"Identifying the Consumer`s Investment Behaviour towards Systematic Investment Plan in Bhilai Region."

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Abstract: *Investment is the sacrifice of certain present value for the uncertain future reward. The basic idea behind investment is to utilize the surplus money in favourable plans so that the money will be rolled back as well as it will give returns also. Investment in share market and especially in any of the systematic investment plan requires a lot of calculations and study of that particular investment plan. When a common men thinks about investment he will never go for any risky plan. Some persons can take interest in risky investment plans. The basic objective of this research paper is to identify why and how an individual decides for investment? And also if he decides for systematic investment plan then what are the factors responsible for the decision making for systematic investment plan? The present scenario of investment in share market is highly unpredictable. In this situation the systematic and careful study before investment is very necessary.*
Keywords: *Investment, Risk.*

I. Introduction

Investment:

The everyday usage of the term investment can mean a variety of things, but to be man on the street it usually refers to a money commitment of some sort. For example, a commitment of money to buy a new car is certainly an "investment" from an individual's point of view. But these are so in very general and in much extended sense of the word since no rate of return is involved, nor is a financial return or capital growth expected.

II. Review of Literature

Systematic investment plan is financial contracts whose values are derived from the values of other underlying assets, such as foreign exchange, bonds, equities or commodities. There are basically three concepts of investment (1) economic investment-that is ,an economists definition of investment;(2) investment in a more general or extended sense, which is used by :the man on the street:"(3) the sense in which we are going to be very much interested, namely, financial investment. The largest appeal of these instruments is that they offer some degree of leverage. Leverage is a financial term that refers to the multiplication that happens when a small amount of money is used to control an item of much larger value.

A mortgage is the most common form of leverage: for a small amount of money and taking on the obligation of a mortgage, a person gains control of a property of much larger value than the small amount of money that has exchanged hands. Systematic investment plan offer the same sort of leverage or multiplication as a mortgage. For a small amount of money, the investor can control a much larger value of company stock than would be possible without use of these instruments. This can work both ways, though. If the investor is correct, then more money can be made than if the investment had been made directly into the company itself. The losses are multiplied instead, however, if the investor is wrong.

Mode of Investment:
An investor will select such a combination of securities which maximizes his utility.
1. **Direct Investment Alternatives –**In direct investment, the individual makes his own choice and takes his own investment decisions.
(a) Fixed principal investments: In fixed principal investments, the principal amount and the maturity amount are know with certainty. The examples of these investments are: cash, savings bank account, savings certificates, Government Bonds, corporate bonds, corporate debentures.
(b) Variable principal securities: In variable principal securities the maturity value is not known with certainty. The examples of these securities are: equity shares, preference shares, convertible debentures and preference shares.
(c) Non security investments: the examples of non-security investments are: real estate, mortgages, commodities, business ventures, art, antiques and other valuables.

2. **Indirect investment alternatives** – indirect investment alternatives is an important and rapidly growing segment of our economic. In indirect investments, the individual investors have no control over the amount invested. The investments are entrusted to the care of particular organisations. These organisations manage the funds on the behalf of investors with the help of group of trustees. Examples of indirect investment alternatives are:

– Pension fund
– Provident fund
– Insurance
– Investment companies and
– Unit trust of India.

Meaning of systematic investment plan:
  A sip is a of money which collected from many investors and is invest by an asset management company to achieve some common objective of investor`s. The money that is invested in equity, debenture or other securities according to the objective of the scheme. The company asset that derives its value from another asset is known as systematic investment plan Instrument. For example, a call option on the stock of Coca-Cola is a sip security that obtains value from the shares of Coca-Cola that can be purchased with the call option. Call options, put options, convertible bonds, futures contracts, and convertible preferred stock are examples of sip. A sip can be either a risky or low-risk investment, depending upon the type of derivative and how it is used.

Underlying Asset:
  In a sip or warrant, the security, property, or other asset that gives value to the sip or warrant. For example, in an option giving one the right to buy stock in Johnson and Johnson, the underlying asset is the stock in Johnson and Johnson. An underlying asset may many things, such as a physical commodity, a security, a piece of land, or part of a business.

Investor :
  An investor is a person who allocates capital with the expectation of a financial return. The types of investments include: gambling and speculation, equity, debt securities, real estate, currency, commodity, sip such as put and call options, etc. This definition makes no distinction between those in the primary and secondary markets. That is, someone who provides a business with capital and someone who buys a stock are both investors. Since those in the secondary market are considered investors, speculators are also investors. According to this definition there is no difference.

1. **Research Objectives:**
a. To study investor attitude towards investment option selection.
b. To identify factors affecting investor attitude towards investment option selection with special reference to sip.

