IMPACT OF DEMOGRAPHIC FACTORS ON INVESTMENT PREFERENCE FOR SELECTED INVESTMENT AVENUES

Ms. Bhoomi Patel and Prof. (Dr.) Vasudev Modi

ABSTRACT

The primary aim of this study is to analyse how funding choice gets stricken by the demographics and perceptions of the investor. Investor's behavior is influenced by many factors on the time of investment selection making. Demographic profile and perceptions play an essential function to pick a particular choice of funding. This paper facilitates to beautify the expertise on different investment avenues like financial institution deposits, life coverage policies, mutual funds and equity which in turn can be highly useful to the economic advisors as it will assist them endorse their customers regarding those avenues with appreciate to their demographic profiles. The observe also highlights the evidences that the funding desire depends on and is tormented by the demographic The study also highlights the evidences that the investment choice depends on and is affected by the demographic variables and perceptions. Reliability check is also done for checking internal consistency for selected variables. For proving the objectives Friedman test has been performed for knowing preference of investor's for varied investment avenues which shows that highly preferred avenues are bank deposit, insurance, postal saving. Equity shares, gold, national service certificate & PPF whereas least preferred avenues are real estate, government schemes, debenture/bond and chit funds. A logistic regression result of this study proves that investors' age and marital status are significantly influencing the selection of investment avenues. Wealth Management professionals emphasizes that customer behavior and psychology play a vital role in successfully building and sustaining a wealth management relationship.

Keywords: Demographic factor, Investment preference, Investment Avenue, Investor's behaviour

I.   INTRODUCTION

According to Dr. Kevin "Investment is an activity that is engaged by people who have savings, i.e. investments are made from savings, or in other words, people

invest their savings. But all savers are not investors. Investment is an activity which is different from saving. It means many things to many persons."

According to Fisher, investment may be defined as "a commitment of funds made in the expectation of some positive rate of return". Expectation of return is an essential element of investment. Since the return is expected to be realized in future, there is a possibility that the return actually realized is lower than the return expected to be realized. This possibility of variation in the actual return is known as investment risk. Thus, every investment involves return and risk.

The layman meaning of investment may be learnt from the time when our mother used to argue with us and inform us to make investments time in studies. She would also inform us that if we sacrifice our time now in studies, we will get a fruitful go back tomorrow within the form of better marks and so on a higher career. Investment in phrases of finance method sacrifices of rupee today to earn a return of rupee tomorrow. This form of investment is exceptional within the feel that the two vital features, i.e. Time and danger are visible. A trade from these days to tomorrow have an effect on the time, the return on funding in this exchange turns into uncertain. This uncertainty might also persist in equity funding however not in funding in debentures or bonds. Here the go back is certain just like the distinction marks through funding in studies.

From financial viewpoint, there are two styles of investments namely, the real investment and monetary investment. The real funding is the funding in fix asset like land, building, machinery, manufacturing facility etc. For example: someone bought a house. A house is a actual asset. He might also use the house for his consumption, i.e. He may additionally dwell inside the residence. But if he resells the house, he will get the return as market fee of the residence. So the time period for which he had possessed the house or time period for which he had committed his funds inside the residence (by using buying it) became the term of investment in real asset in expectation of better go back. The financial funding is funding in assets which can be in 'paper' form or 'de-mat' shape. They are nothing however contracts to share the profits of the company. They may be fairness stocks or debentures.

The word "funding" can be described in lots of ways in keeping with distinctive theories and principles. It is a time period that can be used in some of contexts. However, the extraordinary meanings of "investment" are more alike than dissimilar. Generally, investment is the software of cash for earning greater

money. Investment also approach financial savings or savings made through not on time consumption. According to economics, funding is the utilization of assets so as to growth profits or manufacturing output inside the future.

An quantity deposited into a bank or machinery that is purchased in anticipation of earning earnings in the long run is both examples of investments. Although there is a trendy large definition to the time period investment, it contains slightly specific meanings to one of a kind business sectors.

Investments may be categorized as monetary investments or financial investments. Finance investment is putting cash into something with the expectation of advantage that upon thorough evaluation has a excessive degree of security for the principal quantity, as well as protection of return, inside an anticipated period of time. In evaluation putting cash into something with an expectation of advantage without thorough evaluation, without safety of principal, and without security of return is hypothesis or gambling. Investment is related to saving or deferring consumption. Investment is involved in many areas of the economy, such as business control and finance whether or not for households, firms, or governments.

