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AN EXAMINATION OF INVESTOR BEHAVIOR AND INVESTMENT PORTFOLIO TRENDS IN KRISHNAGIRI DISTRICT

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ABSTRACT

The main goal of this study is to look into how middle-class entrepreneurs invest in Krishnagiri district. This topic is important because the middle class in our country gets a lot of attention from policymakers & researchers due to its potential for growth. We want to answer some key questions about how these individuals invest and if their savings are increasing. Also, we'll consider how their age affects their investment choices. So, this paper aims to find out how different ages and income levels influence investment preferences among middle-income earners in Krishnagiri district.

Keywords: Investment Behaviour, Prospective, Speculation Preferences, Investment Pattern

1. INTRODUCTION

These days, there are many avenues for investing money. Choosing the right one can feel pretty overwhelming! In simple terms, investing means giving up some current money or resources to gain more later on. Everyone has different investment plans based on their comfort with risk & future needs. But hey – some options can really kickstart your path to financial success!

INVESTMENT BEHAVIOR

Investment behavior looks at how personal traits and demographics affect an investor's decisions in the market. Sometimes traders make mistakes because they overestimate their ability to pick the right time or product but don't have enough knowledge or experience for consistent success.

2. TYPES OF INVESTMENTS

Investors usually pick from four main types of assets everyone has its own quirks & risks! Once you learn about them, you can find a mix that fits you best.

1. GROWTH INVESTMENTS

- Perfect for long-term goals if you're okay handling market ups & downs.

Stocks: These are growth investments since they can boost value over time. Owning stocks may also earn you dividends from a company's profit. But remember, share prices can drop below what you paid! Most folks should keep these for the long haul due to volatility.

Real Estate: Similar to stocks, properties can also appreciate over time! Still, real estate values can dip too. You could buy properties directly or invest through funds.

2. DEFENSIVE INVESTMENTS

- Here the focus is more on steady income rather than growth; generally considered safer!

Cash Investments: Think bank accounts & fixed deposits. They usually have low entry barriers but tend not to grow capital much!

Fixed Interest: Bonds are a popular form where companies or governments owe you money while paying interest back over time! They are typically safer than stocks or RE.

FINANCIAL AUTHORITIES IN INDIA:

- RBI: The Reserve Bank of India keeps an eye on all digital transactions here.
- SEBI: They manage and supervise the capital market.
- IRDA: This organization oversees insurance companies.
- AMFI: They regulate mutual funds.
- FIPB: Concerned with foreign investments.

Investments often get sorted by risk level:

- Low Risk (No Risk)
- Medium Risk
- High Risk

Apart from those mentioned above, there are traditional & new ways to invest.

INVESTMENT AVENUES IN INDIA

Safe/Low-Risk Options:

- Savings Accounts
- Bank Fixed Deposits
- Public Provident Fund
- National Savings Certificates
- Post Office Savings
- Government Securities

Moderate Risk Options:

- Mutual Funds
- Life Insurance
- Debentures
- Bonds

High Risk Options:

- Stock Market
- Commodity Market

Traditional Avenues:

- Real Estate
- Gold/Silver

Emerging Avenues:

- Virtual Real Estate
- Hedge Funds/Private Equity Investments
- Art & Passion Projects.

3. OBJECTIVE OF THE STUDY

This study aims to explore investor behavior within the stock market arena and set two main objectives:
• To grasp how demographics shape investment plans.
• To see if the investors' information impacts these investment behaviors.

4. RESEARCH METHODOLOGY

We studied investors in Krishnagiri district where economies & demographics paint a typical picture for many Tamil Nadu cities—showing us trends among middle-income groups! We collected primary data through responses from 600 educated participants using questionnaires.

SOURCES OF INFORMATION

The info from this study draws mostly from respected financial institutions like RBI, SEBI, IRDA, and others regarding investment habits of investors.

5. REVIEW OF LITERATURE

Research shows preferences for various investments are quite similar across genders particularly regarding gold vs paper assets! Meanwhile Amudhan et al. noted that investing is basically just moving money around for future profits but there's limited research on entrepreneur behaviour locally.

