

**Review Paper:****Investment Behaviour: An Analytical Review****Jain Priyanka<sup>1\*</sup> and Tripathi L.K.<sup>2</sup>**

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**Abstract**

*Today, modern economy has become dynamic. The financial and investment sectors have widened their scope. Various modes of investments are available for the investors of various categories. If the money is put in any mode with a proper planning and strategy, then an investor can generate wealth for his future. An individual contributes in the economic growth by his economic activity.*

*Through production, consumption, exchange, distribution and investment, the economy runs. Savings, investments and the economic growth and development are inter-related aspects. In the present review, literature related with individual saving and investment behaviour has been reviewed to identify the factors which influence the investment behaviour.*

*The study covers that there are numerous variables that direct an investor's decision to invest. It also proposes the further studies which can be done to study the saving and investment behaviour of professional women of Indore. The outcomes of present study would be of great relevance to investors, financial planners, policy makers and wealth managers etc.*

**Keywords:** Investment Behaviour, Investment Strategies, Savings, Return from Investments.

**Introduction**

Till the year 2030, more than two-thirds of world's investment and half of gathered capital stock will be in the developing countries. India is the country which has huge potential in its manpower and physical resources. Indian economy is a mixed economy. While comparing nominal GDP, India has 6<sup>th</sup> position in world. At per capita GDP (nominal) level, India secures 139<sup>th</sup> rank in world. After 1991 economic liberalization, privatization and globalization, India achieved 6-7% average GDP growth annually.

The future growth aspects of the economy are positive due to its young population, healthy savings and investment rates and low dependency ratio. Gross Financial Savings in the years 2014-15, 2015-16 and 2016-17 were Rs 12,572 billion, Rs 15,207 billion and Rs 14,048 billion. The savings are the channels for investments which are ultimately known as gross domestic capital formation. In India the ratio of gross fixed capital formation to GDP had raised from 26.5 percent

in 2003 to 35.6 percent in 2007 but in 2017 it again fell to 26.4 percent. In the same way the ratio of domestic savings and GDP was 38.3 percent in 2007 at all-time high but in 2016 it came down to 29 percent only.

Indore is well known as commercial capital of Madhya Pradesh. It has rich cultural background and opportunities for growth. It has area of 3898km.<sup>2</sup> According to census 2011, Indore district total density is 3272335 people. It constitutes about 17 lakh males and 15 lakh females. Indore is known for trade, commerce and arts and specially for food.

On the other hand, various multinational companies are working in Indore. It has the ocean of job opportunities in every field of work. Working women are contributing significantly in growth and development of Indore. Professional women also have the broader area of work. Women work for so many reasons. They are by nature assumed to be good savers.

But the saving and investment decision requires understanding of economics, market conditions, financial terms, tax, laws and political aspects etc. Today the financial service sector has become wider and it is providing investor huge range of investments options. The present study aims to review various published research studies available on saving and investment behaviour and to recommend an empirical study to determine the relationship between saving and investment behaviour among the professional women of Indore City.

**Research Methodology**

In present study, a thorough analysis of available literature was done. Articles published in various online databases and search engines such as SSRN, Indiatat, JSTOR and Google scholar along with relevant books on the topic were taken into consideration.

The studies have been reviewed in terms of important scales for purpose of research. Study was done to identify the research gap and to propose an empirical study to determine the relationship between the income, saving and investment behaviour of professionals of women of Indore city.

**Review of Literature**

There exist large number of literature on the investor's behaviour worldwide. Researchers have accepted various factors which affect the investor's decisions to save and invest shown in table 1.