2. **Research Design: -** Exploratory and Descriptive research design

3. **Sampling Plan**

Sample Size:	100
Research Method Used	Survey
Research Technique Used	Questionnaire
Data Collection	From Durg and Bhilai
Sampling Plan	Convenience Sampling
Measurement Instrument:	1-7 points Likert's Scale

Research Model of the Study: -
Dependent Variable: - Investor's Attitude
Independent Variable: -
1. Gender
2. Age
3. Marital Status
4. Educational Qualification
5. Occupation
6. Annual Income

Dependent Variable
Investor's attitude:

If you're planning to invest, you need to know whether you are prepared to risk a large, medium or a very small proportion of your money to invest. How much risk are you willing to take? You should ensure that you only invest what you can afford to lose and have savings to cover any short to medium term needs. It is commonly accepted you should look to hold at least three months' income in a savings account that offers immediate access in case of an unforeseen emergency. You should also think about making full use of your annual tax allowances, e.g. ISA allowances, when investing.

You need to understand your attitude to risk - which can be determined by your circumstances, age, goals and other factors - as this will help you decide what type of investments you make. A general rule is that the more risk you're prepared to take, the higher the potential returns could be. The downside is that any losses are potentially greater. If you want more security - in other words you want to take a more cautious approach - your returns are likely to be lower albeit more consistent. Of course there will be people who are unwilling to take any risk with their money

Independent Variable:
Gender:

It is found in study that men engage in more overall risky behaviour than women and within financial matters Prince found that men perceive themselves as more competent. It is found that gender was the most important explanatory factor affecting confidence in investment decisions.
H1. Gender has a significant impact on the investor attitude for the selection of a sip.

Age:

Previous researchers have studied the relationship between age and the holding of risky assets. Risky assets were defined as the sum of stocks, bonds, mutual funds, real estate other than owner-occupied home, equity in own business, and loans. it is concluded that on average, risk aversion increased with age. For those at the low levels of net worth, risk aversion increased with age. In contrast, for households with high net worth, risk aversion decreased with age. The authors concluded that both net worth and age influenced risk aversion.
H2. Age has a significant impact on the investor attitude for the selection of a sip.

Marital Status:

Women constitute above half of the world population. Their contribution is about 55% including their unpaid economic activities. Hence there is every reason that women should plan an equal role in economic decision making. The 1994 world survey on the role of women in development reported that the ratio of women to men is economically active population has almost doubled over the last 20 years. With the increase in role of women in the economic activities and by nature, women are being identified as a better saver than man, the decision making process by women for investment purpose gains its importance. Traditionally, women have generally been more hesitant when it comes to financial investments. They are more cautious when it comes to money. The new women investment clubs take the fear out of investing for women. The hand that rocks the cradle rules the world is popular saying about women. Saving is a habit specially embodied to women. Even in the past, when mainly depended on their spouse's income, they used to save to meet emergencies as well as for future activities. In those days, women did not have any awareness about various investment outlets. But as time passed, the scenario had totally changed.
H3. Marital Status has a significant impact on the investor attitude for the selection of a sip.

Educational Qualification:

During the two last decades of the 20th century there were fundamental changes in the patterns of young people's transitions from schooling to the labor market in Britain. Indeed, from a society where, as recently as the late 1970s, participation rates in post compulsory education were the lowest in Europe, two decades later Britain became a society where an absolute majority of young people participated in post-compulsory education. In 2000 the rate of participation was 80 per cent (Cregan, 2001). This increase in rates of participation in post-compulsory education was especially dramatic among low attainers and those from less advantaged social backgrounds, who traditionally leave full-time education at the first legal opportunity (that is at age 16) and enter the labor market (see Croxford et al, 2006). One of the main reasons why participation increased in such a dramatic way during a comparatively short period is that the period from 1980 to 2000 saw radical changes in the labour market with a sharp decline in demand for unskilled workers and a fundamental re-structuring of the jobs that remained.
H4. Educational Qualification has a significant impact on the investor attitude for the selection of a sip.

Occupation:

This study analyzes the relationship of individual risk attitudes and occupational sorting with respect to occupational earnings risk. By using the German Mikrozensus, a precise measure for earnings risk is computed as the occupation-wide standard deviation of wages. Following the procedure proposed by Bonin (2007), this earnings risk measure is used as dependent variable in cross-sectional and panel data estimations using the SOEP data of 2004 and 2006, including a measure of the individual willingness to take risks. The signify cant relationship in cross-sectional analyses vanishes when controlling for unobserved heterogeneity. Cross-sectional results seem to be driven by the correlation of unobserved ability and willingness to take risks, and are potentially biased by an attenuation bias due to unstable risk preferences. This study contributes to the existing literature by showing the importance of controlling for unobserved heterogeneity and instability of attitudes when examining the effects of personality traits in labor market decisions.

H5. Occupation has a significant impact on the investor attitude for the selection of a sip.