Investor behavior has long been a subject of analysis, with numerous studies examining the factors that influence decision-making in financial markets. Behavioral finance, introduced by Kahneman and Tversky (1979), challenged the traditional assumption of rational investors by demonstrating that psychological factors such as cognitive biases and emotions often drive investment decisions. In particular, the concept of loss aversion, where investors disproportionately fear losses compared to equivalent gains, has been observed to affect portfolio choices (Thaler, 1980). Studies focusing on individual investment behavior have shown that demographic variables such as age, gender, income, and education significantly influence risk tolerance and portfolio allocation. For instance, Barber and Odean (2001) found that male investors tend to trade more frequently than female investors, often to their detriment, as excessive trading usually leads to lower returns. Similarly, younger investors are typically more risk-tolerant, favoring equity over fixed-income securities (Grable & Lytton, 1999).

Region-specific factors, such as economic conditions and cultural influences, also shape investment behaviors. Studies on rural and semi-urban districts like Krishnagiri, where agricultural income forms a substantial part of household wealth, suggest that conservative investment strategies, including savings deposits and gold, are favored over more volatile assets like stocks (Bhushan & Medury, 2013). The tendency to invest in familiar, low-risk assets aligns with the concept of "home bias," where investors prefer domestic over international investments, despite the potential for higher returns abroad (French & Poterba, 1991).

Moreover, socio-economic and infrastructural development plays a crucial role in shaping investor behavior in semi-urban and rural settings. Access to financial literacy programs, availability of financial services, and overall economic stability are key factors that influence investment choices in less urbanized areas (Raut, Das, & Mishra, 2018). Investors from rural districts often lack awareness about modern financial products like mutual funds or equity markets, leading to a preference for traditional assets like real estate, gold, or fixed deposits (Panda & Tripathy, 2020).

In Krishnagiri District, the emerging middle class, driven by local economic growth, has shown an increasing interest in diversifying portfolios. However, the preference for traditional investments remains strong due to the risk-averse nature of the population (Mishra & Kumar, 2018). Additionally, peer influence and social networks also impact investment decisions, as highlighted by Banerjee (1992), who observed that individuals often rely on community recommendations when selecting investment products.

To conclude, the interplay of behavioral biases, demographic factors, socio-economic conditions, and cultural influences significantly shapes investor behavior in semi-urban regions like Krishnagiri. Expanding financial literacy and improving access to diverse financial products can help investors in these regions make more informed portfolio decisions.

6. DEMOGRAPHIC PROFILE

It's super important to study these back areas since many people aren't often spotlighted! This project also looks closely at gender differences within rural settings all interesting stuff.

Table No.1 Demographic Profile

Demographic		**Frequency (N=600)**	**Percentage (%)**
Gender	Male	456	76.0
	Female	144	24.0

PRIMARY DATA

Looking at the table above, there are456 males (that's76.0%!) the sample. The other 144 are females, making up 24.0%. This shows that more men than women participated in the street research. It us interesting insights into how investors behave.

7. INVESTORS AWARENESS

So, before anyone starts investing, it's super important to know about different investment models & options. are several organizations that help with this! The Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Association of Mutual Funds, & even the Foreign Investment Promotion Board all share clear information about what investors can do.

Researchers have looked at how people invest from many different angles. Their findings show that:

Table No.2 Investment pattern of Investors – Gender wise Distribution

Source of Information		**Gender**		**Total**
		Male	**Female**	
Bank Savings Account & Fixed Deposit	N	36	12	48
	%	7.90%	8.30%	8.00%
Public Provident fund & Mutual Funds	N	64	22	86
	%	14.00%	15.30%	14.30%
National savings certificates	N	74	14	88
National savings certificates	N	74	14	88
	%	16.20%	9.70%	14.70%
Post office savings	N	52	22	74
	%	11.40%	15.30%	12.30%
Government Securities& Share Market	N	51	18	69
	%	11.20%	12.50%	11.50%
Mutual Funds	N	43	21	64
	%	9.40%	14.60%	10.70%
Life Insurance	N	43	10	53
	%	9.40%	6.90%	8.80%
Real Estate/ Gold/ Silver/ Chit Funds	N	50	15	65
	%	11.00%	10.40%	10.80%
Virtual Real Estate & Private Equity Investments	N	43	10	53
	%	9.40%	6.90%	8.80%
Total	N	456	144	600
	%	100.00%	100.00%	100.00%

