“A STUDY ON INFLUENCE OF DEMOGRAPHIC FACTORS ON THE
BEHAVIOR OF INDIVIDUAL INVESTORS WITH SPECIAL
REFERENCE TO INVESTMENT IN EQUITY”**

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ABSTRACT

The Indian capital market is providing more opportunities to both institutional and individual investors for parking their investment and getting optimum return. Equity market is one of the major segments in the Indian Capital market. In the recent years Participation of individual investors in the equity market is getting increased. Dividend, capital appreciation/gain, Rights issue, bonus etc are some of the benefits extended by the equity market to the investors. Return in the form of dividend or capital appreciation is always related with the risk. The demographic factors of the retail investors are also playing a predominant role in their investment preference towards equity. In this context it is imperative to study the influence of demographic factors on the behavior of individual investors with special reference to investment in equity

Key words: Equity investment, Demographic factors, Individual Investors, Chi-Square

Introduction

Formation of capital is playing a vital role in determining the economic growth of a country. Without the formation of capital production and service activities can't be carried out. The capital formation is equal to the sum of investment made by the financial institutions,

government agencies, Individual/retail (individual households) investors, industries, etc. If a country is focusing on capital formation it should provide a platform which should be conducive and productive in motivating investments from the institutions as well as individuals. In the developing economies the level of contribution towards investment in financial assets by the individual investors is at an increasing trend. Hence the higher level of participation of individual households in the financial markets of developing economies is witnessed. Financial markets are not only facilitating the institutions in deploying their funds but also motivation and welcoming the individual investors to contribute their savings in the market as a retail investment. There is a huge scope for retail investors in the financial markets of the developing economies. Financial markets are providing wide range of financial products meeting the different needs of the retail investors. The investment of individual is majorly depending upon the savings made by the individual out of the earnings of the individual. However savings of the individual is possible only by sacrificing or minimizing the consumption. The Economic development of any country is mainly based on the savings and investment habit of the individual households of the country. It is highly necessary to study the trend and pattern of investment made by the general public and government and private institutions for making the assessment with respect to the growth of any economy.

The expectation of any individual investor is to earn something more or additional from the actual money invested either in the physical assets or financial assets. Any investment made in the financial securities or instruments is the investment in the financial assets. Shares, Bank Fixed Deposits, debentures, long term and short term bonds, treasury bills issued by the government, various mutual funds, Unit linked insurance plans etc are some of the financial instruments.

Every economy should inculcate the habit of savings and investments in the minds of the individual households to generate fund for the purpose of any productive usage by the country. Household sector is acting as one of the major sources of finance for industries, banks, government and the economy as the whole. So it is highly essential to study the investment activity of individual household investors. In case of studying the investment activity of individual households' the investment behavior of the each individual household is an important factor to be studied.

After the implementation of New Economic Policy in India the Indian financial market is facing radical changes. Some of the radical changes in the Indian Financial Market are:

- a) Online trading
- b) Establishment of depositories
- c) New Hybrid and Innovative financial products
- d) Effective clearing house facility
- e) Online banking facility
- f) Automated lending and borrowing system for securities trading
- g) Increasing in the Participation of Foreign institutional investors
- h) Increasing in the Participation of Foreign individual investors inclusive of NRIs
- i) Increasing in the Participation of domestic institutional investors
- j) Increasing in the Participation of domestic individual investors
- k) Mergers and acquisitions
- l) Availability of venture capital, seed capital financing and bridge loans
- m) Micro credit and financial inclusion
- n) Establishment of Investor grievance redressal cell etc

Out of which one of the major changes in the Indian financial market is the shift from savings oriented market to investment oriented market. By taking a level of risk an individual investor can obtain an optimum return out the investment in the financial assets.

STATEMENT OF THE PROBLEM:

Investment Avenue is an important source among people who are interested in channelizing their savings. Since many number of channels are available for parking the surplus the investor are choosy in terms of the selection by comparing risk and return parameters. In this context it becomes imperative to study the underlying selective demographic factors which in turn lead to decision making for the selection of risky instrument..