**Table 1**  
**Existing Literature on Investment Behaviour**

S.N.	Name of author and year	Research purpose	Sample size	Research tools	Results
1.	Dharmaja V., Ganesh J. and Santhi (2012)	To study the various factors influencing the Investment behavior of individual investors and impact of the self-image/firm image coincidence on the investor behavior.	200	Chi-Square Test.	Majority of the respondents are influenced by the accounting information of the companies and advocate recommendation is the least influencing Group
2.	Tai-Yuen HON (2015)	The primary objective is to identify and analyze the important factors that capture the behaviour of small investors in the Hong Kong stock market.	1,199	Factor analysis	Five factors were identified i.e. reference group, personal background, monitor investments, reaction to announcements and cognitive style.
3.	C. Sathiyamoorthy, K. Krishnamurthy (2015)	The objective of the study is to understand the investment pattern and awareness towards salaried class Investors in Tiruvannamalai istrict.	50	Independent samples T-test, one way ANOVA and Factor analysis.	majority of the respondents are saving money as Bank deposits for the safety of an unpredictable future.
4.	E. Apparao, N. Kishore Babu (2015)	To study the perceptions of the Investors towards various Investment Alternatives	576.	Percentage and ranking analysis	It was found from the study that urban people were more aware of the different investment schemes than the rural. The perception of most investors on the safety and liquidity of different investment avenues is unfavorable and More than 20 per cent of respondents are not satisfied with after sale services of stock broking firms.the main aim to invest was earning regular income.
5.	Sonali Patil, Kalpana Nandawar (2014)	to know the source of motivation and problems faced by of salaried employees of Pune, India while doing investment of and To study the investment preferences while selecting the securities.	40	Chi square test and Person Correlation Coefficient	Investors are aware about investment avenues available in India but still investors are preferred to invest in bank deposit, real estate, metals(Gold) and study reveals that the safety is important factor while doing investment.
6.	K. Parimalakanthi and M. Ashok Kumar (2015)	To study the investment preference and behaviour of individual investors in Coimbatore city.	107	Friedman test, Garratt ranking and Factor analysis.	The majority of the investors prefer to invest in savings account followed by Gold and Silver, Fixed deposit account and the like.
7.	Yaw Asante (2000)	The primary objective of the study is to analyse the determinants of private investment In Ghana between 1970 and 1992	116	Time series and cross sectional analysis	The study shows that private investment and public investment are complementary and thus there is the need for the government to continue to develop the infrastructural base of the economy to boost the private sector.

8.	Deepak Sood, Navdeep Kaur (2015)	To evaluate the saving habits and investment pattern of salaried class people at Chandigarh and to analyze investment selection behavior of salaried class people in Chandigarh.	200	Convenient sampling, F-test, one way ANOVA	Salaried class avoid spending money on heavy luxurious life style and preferring the normal living Standard. There is no significant relationship between Employment and the Annual savings. there is significant relationship between the Employment and Annual Savings
9.	Lubna Ansari, Sana Moid (2013)	To find the important factors that affect investment behavior of young investors of Lukhnow and he degree of correlation between age and investing activities.	200	Chi Square test	this study has revealed that investing activity of young professionals is independent of gender but dependent on Income and Age and majority of investors invest for growth and additional income.
10.	Bhawana Bhardwaj, Nisha Sharma, Dipanker Sharma (2013)	To study the income, consumption and savings pattern of Employees and evaluate the awareness level investment in industrial securities.	50	Percentage analysis	It can be inferred from the study that majority of the employees have knowledge about the industrial securities. it was revealed that as income of the employees increases, awareness about securities also increases.
11.	Savita Pandey D.S. Chaubey Durgesh Mani Tripathi (2016)	To analyse the investor information seeking behaviour for taking investment decision and examine the impact of financial accounting Information on Investors investment decisions.	177	descriptive and analytical method, One way ANOVA	The study showcases investment horizon and their investment intention. It was found that the years of experience has no significant impact on investment source choice. Similarly it was found that investment horizon has no significant impact on investment source choice.
12.	D. Senthil (2015)	To study the investment behavior of Investors and the factors affecting different investors.	150	One way ANOVA	Occupation is dependent on all factors of overconfident factors, Loss Aversion, representativeness and Price anchoring factors while investor investing in capital market. Education level is dependent on overconfident factors and representativeness factors..
13.	Ambrose Jagongo, Vincent S. Mutswenje (2014)	To determine whether the factors related to accounting information have an effect on the behaviour of the individual investor and other factors influencing investors decision.	50	Factor Analysis ,Friedman's test	Nine factors which are firm position and performance, investment return and economic condition, diversification and loss minimization, third party opinion, the goodwill of the firm and accounting information, perception towards firm environmental factors, firm's feeling, risk minimization were found. The study analysed that experience and knowledgeable investors would readily admit that the structure and weights of selected categories shows the unsophisticated and immature investor profile at NSE.