PRIMARY DATA

It is clearly seen from the above statement that men have higher investment options than women. The study also shows that the investment in National Savings Scheme is higher in men than other models. Meanwhile, savings bank accounts and fixed deposits show the lowest options in Krishnagiri men category. This may be because people can participate in mutual funds and virtual platforms. Insurance, virtual real estate and private equity investments show the lowest investment preferences of women while provident funds, mutual funds and post office savings show the lowest percentage of women doing business. For this reason, it was decided to divide investors' opinions regarding gender distribution.

8. EVALUATION OF INVESTMENT

Investors think deeply before making choices they look into risks & potential rewards carefully! Impulsive decisions happen sometimes but discussions with knowledgeable investors often help shape strong decisions too.

Findings revealed many insights:

• Males seem heavier users of diverse investment avenues.

• Many women prefer traditional investments like PPFS while being cautious otherwise.

• Independent factors impact decision-making but show a minimal effect overall—about 10% variation depending on gender!

Table No.3 Evaluation of Investment Pattern before Investing

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.105[a]	0.011	0.004	0.427
a. Predictors: (Constant) Impulsive Investment, Self-Investment Evaluation , Discussing with Investment Bodies and Other Investors				
b. Gender				

The impact of independent variables such as impulse investing, self-assessment of investments, and interviews with investment companies and other business people on the decisions of men and women High capital can be explained by the various results shown in the table above. The summary of the model shows that R is 0.105, which means that the independent variables will differ by 10% in the investment decisions of men and women. The independent variables have the least impact on investment decisions.

Table No.4 Evaluation of Investment Pattern before Investing - ANOVA Results

ANOVA						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	1.207	4	0.302	1.659	.158[a]
	Residual	108.233	596	0.182		
	Total	109.44	600			
a. Predictors: (Constant) Impulsive Investment, Self-Investment Evaluation, Discussing with Investment Bodies and Other Investors						

The larger the F ratio, the larger the variance of the variance among individual variables. The F ratio is 1.659 and the statistical significance is 0.158. A significant difference was found in variables such as impulse purchases, personal evaluation of products, discussions with investment companies and other investors, and investment decisions.

Table No.5 Evaluation of Investment Product

Coefficients						
Model		**UC**		**SC**	**T**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	1.289	0.071		18.18	0
	Self-Investment evaluation	-0.035	0.021	-0.067	-1.63	0.104
	Discussing with Others Investors	-0.01	0.025	-0.018	-0.415	0.679
	Discussing with Investment Bodies	-0.019	0.019	-0.041	-0.99	0.323

	Impulsive Investment	0.039	0.021	0.079	1.872	0.062
UC-Unstandardized Coefficients						
SC -Standardized Coefficients						

Independent variables such as market uncertainty, personal investment evaluation and interviews with investment companies are not significant. The model coefficient β column shows that the β coefficients of immediate investment decisions are positive, 0.039 and 0.079, respectively, and affect the investment decisions of male and female investors. On the other hand, personal investment evaluation (b=-0.035, -0.067), interviews with investment companies (b=-0.019, -0.041) and interviews with other male business (b=-0.01, -0.018) have negative effects.

9. FINDINGS

Findings revealed many insights:

• Males seem heavier users of diverse investment avenues.

• Many women prefer traditional investments like PPFS while being cautious otherwise.

• Independent factors impact decision-making but show a minimal effect overall about 10% variation depending on gender!

10. SUGGESTIONS

Behavioural investing means looking closely at income levels and suitable investments that work! Most folks know about common routes like mutual funds but might overlook local savings/capital growth methods. It's crucial that average earners understand their budgets & strategize properly for future gains while keeping an eye on market trends!

11. CONCLUSION

In summary this study shows men lead when it comes to exploring investment routes versus women with traditional options still being popular among females! Trend analysis reveals though understanding involved variables has limitations when discussing effective decision-making! Reading through all this makes clear how different influences affect our investor mindsets today regardless whether it's impulse buys or understanding self-evaluation practices!

CONFLICT OF INTERESTS

None.

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