OBJECTIVES OF THE STUDY:

The basic objective of this research is to study the investment culture among the Indian Investors. For this purpose, the following has been examined:

- To find the profile of the investors.
- To find the influence of Demographical factors on investor behaviour in equity participation.

HYPOTHESIS:

- H0: There is no association between the education and investors behaviour.
- H1: There is association between education and investors behaviour.
- H0: There is no association between the Gender and investors behaviour.
- H1: There is association between Gender and investors behaviour.
- H0: There is no association between the Age and investors behaviour.
- H1: There is association between Age and investors behaviour.

SCOPE OF THE STUDY:

The study is limited to

- Personal profile of investor,
- Investment pattern and level,
- Attitude toward investment.

STATISTICAL TOOLS AND ANALYSIS:

- Percentage Analysis
- Chi Square

LIMITATIONS OF THE STUDY

- ❖ This study has been limited by time and cost factors.
- ❖ Since analyzes has been made from the information given by the respondents, the accuracy of the findings are depended on the quality of the respondents.
- ❖ This sample refers only to a set of population i.e. a set of prospective investor.
- ❖ The sample size of 80 is only a small percentage of total investing public, therefore it is only a representation report based on the sample study.
- ❖ The sample is confirmed to Chennai city only.
- ❖ The answers provided by the respondents may not be genuine.

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Table 1 AGES OF THE RESPONDENTS:

AGE	FREQUENCY	PERCENTAGE
UP TO 30	14	17.5%
31-40	30	37.5%
41-50	28	35%
51-60	8	10%
Total	80	100%

ry little respondents. The implications so found are specific to that unit and any generalization may not be possible.

ANALYSIS AND INTERPRETION

PERCENTAGE ANALYSIS:

Source: primary Data

INFERENCE: From the table 1: it is inferred that 37.5% of the respondents are between the age group of 31-40, 35% of the respondents are between 41-50, 17.5% of the respondents are below 30 years of age, 10% of the respondents are between 51-60 years of age.

Table 2 GENDERS OF THE RESPONDENTS:

GENDER	FREQUENCY	PERCENTAGE
MALE	57	71.3%
FEMALE	23	28.8%
Total	80	100.0%

Source: Primary Data

INFERENCE: From the table 2 It is inferred that 71.3% of the respondents are Male and 28% of the respondents are Female.

TABLE 3 MARITAL SATUS OF THE RESPONDENT:

MARITAL STATUS	FREQUENCY	PERCENTAGE
MARRIED	69	86.3
UNMARRIED	11	13.8
Total	80	100.0

Source: Primary Data

INFERENCE: From the table 3 it is inferred that 86.3% of the respondents are Married and 13.8% of the respondents are Unmarried.

TABLE: 4: EDUCATIONAL QUALIFICATION OF THE RESPONDENTS:

EDUCATION	FREQUENCY	PERCENTAGE
Below graduation	7	8.8
Graduation	46	57.5
Post graduation	17	21.3
Professional degree	10	12.5
Total	80	100.0

Source= Primary Data

INFERENCE: From the table 4 : It is inferred that 57.5% of the respondents are Graduates 21.3% of the respondents are Post Graduates, 12.5% of the respondents are Professional Degree holders, 8.8% of the respondents are below Graduation.

