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Mapping Investment Choices: A Descriptive Study of Investor Behavior in Haryana

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Abstract
The primary aim of this study is to investigate the investment behavior of middle-income class investors in Haryana state. This research theme was chosen based on the recognition that the middle class in our country has garnered increased attention from policymakers, economists, and market researchers, as there remains significant untapped potential within this income segment of the population. The study seeks to address several key questions concerning the investment behavior and patterns of the middle-income class in Haryana, including their diverse investment goals and any observed changes in their savings habits and the underlying reasons for such changes. It is acknowledged that not only income level but also the age group of investors, particularly the head of the household, plays a crucial role in determining investment preferences. Therefore, this research endeavors to explore differences in investment patterns across various age groups and income brackets within the middle-income class of Haryana state.
KEYWORDS: *Investors, Investment pattern, Middle income class, Haryana, Behaviour, Risk*

I. INTRODUCTION

The Indian financial industry stands as a formidable force within global markets. While industry experts may cite various factors contributing to its reputation, one undeniable cornerstone is the effective governance and oversight provided by the Reserve Bank of India (RBI). The financial landscape in India has thrived amidst robust competition, thanks to the presence of independent regulators overseeing banking, insurance, mortgage, and capital markets. The Ministry of Finance holds a pivotal role in regulating the financial sector, annually presenting the budget on February 28th. The RBI, serving as the apex institution in banking oversight, wields its monetary policy as a significant tool within India's financial markets. Other regulatory bodies include SEBI for the capital market, IRDA for insurance, AMFI for mutual funds, and FIPB for foreign investments. Efforts are underway, such as the establishment of a real estate regulatory body, indicating a continuous drive towards enhancing governance. While gold investments lack a dedicated regulatory authority, the government oversees various financial instruments like government securities, PPF, NSC, and post office savings. Investments in India are typically categorized based on risk, spanning low-risk avenues like savings accounts and fixed deposits to high-risk options like equity markets and forex. Traditional investment avenues include real estate, gold, and chit funds, while emerging options encompass virtual real estate, hedge funds, and art investments. Through a diverse array of investment avenues and diligent regulatory oversight, India's financial industry continues to foster growth and stability.

II. OBJECTIVE OF THE STUDY

1. To identify the objective of savings of an investor
2. To identify the reasons for investment
3. To identify the factors considered while doing investment
4. To understand in depth about different investment avenues available in India

III. LITERATURE REVIEW

Kahneman and Tversky (1979) revealed in their seminal work, "Prospect Theory - An Analysis of Decision under Risk," that people make decisions based on the perceived value of losses and gains rather than the final outcome. They evaluate these losses and gains using cognitive shortcuts, known as heuristics.

Phillip (1995) documented shifts in financial decision-making and investor preferences resulting from participation in investor education programs sponsored by various entities. In countries like India, initiatives such as those by SEBI aimed at enhancing investor awareness have started yielding benefits, fostering informed investing and value-based investment approaches among retail investors.

Nasir and Khalid (2004) concluded that savings behavior in Pakistan exhibits a positive response to GDP growth and government expenditure, while remaining relatively insensitive to loan rates.

Ippolito (1992) and Bogle (1992) noted that investors' fund selection is influenced by the past performance of funds, with money flowing into winning funds more rapidly than out of losing ones.

Gupta (1970) examined the determinants of savings using annual time series data from India. He found that the permanent income theory aligns better with saving behavior in urban areas, whereas rural saving behavior correlates more with total income speculation. He also observed that the propensity to save increases with income, particularly at lower levels of development.

Shanmugasundaram and Balakrishnan (2011) conducted research to analyze the factors influencing investor behavior in the capital market, concluding that demographic factors significantly impact investors' investment decisions.

Horvarth and Zuckerman (1993) proposed that an individual's risk tolerance level is influenced by their demographic, environmental, and financial characteristics, along with psychological factors.