II. LITERATURE REVIEW

Narayana (1976) examined styles of urban financial funding had been bank deposits, shares and securities. This paper aims to find the behaviour of man or woman traders of Coimbatore city vis-a-vis to be had investment avenues in the Indian economic markets. The major factors at the back of an investment are the protection of foremost amount, liquidity, earnings stability, and appreciation. Barber and Odean (2000) explored the effect of intuitive questioning on funding preference to study the experience of real investors. The ET Retail Equity Investor Survey (2004) in the secondary marketplace diagnosed exclusive categories of investors based on their traits and attitude closer to secondary marketplace investments. A have a look at by on 245 Kuala Lumpur Stock Exchange man or woman traders from Kula Lumpur and Petaling Jaya, monitor that there are some variations between active and passive traders in phrases of demographic and psychographics, funding traits as well as funding behavior.

Karthikeyan (2001) has conducted research on Small Investors Perception on Post office Saving Schemes and observed that there was considerable difference amongst the four age groups, within the stage of cognizance for kisan vikas patra

(KVP), National Savings Scheme (NSS), and deposit Scheme for Retired Employees (DSRE),and the Overall Score Confirmed that the extent of recognition amongst buyers in the vintage age group was higher than in the ones of young age institution. NO variations were determined amongst male and female traders except for NSS and KVP.

Manish Sitlani, Geeta Sharma &Bhoomi; Sitlani (2011) studied that there is no association among demographic variables and funding picks of occupants of economic services industry.

There is proof that Women are more risk averse than guys and it interprets to making an investment in much less risky belongings in their funding plans (Julie R. Agnew,either,2003).Differences in economic literacy between men and women may give an explanation for variations in their investment decisions. There is some research on character investors for e.G. Langer (1975) unearths that self-reported risk tolerance does the best task of explaining variations in both portfolio diversification and portfolio turnover across character traders.

National Council of Applied Economic Research (NCEA) (1961) 'Urban Saving survey' noticed that irrespective of occupation observed and educational stage and age attained, households in each group notion saving for the future become desirable. It changed into determined that desire to make provision for emergencies had been a very essential purpose for saving for antique age. Securities and Exchange Board of India (SEBI) and NCEAR (2000) 'Survey of Indian Investors' had been report that Safety and Liquidity were the primary concerns which determined the selection of an asset. In this paper we are trying to find out the Factors which influence individual funding decision, the distinction within the belief of Investors in the making an investment procedure on the idea of Age and the difference in perception of the Investors on the premise of Gender.

Manoj Kumar Dash (2010) studied Factors Influencing Investment Decision of Generations in India:An Econometric Study. The present study is an attempt to find out Factors which affects individual investment decision and Differences in the perception of Investors in the decision of investing on basis of Age and on the basis of Gender. The study concludes that investors' age and gender predominantly decides the risk taking capacity of investors. (Dash, 2010)

K. Parimalakanthi and Dr.M. Ashok Kumar (2015) did research on Investment Preference and behaviour of Individual Investors in Coimbatore City. This

study explored the relationship between psychological traits, demographics and financial behavioral biases for individual investors in Taiwan stock market. By using questionnaire survey method conducted in 2010, there are 554 valid convenient samples collected to examine the determinants of three types of behavioral biases. Based on literature review, two hypothesized models are constructed and further used to evaluate the effects of big five personality traits and demographic variables on investment biases through Structural Equation Model (SEM) analysis. The results showed that investment biases of individual investors are significantly related tofourpersonality traitsas well as some demographics. (Lin, 2011)

Aamir Sarwar and Ghadeer Afaf (2016) did a evaluation between mental and financial elements affecting individual investor's selection making behavior. The purpose of this examines turned into to understand and determine the difference among the effects of Psychological and Economic factors on man or woman investor's choice-making. To achieve this cause, questionnaire became used as an device to acquire primary records from the investors of stock exchange using handy sampling. Total numbers of responses collected were 254. Factor evaluation was applied to find out foremost contributing components of psychological and economic elements. Main additives of mental elements have been contributing 61.671% variance to it and additives of financial thing were contributing 56.697% variance to it. Findings display that there's substantial dating of psychological elements and economic factors with man or woman investor's decision-making. Regression evaluation indicates that psychological elements as compared to monetary factors have more effect on selection-making behavior. Results of t-test confirmed that there may be no widespread dating between the gender and funding choice-making. Results of one-manner ANOVA check showed massive relationship between monthly earnings level of traders and funding decision-making. (Afaf, 2016).