TABLE:5 EMPLOYMENTS OF THE RESPONDENTS:

EMPLOYMENT	FREQUENCY	PERCENTAGE
GOVERNMENT	20	32.78%
PUBLIC SECTOR	11	18.03%
PRIVATE	30	49.18%
Total	61	100%

Source: Primary Data

INFERENCE: From the table:5 It is inferred that 37.5% of the respondents are working in private Sector, 25% of the respondents are working in Public sector and 13.8% of the Government employees. Respondents are

TABLE 6: PROFESSION OF THE RESPONDENTS:

PROFESSION	FREQUENCY	PERCENTAGE
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DOCTOR	1	5.9%
CHARTED ACCOUNTANT	3	17.6%
ENGINEER	5	29.4%
BUSINESS MAN/ INDUSTRIALIST	8	47.1%
Total	17	100.00%

Source: Primary Data

INFERENCE: From the table 6: It is inferred that 47.4% of the respondents are professionally a business man, 29.4% of the respondents are Engineer, 17.6% of the respondents are chartered accountant, and 5.9% of the respondents are doctors.

TABLE: 7 YEARS OF EXPERIENCE IN INVESTING IN SURPLUS:

YEARS OF EXPERIENCE IN SURPLUS	FREQUENCY	PERCENTAGE
Less than 3 years	18	22.5%
3 to 5 years	29	36.3%
6 to 10 years	5	6.3%
Above 10 years	28	35.0%
Total	80	100.0%

Source: primary Data

INFERENCE: From the table 7: It is inferred that 36.3% of the respondents have experience in investing in surplus between 3-5 years, 35% of the respondents are investing in surplus above 10 years, 22.5% of the respondents are investing in surplus below 3years, 6.3% of the respondents are investing in surplus between 6-10 years.

TENDENCY OF SAVINGS	FREQUENCY	PERCENTAGE

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MONTHLY	75	93.8%
QUARTERLY	5	6.3%
Total	80	100.0%

TABLE 8: TENDENCY OF SAVINGS:

Source: Primary Data

INFERENCE: From the table:8: It is inferred that 93.8% of the respondents are Saving Monthly, 6.3% of the respondents are Saving Quarterly in a year.

TABLE: 9 EXPERIENCE IN INVESTING IN EQUITY MARKET:

EXPERIENCE IN INVESTING IN EQUITY MARKET	FREQUENCY	PERCENTAGE
Less than 3 years	1	1.3
3 to 5 years	19	23.8
6 to 10 years	29	36.3
Above 10 years	31	38.8
Total	80	100.0

Source: Primary Data

INFERENCE: From the table 9: It is inferred that 38.8% of the respondents have experience in investing in equity market between above 10 years, 36.3% of the respondents are investing in equity market between 6-10 years, 23.8% of the respondents are investing in equity market between 3-5 years, 1.3% of the respondents are investing below 3years.

TABLE 10 CHI-SQUARE TESTS AGE WITH INVESTMENT BEHAVIOUR:

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	67.932 ^a	3	.000
Likelihood Ratio	62.667	3	.000
Linear-by-Linear Association	35.507	1	.000
N of Valid Cases	80		

Source: Primary Data

INFERENCE: from the table 10 it is inferred that the p value is 0.00 which is within 0.05 significant level, it is significant

TABLE 11 CHI-SQUARE TESTS SEX WITH INVESTMENT BEHAVIOUR:

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.748 ^a	1	.387
Continuity Correction ^b	.309	1	.578
Likelihood Ratio	.720	1	.396
Fisher's Exact Test			
Linear-by-Linear Association	.738	1	.390
N of Valid Cases ^b	80		

Source: Primary Data

INFERENCE: From the table 11 it is inferred that the value of p is greater than 0.05 of significant level and hence it is insignificant.

TABLE 12 CHI SQUARE EDUCATION WITH INVESTMENT BEHAVIOUR:

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.081 ^a	3	.011
Likelihood Ratio	10.647	3	.014
Linear-by-Linear Association	7.488	1	.006
N of Valid Cases	80		

Source: Primary Data

INFERENCE: From the table 12 it is inferred that the value of p value is within .05 of significant level, Hence it is significant.

CONCLUSION

From the study it is identified that there is association between education of the respondents and investment behaviour in terms of risk taking .Further it is identified that there is association between age of the respondents and risk taking behaviour. Last but not least the gender does not play a major role in equity investment decision.

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