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# A Diagnostic Study on Investment Pattern of Individual Investors in Punjab and Haryana

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***Abstract:*** *The present study highlights individual investors and the importance of saving and investment for economic development and also gives an overview of various types of investment avenues. The objective of the present study is to compare the investment patterns of the individual investor in Punjab and Haryana. The present study is based on a descriptive cum analytical research design. In this study t-test has been applied for comparison of investment patterns of both Punjab and Haryana. For this study, five major populated cities have been included from Punjab which are Ludhiana, Patiala, Bathinda, Jalandhar, and Amritsar and five major cities of Haryana have been included which are Gurgaon, Panipat, Rohtak, Ambala, and Faridabad. The sampling unit of the present study is based on individual investor behavior regarding various investment avenues. It has been observed that in safe/low-risk investment avenues bank saving account is ranked on the first position by both respondents of Punjab and Haryana. It has been found that in moderate risk investment avenues debentures is ranked as foremost position by respondents of Punjab and Haryana on bases of time horizon. It has been also found that respondents of Punjab and Haryana believe that equities, commodity market and hedge funds as highly risky investment avenues so majority of respondents preferred for very short terms only and ranked the first position to equity. It has been concluded that there are similar investment patterns of the individual investor in Punjab and Haryana.*

***Key Terms:*** *Investment Avenue, Investment Pattern, High Risk Investment, Investment Pattern.*

## 1. INTRODUCTION

Investment is a sacrifice of particular present value for the uncertain future remuneration. It entails arriving at numerous decisions such as type, timing, mix, grade and amount, etc. of investment and disinvestment. Investment in various types of securities is a matter of subjectivity. Every investor has their own criteria for investment. Risk and Return is the part and parcel of investment. The motive behind the present study is trying to explore the investment preferences and behavior of individual investor and also to explore the biases which influence investment behavior on comparative terms of two neighboring states Punjab and Haryana.

## 2. LITERATURE REVIEW

**Singh and Kaur (2018)** conducted an empirical study on a study of investment pattern & gender difference in investment behavior of the Residents in and around Mohali and where they preferred to invest whether in equity, fixed deposits, post office, insurance policies, bond, mutual fund, etc. A sample of 200 respondents was selected through simple random sampling. The study concluded that a majority of respondents indulge in long term investments like fixed deposits and traditional investments and people invest 15-30 percent of their income in investment activities. 22.5 percent of people did not have a formal budget and all were unmarried and students. The studies also conclude that most people invest in a low-risk investment. The study also revealed that women investor was less confident than men about their financial future and about financial knowledge. **Nallakannu and Selvaraj (2018)** analyzed saving and investment patterns of college teachers in the Tirunelveli District of Tamilnadu. The data was collected from 60 respondents through a structured questionnaire with the help of a convenient sampling technique. Collected data was analyzed through percentages and chi-square tests. The study revealed that in spite of low, medium and high-income level the teachers were conducting saving for the future needs. The impact of saving was due to the level of income of the college faculty and they were more interested to invest their money in bank fixed deposits for safety purposes. The study also revealed that the main reason for investment was tax benefits, high return, and the safety of their investment. The study suggested to college teachers should read a newspaper on a daily bases so that they may able to know about other investment options like Mutual funds, equity, debentures, etc. The study also suggested that teachers should have to attend online trading programs to make efficient investment decisions. **Tyagi et. *al* (2018)** explored research on investment preferences towards different investment avenues. The study was based on various demographic and psychological parameters and also analyzed particular investment reasons for the investment of individual investors in the NCR of Coimbatore. The study was conducted by collecting data from 100 investors. Garrett ranking method was used to analyze the collected data. The research showed that most investors prefer bank deposits, followed by investment in gold and silver. Most of the investors came from nuclear families. The study concluded that investment decisions were influenced by multiple factors such as age, gender, income, education, and occupation. **Hemalatha (2019)** studied factors influencing the investment decision of the individual investors in Chennai city. The aim of the study was to find out attitude differences in the perception of individual investors on factors influencing investment decisions based on the demographical profile of the individuals. Data was collected through a survey method from 374 individuals in Chennai. Collected data was analyzed through the T-test and F-test. The result of the study found that factors of a selection of investment vary according to gender, age, occupation, usage of internet, level of computer knowledge and usage of online trading. **Krishna *et. al.* (2019)** examined an article on investor's perception of investment avenues. The objectives of the research were to study investors' investment preferences reasons for the investment avenues and further, studied the impact of the investor's investment decision making on the preference of the investment avenue. The descriptive research design was used by the researcher. A sample size of 216 respondents was collected through a multistage sampling technique in Kurnool District. Collected data was analyzed through correlation and multiple regression analysis. The study revealed that the investor's investment preference reasons were different in different investment avenues. Further, it revealed that the investor's preference reason in investment was depended upon the investment objectives such as risk, return, the safety of liquidity of the investment. The study found that most investors enter the share market to take the risk and got good returns periodically. Further, it revealed that risk aversion investors preferred to invest in mutual funds for future needs. **Manchanda (2019)** examined an article on the investment pattern of working women in Punjab. The descriptive and analytical research design was used and a sample of 500 respondents was selected with the help of convenient sampling. Selected data were analyzed through chi-square analysis. The researcher found that the majority of respondents preferred saving account as on rank first, the second rank to public provident fund followed by bank fixed deposit as the third rank and government securities, post office savings, and national saving certificate to fourth, fifth and sixth-ranked to safe/low-risk investment avenues. In medium risk investment avenues working women preferred life insurance as the most preferred investment avenues followed by mutual funds and ranked as first and debentures as second and third rank. Further, the study revealed that respondents were also interested to invest in those securities which had high risk like equity share market as first out of high risky securities and commodity market as the second rank. In traditional investment avenues gold/silver as most preferable so, it ranked as first, followed by real estate and property and art and passion as second and third rank.