MurithiSuriya, Narayanan, and Arivazhagan (2012) found that female investors dominate the investment market in India. Their study revealed that most investors consult multiple sources of information before making investment decisions and often discuss these decisions with family and friends.

Rajarajan V categorized investors based on demographics and investment size, noting a decrease in the proportion of financial investments at higher stages of the investor life cycle. Lifestyle-based characteristics of investors were also identified.

Wallach and Kogan were among the first to explore the relationship between risk tolerance and age group. Cohn, Lewellen et al. found a positive correlation between risky asset allocation and income and age, and a negative correlation with marital status. Morin and Suarez observed an increase in risk aversion with age, although households appear to become less risk averse as their wealth increases. YOO discovered varying patterns of change in risk asset allocation, with individuals increasing their exposure to risk assets throughout their working lives and decreasing it at retirement.

Lewellen et al., while identifying systematic patterns of individual investment behavior, found age and expressed risk-taking tendencies to be inversely related, particularly after age 55.

Studies on individual investors in India have mainly focused on share ownership, with few exceptions. The RBI's survey on ownership and L.C. Gupta's investigation into the ownership pattern of industrial shares are notable examples. NCAER's studies have highlighted common savings patterns and financial investment segments among rural households, while the Indian Shareowners Survey has provided comprehensive insights into shareowners' characteristics.

IV. DATA ANALYSIS

Table 1: Objective For Saving

RANK	PARAMETER	VOTES	WEIGHTS
1	CHILDREN'S EDUCATION	71	29
2	HEALTHCARE	57	23
3	RETIREMENT	47	19
4	HOME PURCHASE	38	15
5	CHILDREN'S MARRIAGE	30	12
6	OTHERS	5	2
	TOTAL	**248**	**100**

The analysis provided outlines the prioritization of financial goals among a certain demographic, likely individuals or families planning for their future. Children's education emerges as the top-ranked parameter, with 29% of the total weightage, indicating a strong emphasis on investing in the academic advancement of their children. Following closely is healthcare, garnering 23% of the weightage, suggesting a significant concern for ensuring access to quality medical services. Retirement planning ranks third, with 19% of the weightage, highlighting the importance of securing financial stability during post-employment years. Home purchase comes fourth in priority, with 15% of the weightage, indicating a desire for homeownership and long-term asset accumulation. Children's marriage follows with 12% of the weightage, signaling a commitment to providing financial support for significant life events of their offspring. The remaining 2% allocated to other financial goals underscores the diversity of individual priorities within this demographic. Overall, this analysis underscores the overarching goals of providing for children's future, ensuring healthcare security, planning for retirement, and investing in homeownership among the surveyed group.