Annual Income:

Since Shiller (1984), the social aspects of investment decisions ha attention, especially during the past individuals' preference to "keep up with the others' consumption. The effect of KUJ proposed and documented in literatu DeMarzo, Kaniel, and Kremer, 2007 KUJ preference on individuals' investment behaviour remains scant. This study investigates the behaviour. First, this study examine a theoretical model, Park (2009) derives conditions under which could result in the shift of individuals' portfolios into a measure of KUJ preference is constructed significant effect on individual's equivalent financial status. Second, this study individuals' stock selection. DeMarzo, Kaniel, and Kremer (2007) develop a model in which even rational and risk-averse agents may overinvest in a risky technology the authors demonstrate that an indirect utility and hence promote investment bubbles. Individuals' stock selection decisions can be concerns regarding status relative to others in the future.Investigates the impact of KUJ preference and other financial resources. In this analysis, data is employed York state. The results indicate that KUJ preference.Specifically this study on individuals' tendency to shift asset allocation and currently equivalent financial status. Additionally shown is individuals' tendency to follow others in resources also increases.

H5. Annual Income has a significant impact on the investor attitude for the selection of a sip.

Research Question: Whether all/ some of the identified explanatory variable/s viz. Gender, Age, Marital Status, Educational Qualification, Occupation, and Annual Income are having significant impact on Investor's Attitude or not?

III. Data Analysis And Results

Factor Analysis

Table 1

Rotated Component Matrix[a]					
	Component				
	1	2	3	4	5
IA1	-.117	.277	.224	**.716**	-.020
IA2	-.098	.063	.281	**.757**	.222
IA3	.002	.146	-.121	**.853**	-.017
G1	-.147	**.810**	.090	.169	.152
G2	.223	**.906**	.154	.047	-.002
G3	.091	**.906**	.075	.242	-.092
A1	-.119	.116	**.824**	.205	.000
A3	.046	.193	**.904**	.089	-.079
MS2	**.658**	.027	.457	-.351	.142
MS3	**.800**	-.080	-.007	-.294	.158
EQ1	**.715**	-.087	.567	-.008	.016
EQ2	**.822**	-.304	.297	-.198	-.002
EQ3	**.874**	-.116	-.020	-.155	-.045
O1	**.730**	.218	-.254	.056	.126
O2	**.741**	.338	-.111	.220	.086
O3	**.830**	.281	-.088	.130	-.039
AI2	.099	.040	-.051	-.027	**.878**
AI3	.064	.005	.003	.136	**.893**

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 6 iterations.		

Result: - As some factors (A2. MS1 and AI 1) were not found significant hence they were deleted and again factor analysis was made to find out the impact of factors.

Table 2
Regression Analysis

Variables Entered/Removed[b]			
Model	Variables Entered	Variables Removed	Method
1	AI, G, E, O, MS[a]	.	Enter
a. All requested variables entered.			

The above table shows the model of the study in which Age, Gender, Educational Qualification and Marital Status are the independent variable to test the dependency of Investor's Attitude.

Table 3

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.498[a]	.248	.208	1.31286	.248	6.205	5	94	.000
a. Predictors: (Constant), AI, E,O,MS									
b. Dependent Variable: IA									

In the above table the value of R Square is calculated and further processed for final result.

Table 4

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.470	5	10.694	6.205	.000[a]
	Residual	162.018	94	1.724		
	Total	215.488	99			
a. Predictors: (Constant), AI, G, E, O, MS						
b. Dependent Variable: IA						

In the above table the ANOVA (Analysis of Variance) is calculated and the final result is shown in the table 5.

Table 5

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.150	.780		2.757	.007
	E	.129	.151	.128	.856	.394
	G	**.393**	**.106**	**.375**	**3.725**	**.000**
	MS	**-.363**	**.120**	**-.410**	**-3.031**	**.003**
	O	.055	.160	.043	.344	.732
	AI	.132	.092	.131	1.430	.156
a. Dependent Variable: IA						

Result: - The above table shows the significance value of all the independent variables. In the analysis Gender and Marital Status is found significant towards the attitude as their values are less than 0.05.

Findings:
1. In the Regression analysis the Coefficient value of gender is 0.000 which is less than 0.05; the gender is a major factor which affects the Customer Attitude towards investment option selection with special reference to sip.

2. The Coefficient value of marital status is 0.003 which is less than 0.05; the marital status is a major factor which affects the Customer Attitude towards investment option selection with special reference to sip.
3. The Coefficient value of educational qualification is 0.394, occupation is 0.732 and for annual income this value is 0.156 which are greater than 0.05; these three factors don't affects the Customer Attitude towards investment option selection with special reference to sip.

IV.   Recommendations

1. The companies should come with more flexible and safe investment products as because sip having high risk.
2. Companies should always design schemes according to different income groups and different occupational groups.
3. In the present scenario as women are more educated their participation should be increased while the preparation and decision making for investment option selection.
4. Investor should always choose his/her investment plan according to their marital status as it will affect equally both husband and wife.

V.   Conclusion

Financial transactions involve several risk factors.sip are instrumental in alienating those risk factors from traditional instruments and shifting risks to those entities that are ready to take them. As in the present scenario the market is highly uncertain and unpredictable the investor should analyze the market with full of care and analysis and then he/she go for investment.sip are always risky in nature so it is better to take suggestions from any Asset Management Company before investment.

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