14.	Nurasyikin Jamaludin (2013)	To understand role of religion in individuals' investment choice decisions.	440	Chi-Square test	Results indicated significant differences in investment choice decisions between Muslim and non –Muslim respondents. There was an equal proportion of Muslims maintaining their savings in the default fund as well as investing part of their savings in a unit trust fund. In contrast, a majority of non –Muslims preferred to invest part of their savings in the unit trusts.
15.	Priya Kansal, Seema Singh	to study whether these gender differences really exist in India.	38,412	Chi square test	The decisions taken by the women are not different from the decisions taken by men and the reason may be the recent financial turmoil due to which a significant change has occurred in the investment activities of both men and women.
16.	Ravi Vyas	To study mode of investment preferred by investor and Preference upon time of holding and preferred information mode for investing in mutual fund .	363	Chi Square Test	Most of the investor prefers to invest in equity option in mutual funds .Investors 'occupations and equity option of mutual fund investment shows significant relationship.
17.	N. Srividhya & S. Visalakshi (2013)	To analyze the savings and investments pattern of college teachers and the rate of return expected by income earners from the investments.	75	Chi square test	It was proved that all the working teachers save the money for their wards' education, marriage, security and also for house construction purposes.
18.	Sabeena Deshpande; Anita Kshetri (2013)	The main objective of the study factors influence them while they selecting particular investment, a particular company and particular scheme they prefer to invest.	220	Convenience Sampling	Mutual funds are the most opted investment vehicle of the common investors followed with the fixed deposit but still they invest in LIC. A large number of people invest with the help of agents. There is strong influence of agents in investment decisions. The biggest reason for investment of common investor is liquidity and tax saving.
19.	Durga Rao P V, Chalam G V and Murty T N (2013)	To know the impact of investors' socio-economic profile on the investment decision and study the retail equity investors' priorities towards different objectives of investments.	500	Kruskal Wallis Test	The participants in the Indian Capital market are unable to understand the investor investment objective due to the dramatic change in the attitude of the investor.
20.	Sweetly Shah, Amola Bhatt (2013)	To measure the risk appetite of an individual with respect to financial investment decisions and find out whether any differences exist in the demographic factors with respect to risk appetite to examine the differences in	150	Independent Sample t-test and One Way ANOVA.	The selection of financial products depends on various factors, viz. demographics and psychographics of investors as well as the characteristics of the instruments like liquidity, risk, return, tenure, etc. The study finds that gender, income and profession have an

		demographic factors of male and female.			impact on the risk appetite of an individual. Males are more risk takers as compared to females.
21.	Andrew Jackson (2001)	To study patterns that exist in the aggregated trading behaviour net flows	56	LR test, VAR, Granger causality Test	Aggregate individual trades reveal a strong negative relationship between net flows and returns indicating that individual investors are negative on feedback.
22.	K. Parimalakanthi, M. Ashok Kumar (2015)	The focus of the study is to determine the factors of individual investor behaviour in Indian financial market and Access the risk exposure, factors affecting the Investment decision.	107	factor analysis, Friedman's rank test	Study concluded investor's education is immensely important for the present day investors in Coimbatore and investment behavior was found to be better at the time of investment than before investment and post investment.
23.	Neha S Shukla (2016)	The main objective of the research is to stud investment preference of working women of North Gujarat Region.	100	Chi square test	It was found that there is no relationship between education with investment while there is significant relationship between Age and Income.
24	Suman Chakraborty, Sabat Kumar Digal (2015)	To identify the saving objectives of individual investors in Odisha and to identify the saving habit of individuals across different income levels.	200	Rank Correlation, Chi-Square Test, ANOVA, Factor Analysis	there is a relationship between the saving objectives with the age, occupation and income level of the small and medium household investors and the young investors are not very keen on saving for their post retirement days and as of now; do not think of investing long-term.
25	Harshvardhan N. Bhavsar (2013)	To evaluate the saving habits of school teachers in Ahmednagar City, Maharashtra and To analyze the expected rate of return of school teachers for their investment.	100	Chi-Square Test.	no significant relationship was found between the gender, marital status of the respondents and expected rate of return on their investments but significant relationship between the annual savings and the expected rate of return of the respondents.