III.   RESEARCH METHODOLOGY

This study aims to explore the impact of demographic variables on investment decision making and to create regression line for prediction of investment behavior of investors. Moreover it is also examined that which investment avenues are preferred by investors for investment.

Descriptive research design and Non-Probability convenient sampling method has been adopted in this research. Primary data was collected through structured questionnaire and secondary data was collected from internet, reference book and websites.105 respondents from Bardoli were surveyed. Data analysis has been done by using SPSS software.

IV.   DATA AND EMPIRICAL RESULTS

A. Demographic profile and Investment status of investors in investment avenues:

Table 1 shows that 65 male and 40 female has responded for survey. Out of 105 respondents 65 are married and 40 are unmarried. Talking about educational background 10 are below HSC, 24 are from UG, 60 are from PG, 5 respondents did professional courses and 6 are PhD. Talking about occupation, 2.9% of respondents are in agriculture, 15.2% are government employees ,59% are 59% private employees, 13.3% are doing their own business and 5.7% are housewife. Out of 105 respondents 17.1% are under 25 years, 73.3% are between 26-50 years, 9.5% are between 51-75 years.

Table 2 indicates whether investors have invested money or not in given investment options.

It shows that 45.70% of investors have invested money in National saving Certificate. 48.60% of investors have invested money in PPF, 63.80% investors did investment in insurance. Investment in bank, equity shares, postal schemes and gold are 66.70%, 29.50%, 50.50% and 57.10% respectively. Very less investment found in debentures, chit funds and real estate and i.e.23.80%, 14.30% and 47% respectively. Investment in bank and insurance are higher than other investment options.

B. Reliability Check For Investment Decision:

Reliability of the five categories of factors affecting the investor decision was investigated with Cronbach's alpha to measure how strong the scale of internal Consistency is. As a general rule, a coefficient greater than or equal to 0.7 is considered acceptable and a good indication of construct reliability (Nunnally, 1978). (Table: 3)

Here Cronbach's Alpha is 0.768 which shows acceptable level of internal consistency for our scale with this specific sample.

C. Independent Sample T Test

H_0: There is no difference on basis of gender for investment decision depending on listed situations.

H_1: There is difference on basis of gender for investment decision depending on listed situations.

From table 4 it has been observed that p value of expectation of return and time horizon is less than 0.05 so null hypotheses is rejected. So it is concluded that there is difference on basis of gender for investment decision depending on listed situations while other situation like expectation of risk, lock in period, past performance, market trends and risk diversification is not influenced by gender while making investment decision.

D. ANOVA Test

H0: There is no mean difference among the various age groups for importance given to personal factors before taking investment decision.

H1: There is mean difference among the various age groups for importance given to personal factors before taking investment decision.

Table 5 shows that factors like responsibility, income, liquidity, attitude towards risk and taxation status are influenced by age and mean difference between the groups are differ and for age and health there is no mean difference as p value is more than 0.05.

E. Friedman Test

H_0: There is no difference in mean rank of investor's preference among selected investment avenues.

H_1: There is difference in mean rank of investor's preference among selected investment avenues.

The Friedman check compares the suggest ranks between the related businesses and shows how the agencies differed. From the above table it's miles concluded that there has been a statistically sizeable distinction in mean rank among selected investment avenues as p price is 0.000 which is much less than 0.05 so we reject null hypothesis. Table 5 indicates that highly preferred avenues are bank deposit, insurance, postal saving. Equity shares, gold, national service certificate & PPF whereas least preferred avenues are real estate, government schemes, debenture/bond and chit funds.