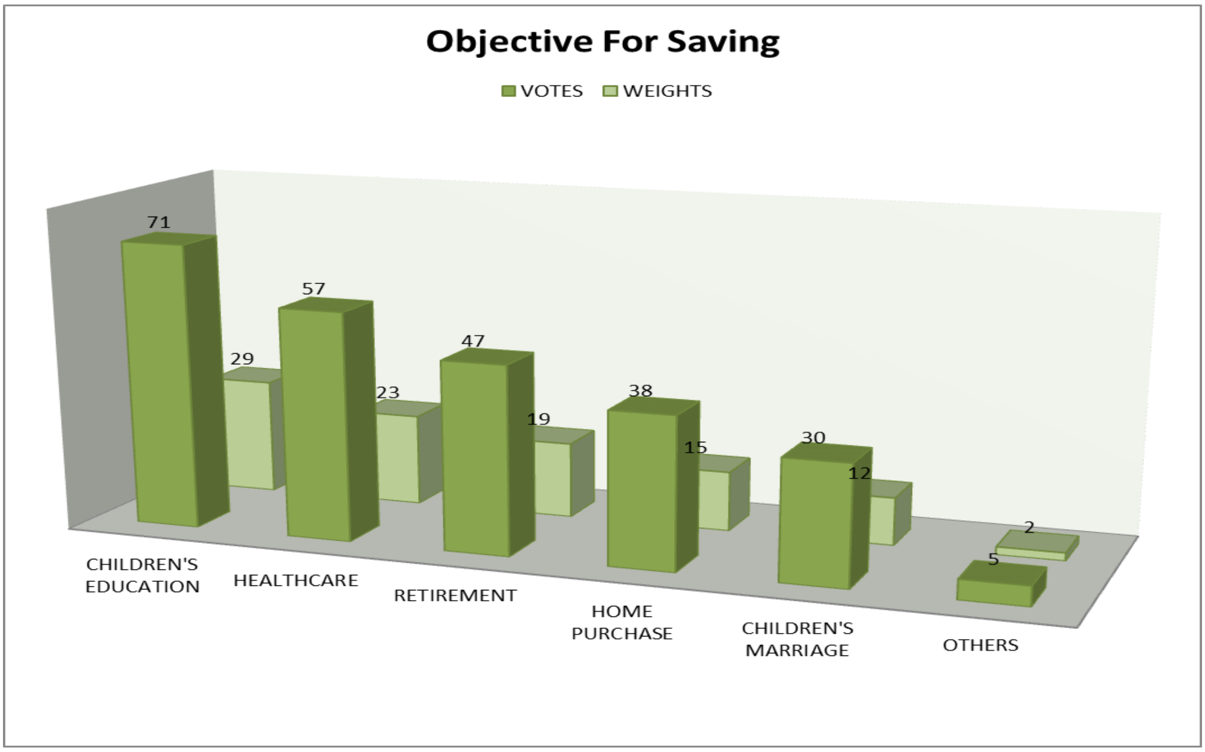

Figure 1: Graphical Representation of the savings objectives of the sample investors

Above graph shows the savings objectives of the sample investors, investors are given choice to select one or more savings objectives, as there having a chances of one or more answers, weights are given for each variables based on the votes given by the investors, the highest weightage denotes numerous investors have that as their main objective. Based on the weights, ranks have been given in the order of highest weightage given by investors. Children's education stood number one position, many investors believing in investing money for the future of their children' education is the key objective where investor would like to save their money. Numerous of the investors are in the age group of 20 to 30 and 30 to 40 as of now they are thinking of saving for their children's marriage. So children's marriage stood at last position in saving objective as per investors' perceptive. After children's education investors are believing to save their money in health care. Indians are always believed in saving some amount of money in their healthcare as medical sector in India is very expensive. Retirement and home purchase are given subsequent ranks after health care.

Table 2 : Factors Considered Before Investment

RANK	PARAMETER	VOTES	WEIGHTS
1	SAFETY OF PRINCIPLE	60	43
2	LOW RISK	35	25
3	HIGH RETURNS	27	19
4	MATURITY PERIOD	16	11
	TOTAL	**138**	**100**

The analysis provided presents a breakdown of parameters ranked according to their importance in a certain context, likely related to investment or financial decision-making. Safety of principal emerges as the most significant parameter, garnering 43% of the total weightage, which suggests that the security and preservation of invested capital are paramount considerations. Following closely is low risk, with 25% of the weightage, indicating a preference for investments with minimal risk exposure. High returns, although desirable, are ranked third with a weightage of 19%, suggesting that while investors seek profitability, they are not willing to compromise on safety and low risk. The maturity period ranks fourth in importance, with 11% of the weightage, indicating that while investors consider the timeframe for returns, it is not as critical as safety and risk factors. This analysis underscores the prioritization of capital preservation and risk mitigation over high returns and short-term maturity periods in investment decision-making.