### Analysis of Reviews

From the review of the literature given in table 1, researchers found the investors irrational in taking decisions regarding investments. There are various factors identified which influence their decisions to save and invest. There are various demographic factors like age, income, marital status, educational qualification which govern the investment pattern of the individual investors. The factors which affect the investor while making investments vary with the area of the study.

The risk bearing capacity, liquidity preferences, investment experience, lifestyle, level of confidence were the majour profounded affecting factors of investments. Firm's position and performance, investment return and economic condition, diversification and loss minimization, third party opinion, the goodwill of the firm and accounting information, perception towards firm environmental factors,

firm's feeling, risk minimization were found as the factors affecting the investments.

Pandey et al<sup>16</sup> studied the impact of financial and accounting information on the investment decision making by the investors in equity markets. The information seeking behaviour of investors can be studied on the basis of their years of experience in investment, their investment horizon and intention etc. It is concluded that number of year of experience has no significant impact on the investment source choice.

The another result was that investment horizons are not affected by the investment horizon. Chakraborty and Digal<sup>19</sup> found women to be more disciplined but conservative in their investment strategies. Investments in real estate & bullion are most liked investment avenues for women investors. They also revealed that female investors are more self-controlled and properly plan their future than male.

Srividya and Vijaylakshmi<sup>24</sup> worked on liquidity preferences among employed women. It was found that for transaction and precautionary motives the respondents preferred liquid cash. The changes in interest rate do not affect than to invest in bank deposits. The chit funds are considered more beneficial than bank deposits due to less formalities than bank deposits.

**Research Gap:** Professional women are measured at a justifiable rate when the point of remuneration comes. The young professional women are highly qualified and they live a satisfactory life. While investment behaviour has been studied intensively in a generic sense, minimum research exists with respect to Indore based professional women mind-set towards investment as a subject. Income and savings are the route to Investment, it is imperative to study income, savings and investment behaviour simultaneously.

**Scope for Future Research:** The 2012 edition of Visa Global Financial Literacy Barometer survey ranked India at 23rd in list of 28 countries on the financial literacy front. The survey which had 923 respondents between the age of 18 and 64 also found that Indians have lesser investments when it comes to saving for contingencies. Worldwide, there were 25 percent of respondents who had zero funds for meeting the emergencies. The saving rate is a vital indicator of economic growth of any economy. Since the domestic saving rate is directly related with the investment rate and the lending capacity of the banking system, people are earning more, but they do not know where, when and how to invest it. The capabilities of professional women professional are also important determinant of the growth of our economy. Their attitude towards income, saving and investment would reflect their economic behaviour, which would influence quality of life and in turn influence their profession and progress of themselves as well as country.

## Conclusion

Today the financial services sector is offering a wide range of investment avenues in the investor section. The planning is foundation step for reaching the destination. With well-defined plans, the targets of personal wealth generation can be achieved which will contribute to higher economic growth. Any person's investment decisions are influenced by so many factors. Individual decides the aims according to his own priorities This study has examined the published work relating to individual investor behaviour. Understanding the saving and investment behaviour could be of great relevance to the investors for their wealth management and to the policy makers, the investment agencies, the researchers as well as managers of the firms to prepare themselves to respond to the varying behaviour of the investor.

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