F. Logistic Regression:
Block 0: Beginning Block
<Table 8 and Table: 9>
Block 1: Method = Enter
<Table: 10>

The omnibus Tests of Model Co-efficient table gives the result of the Likelihood Ratio (LR) test which indicates whether the inclusion of this block of variables contributes significantly to model fit. A p-value (sig) , 0.003 is less than 0.05 for block means that the block 1 model is a significant improvement to the block 0 model. And says that this model is statistically significant.

<Table: 11 and Table: 12>

Table 6 and table 10 shows that the correct classification rate has increased from 56.2 % to 68.6%.

<Table: 13>

The co-efficient for the model are contained in the column headed B. A negative value means negative effect on variable. (A, 2009):

Investment in Mutual fund : (Predictive analysing)

$\log(p/1\text{-}p) = 0.327 + 1.219 \text{ (Marital Status)} - 1.322 \text{ (Age(1))} - 0.792 \text{ (Age (2))}$

V.   FINDINGS & CONCLUSION:

Research indicated that highly preferred avenues are bank deposit, insurance, postal saving. Equity shares, gold, national service certificate & PPF whereas least preferred avenues are real estate, government schemes, debenture/bond and chit funds.Study also proved that there is difference on basis of gender for investment decision depending on listed situations while other situation like expectation of risk, lock in period, past performance, market trends and risk diversification is not influenced by gender while making investment decision. It is also proved that factors like responsibility, income, liquidity, attitude towards risk and taxation status are considered by investor's different age group. It is also concluded that age and marital status is having impact on future mutual fund investment decision derived from binary logistic analysis. This study is helpful to financial planner and financial institution for making their strategy.

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List of Tables

Table 1: Demographic profile of Respondents

Gender	Fre.	% age	Marital status	Fre.	% age
Male	65	61.9	Married	65	61.9
Female	40	38.1	Unmarried	40	38.1
Total	**105**	**100.0**	**Total**	**105**	**100.0**
Education	**Fre.**	**% age**	**Occupation**	**Fre.**	**% age**
Below HSC	10	9.5	Agriculture	3	2.9
UG	24	22.9	Govt. Employee	16	15.2
PG	60	57.1	Private employee	62	59.0
Professional	5	4.8	Business & profession	14	13.3
PhD	6	5.7	House Wife	6	5.7
Total	**105**	**100.0**	**Retired**	**4**	**3.8**
Age (Years)	**Fre.**	**% age**			
0-25	18	17.1			
26-50	77	73.3			
51-75	10	9.5			
Total	105	100.0			

Table 2: Investment status

Investment avenues	Yes	No	Investment avenues	Yes	No
NSC	45.70%	54.30%	Postal services	50.50%	49.50%
PPF	48.60%	51.40%	Gold	57.10%	42.90%
Insurance	63.80%	36.20%	Debenture	23.80%	76.20%
Mutual fund	56.20%	43.80%	Chit fund	14.30%	85.70%
Bank	66.70%	33.30%	Real Estate	47%	53%
Equity shares	29.50%	70.50%			

Table 3: Reliability Statistics

Cronbach's Alpha	N of Items
0.768	8

Table 4: Independent sample T test

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
									Lower	Upper	
Existence of risk in avenue	Equal variances assumed	.336	.563	-.219	103	.827	-.077	.351	-.773	.619
	Equal variances not assumed			-.222	85.85	.825	-.077	.347	-.766	.612
Expectation of return	Equal variances assumed	2.370	.127	2.259	103	.026	.556	.246	.068	1.044
	Equal variances not assumed			2.162	71.31	.034	.556	.257	.043	1.068
Lock in period	Equal variances assumed	.077	.783	1.370	103	.174	.308	.225	-.138	.753

	Equal variances not assumed			1.361	80.917	.177	.308	.226	-.142	.758
Time horizon	Equal variances assumed	.905	.344	2.669	103	.009	.521	.195	.134	.908
	Equal variances not assumed			2.615	77.31	.011	.521	.199	.124	.918
Past performance	Equal variances assumed	4.996	.028	1.754	103	.082	.383	.218	-.050	.815
	Equal variances not assumed			1.684	72.23	.096	.383	.227	-.070	.836
Market trends	Equal variances assumed	3.022	.085	-.123	103	.902	-.025	.203	-.427	.377
	Equal variances not assumed			-.114	63.30	.910	-.025	.220	-.464	.414
Risk Diversification	Equal variances assumed	.558	.457	-.354	103	.724	-.083	.233	-.545	.380
	Equal variances not assumed			-.342	73.09	.734	-.083	.242	-.565	.400

