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AN EMPIRICAL STUDY ON INFLUENCE OF INVESTMENT OBJECTIVE TOWARDS INVESTMENT PREFERENCE OF RETAIL INVESTORS IN CHHATTISGARH

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ABSTRACT:

Behavioural finance is a new emerging branch of finance which studies the psychological element in financial decision making and challenges the traditional theories of finance and economics. The recent developments in financial and capital market have opened a wide variety of investment

options. Investment preference for an avenue is greatly influenced by investment objective of investors and some other factors that influences in this decision making process. Investors depending upon the options available take the investment decisions and the expected level of risk and return they can bear. The main objective of this study is to explore the influence of investment objective towards Investment preference of Retail investors in Chhattisgarh in decision making with regard to the available investment avenues. For this purpose data were collected from 60 respondents from Raipur and Bilaspur district in Chhattisgarh through a structured questionnaire, given the nine investment objectives to study the level of importance. Five point Likert scale has been used to analyze the data. The study revealed that the highest mean of the respondents is investing their money for improving life style followed by the objective of Gain. Safety appears to be the third objective of the respondents. The least preferred objectives are liquidation and Diversification.

KEYWORDS: *Behavioural Finance, Investment objective, Investment Preference, Financial decision.*

1. INTRODUCTION:

In a growing economy like India has witnessed some dynamic changes over the past two decades in the financial environment. With an increasing trend of saving rate and explosion of financial products, investors faced with various investment alternatives to choose from and direct

his/her saving towards them. Behavioural finance is a new and emerging field of finance that studies irrational behaviour of investors and which is tested under different market condition. It describes the behaviour of investors and managers and describes the outcomes of interactions between investors and managers in different financial markets; and it prescribes more effective behaviour for investors and managers. In the financial sense, investment is the commitment of

a person's funds to derive income in the form of interest, dividend, premiums, pension, benefits or appreciation in the value of their capital, purchasing of shares, debentures, post office savings certificates, insurance policies are all investments in the financial sense. The art of investment is to see that the return is maximized with the minimum of risk, which is inherent in investments. Therefore investment involves employment of funds with the aim of achieving additional

income or growth in values (Mishra, 2010)

2. REVIEW LITERATURE

A study conducted by Shiller (2009) about the investment preferences by male and female investors with regard to risk and strongly advocated that stock market is governed by the market information which directly affects the behaviour of the investors. And in his study he also found that males are more risk tolerant than females.

Vaidehi et al. contended for various speculation methodologies as thought processes and styles shift by various necessities. They found the requirement for better tolerating of standard of conduct of the speculators. The standard of conduct would help the speculation guides to imagine how the financial specialists react to advertise plan, and would enable them to create appropriate designation approaches for their clients. Among the chose elements were the venture intentions accomplished and the long haul gain, which set up a basic factor pursued by profit and development prospects and adjusting of present moment and long haul gain. Instructive capability, occupation, age, pay and measure of value speculations pick the contributing styles of the financial specialists outstandingly.

Jayasatha et al. endeavored to demonstrate the key requests that the significant speculators have of a venture are security of vital sum, liquidity, salary solidness, thankfulness and simple transferability. This examination depended on rate investigations and chi-square. An assortment of venture roads are accessible, for example, shares, bank, organizations, gold and silver, land, life coverage, postal investment funds, etc. Creator reasoned that a large portion of the speculators favored common reserve venture pursued by Life Insurance Corporations.

Javed Iqbal Bhabha et al. investigated that working individuals as financial specialists assume a significant job in the monetary development of country. Funds frame of mind and venture conduct are impacted by past and future demonstration of exceptional sorts of speculation alternatives. Ladies normally have lower profit than men, which made lower all out riches. This examination finishes up the elements, which are controlling the disposition of working-ladies towards saving investment conduct in creating nations like, Pakistan, and clarified the key basic elements like, pay, budgetary security and rates of profitability.

3. OBJECTIVES.

To study the influence of investment objective towards Investment preference of Retail investors in Chhattisgarh.

4. RESEARCH METHODOLOGY

4.1 Data Collection

Around 70 self-administered questionnaires were used to gather data from the respondents. A questionnaire using a 5-point Likert scale (i.e. a scale with 5= Very High, 4= High, 3=Neutral, 2= Low, 1= Very low) was used to collect data for all the nine variables of the research model. A total of 60 questionnaires were received and used for this analysis.

4.2 Investment Objectives of Individual Investors and mean distribution

Table 1 is presenting nine specific investment objectives of the respondents. It can be observed from the table that 60 respondents have been considered against each objective and mean has been calculated to know the level of importance of investors for the given investment objectives. All the nine investment objectives have been ranked based on the level of importance of the respondents.

Table 1: Investors' Objectives and Level of importance

<i>Investment Objectives</i>	<i>Number of Respondents</i>	<i>Mean</i>	<i>Ranking (R)</i>
Gain	60	4.033	2
Capital Appreciation	60	3.75	5
Quick Gain	60	3.76	4
Safety	60	4	3
Liquidation	60	3.36	8
Tax Benefits	60	3.74	6
Diversification	60	3.23	9
Regular Income	60	3.56	7
Improve Life Style	60	4.066	1

Source: Primary Data

Table 1 revealed that the highest mean of the respondents is investing their money for improving life style (R1) followed by the objective of Gain (R2). Safety appears to be the 3rd objective of the respondents. The least preferred objectives are liquidation (R8) and Diversification (R9) as reflected in the table.

5. CONCLUSION

The present study is an empirical study of individual investors' behavior regarding their financial assets. In this article an attempt is made to study the influence of investment objective for investment preference to take their investment decision. The significant objective of the study is to examine the preferred investment objectives and their level of importance to the investors in Chhattisgarh. The study revealed that the highest mean of the respondents is investing their money for improving life style followed by the objective of Gain. Safety appears to be the third objective of the respondents. The least preferred objectives are liquidation and Diversification.

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