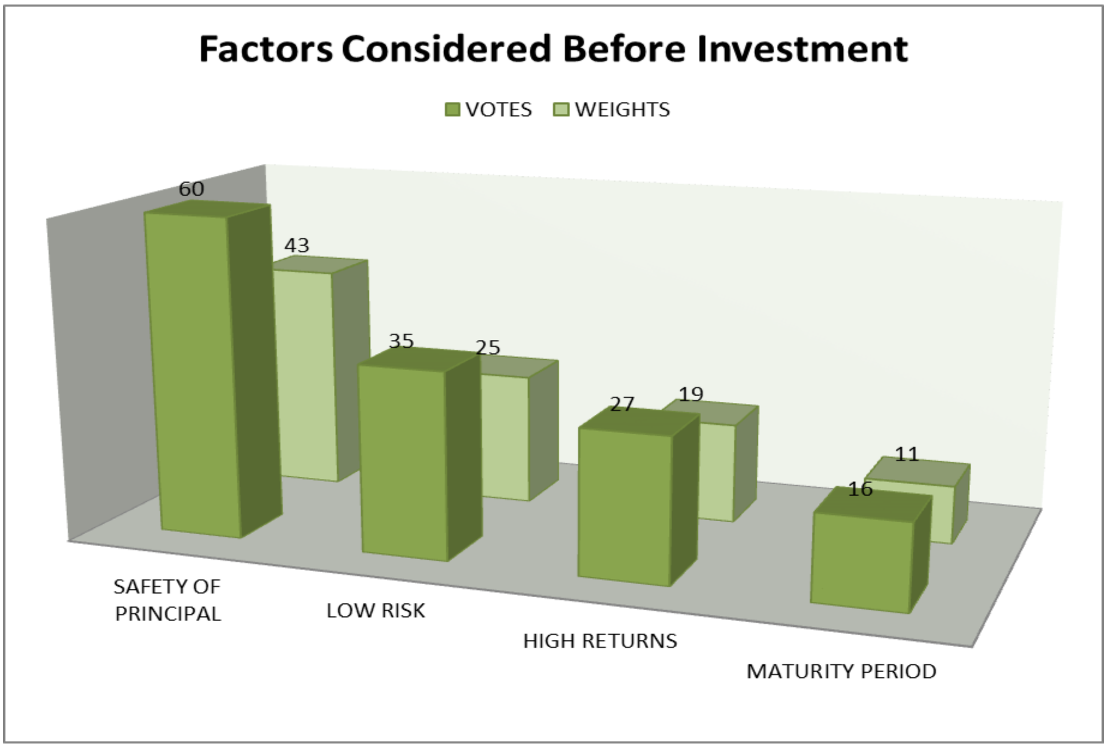

Figure 2: Graphical Representation of factors considering before investment

When the investors are asked about the factors considering before investment many of them have voted for safety of principal and low risk. First rank is given to safety of principal and 2nd to low risk. Here there are some contradicting results, some investors expect high returns at a very low risk, and this is not possible in practical Indian investment avenues. Investment believes in a proved principle, "higher the risk higher the returns, lower the risk lower the returns". Investors need to know about this principle before investing.

Table 3 : Reason For Investment

RANK	PARAMETER	VOTES	WEIGHTS
1	EARN RETURNS	45	27
2	FUTURE EXPENDITURE	44	26
3	TAX SAVING	43	25
4	WEALTH CREATION	37	22
	TOTAL	**169**	**100**

The analysis presented outlines the prioritization of financial objectives, likely among investors or individuals managing their finances. Earning returns ranks highest in importance, with 27% of the total weightage, indicating a primary focus on generating profits or income from investments. Future expenditure closely follows, with 26% of the weightage, suggesting a significant consideration for planning and allocating funds for upcoming expenses or financial commitments. Tax saving emerges as the third-ranked parameter, garnering 25% of the weightage, highlighting a strong emphasis on optimizing tax efficiency and minimizing tax liabilities. Wealth creation is ranked fourth, with 22% of the weightage, underscoring the desire to accumulate assets and build long-term financial stability. This analysis underscores the balance between short-term gains through returns and long-term financial planning, including tax optimization and wealth accumulation, reflecting a comprehensive approach to financial management.