Table 5: ANOVA

		SS	Df	Mean Square	F	Sig	Remark H0
Age	Between Groups	1.87	2	.936	.766	.468	Accept
	Within Groups	124.75	102	1.223			
	Total	126.62	104				
Health	Between Groups	1.84	2	.921	.936	.396	Accept
	Within Groups	100.40	102	.984			

	Total	102.24	104				
Responsi bilities	Between Groups	11.10	2	5.554	5.69 3	.005	Reject
	Within Groups	99.52	102	.976			
	Total	110.62	104				
Income	Between Groups	11.28	2	5.644	6.04 4	.003	Reject
	Within Groups	95.24	102	.934			
	Total	106.53	104				
Liquidity (Easily converted into cash)	Between Groups	7.64	2	3.823	4.27 5	.016	Reject
	Within Groups	91.21	102	.894			
	Total	98.85	104				
Attitude towards risk	Between Groups	11.80	2	5.901	5.36 2	.006	Reject
	Within Groups	112.26	102	1.101			
	Total	124.07	104				
Taxation status	Between Groups	14.27	2	7.136	6.70 0	.002	Reject
	Within Groups	108.61	102	1.065			
	Total	122.94	104				

Table 6 -Ranks

	Mean Rank		Mean Rank
NSC	5.74	Postal saving schemes	5.50
PPF	4.90	Gold/Jewellery	5.33
Mutual Fund	6.95	Debenture/Bond	8.67
Insurance schemes	3.71	Chit funds	10.94
Bank Deposites	3.70	Real Estate	7.90
Equity shares	4.90	Government schemes	9.76

Table 7-Test Statistics

N	105
Chi-Square	493.096
df	11
Asymp. Sig.	.000
a. Friedman Test	

Table 8- Classification Table[a,b]

Step 0	Observed		Predicted		
			Mutualfund_Invest ment		Percentage Correct
			No	Yes	
	Mutualfund_I nvestment	No	0	46	.0
		Yes	0	59	100.0
	Overall Percentage				56.2
a. Constant is included in the model.					
b. The cut value is .500					

Table 9- Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Const ant	.249	.197	1.601	1	.206	1.283

Table 10- Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	13.865	3	.003
	Block	13.865	3	.003
	Model	13.865	3	.003

Table 11- Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	130.082[a]	.124	.166
a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.			

Table 12- Classification Table[a]

Step 1	Observed		Predicted		
			Mutualfund_Invest ment		Percentage Correct
			No	Yes	
	Mutualfund_ Investment	No	26	20	56.5
		Yes	13	46	78.0
	Overall Percentage				68.6
a. The cut value is .500					

Table 13- Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp (B)
Step 1[a]	Maritalstatus (1)	1.219	.455	7.165	1	.007	3.384
	Age			1.824	2	.402	
	Age(1)	-1.32	.991	1.779	1	.182	.266
	Age(2)	-.792	.844	.882	1	.348	.453
	Constant	.327	.891	.135	1	.714	1.387
a. Variable(s) entered on step 1: Marital status, Age.							

ABOUT AUTHOR

Ms. Bhoomi Patel is lecturer at MBA department of Uka Tarsadia University. She has published research papers in national and international journal. She has delivered session on soft skills, entrepreneurships and career counseling. Her area of interest is finance, banking and business management. She has coordinated many curricular and co-curricular activities at institute and university level.

Dr. Vashudev Modi is working as Assistant Professor, Department of College , Bhavnagar. Dr. Vasudev modi has also worked as assistant professor at B.K.School of management, Ahmedabad.He Fetched a Grant of Rs. 6 Lacs under Entrepreneurship Development Cell (EDC) from University Grants Commission for organizing workshops/seminars and co-curriculum activities for the development of the students as well as for faculty members. Dr.Vasudev Modi published and presented research papers in reputed journals. He won first prize in paper presentation in the Indian Marketing Summit 2011, BIMTECH, and Greater Noida for best paper. Dr.Vasudev Modi published books with many publishers. Sir has also worked as member of syllabus design committee of many universities.