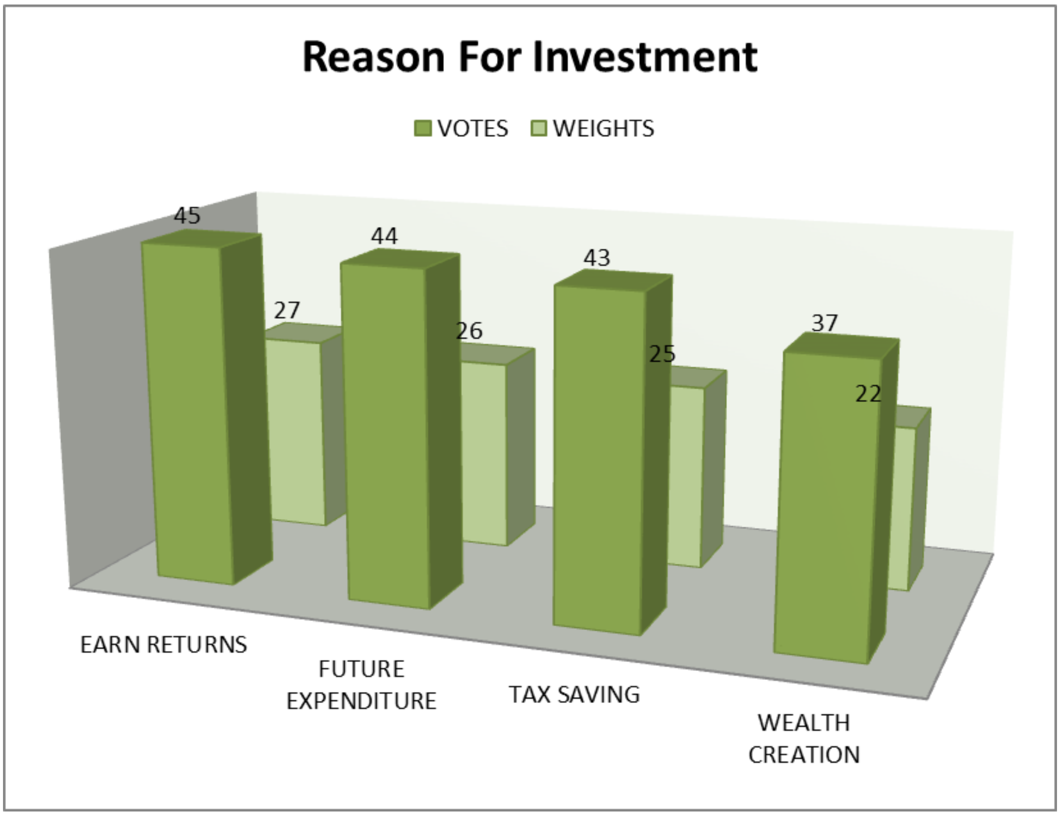

Figure 3: graphical representation of common purposes for investing for the investors

All the investors have very common purposes for investing, they have more than one purpose for investing their money. Salaried people invest for tax savings, and for future expenditure, business people invest for the purpose of earning returns. Almost all the investors have all the 4 purposes behind investing their money.

V. CONCLUSION

From the analytical tables provided, it's evident that the primary objective for savings revolves around securing children's education, indicating a strong focus on preparing for their future. This is followed by priorities such as healthcare, retirement, home purchase, marriage, and other expenses. Safety of principle emerges as the most critical factor considered before investment, emphasizing the importance of preserving invested capital. Subsequently, factors like low risk, high returns, and maturity period are also significant considerations. Returns stand out as the primary motivation for investment, along with future expenditure planning, tax savings, and wealth creation. However, selecting the perfect investment avenue remains a challenging task for any investor. Efforts have been made to discern the preferences and inclinations of a sample of investors randomly selected from a larger population, reflecting the complexity of investment decision-making.

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