## 3. OBJECTIVE OF THE STUDY

The objective of this study is to analyse the investment patterns of the individual investor in Punjab and Haryana**.**

## 4. RESEARCH METHODOLOGY

### 4.1 RESEARCH DESIGN

The present study is based on a descriptive cum analytical research design.

### 4.2 SAMPLE SIZE

A total of 500 respondents have been selected from two neighboring states 250 from each state. Five major populated cities have been selected from Punjab and Haryana on bases of population censure of 2011. The cities of Punjab are Ludhiana, Amritsar, Jalandhar, Patiala, and Bathinda. The five major cities of Haryana are Faridabad, Gurgaon, Panipat, Ambala, and Rohtak. Above mentioned five highly populated cities of Punjab has been based on the Population Census of 2011.

### 4.3 SCOPE OF THE STUDY

Both Punjab and Haryana are neighboring as well as agro-based economies. Fall under the northern region of India. The total geographical area covered by Punjab is 50,362 $km^2$ and the total population of Punjab is 27,704,236 with a sex ratio is at 895 for every 1000 males and 75.84 percent literacy ratio as per population census of 2011. The geographical area covered by Haryana is 44,212$km^2$ and the total population is 25,353,081 with a sex ratio is at 879 for every 1000 males and 76.64 percent literacy ratio per the population census of 2011. Researcher conduct study among 10 major populated cities of Punjab and Haryana these cities are Ludhiana, Patiala, Bathinda, Jalandhar, and Amritsar of Punjab and rest five major cities of Haryana are Gurgaon, Panipat, Rohtak, Ambala, and Faridabad. The sampling unit of the present study is based on individual investor behavior regarding various investment avenues. In the present study government employees, private employees, businessmen, Professionals have been selected as a sampling unit**.**

### 4.4 SAMPLING TECHNIQUE

The present study is based on a judgmental sampling technique. The aim of the research is to explore the investment pattern of individual investor behavior in Punjab and Haryana. Five major populated cities have been selected from Punjab and Haryana which represent the whole population of Punjab and Haryana.

### 4.5 METHOD OF DATA COLLECTION

The projected data is collected through primary data sources. Total 500 respondent's response is selected through a customized structured questionnaire with the help of Judgmental sampling basis to cover ten highly populated cities in Punjab and Haryana five from each on bases of population censuses of 2011. Primary data has been collected through the survey method. A structured questionnaire is divided into two parts, part one covered demographic profile, the second part covered investment pattern which influence individual investor behavior.

### 4.6 DATA ANALYSIS

Before statistical analysis of the questionnaire survey data has uploaded on SPSS (Statistical Package of Social Sciences) with coding. SPSS 22 version has been used by the researcher to analyze the collected data. In this present study, factor analysis, one-way analysis of Variance (ANOVA), Independent sample t-test and chi-square test is used to determine if categorical data shows dependency or the two classifications are independent.

### CRONBACH'S ALPHA ANALYSIS

Cronbach's alpha is used to test the internal consistency reliability of measurement among variables. It can help to estimate the reliability of participants' responses to the measurement (Helms, Henze, Sass & Mifsud, 2006, p. 633). Cronbach's alpha is usually used in social and behavioral researchers as an indicator of reliability (Liu, Wu, and Zumbo, 2010, p.5).

## 5.RESULTS AND DISCUSSIONS

**5.1: Mean and Standard deviation for an investment time horizon of Individual Investors in Punjab and Haryana and their Rank**

| Variables | Punjab | | | Haryana | | |
|---|---|---|---|---|---|---|
| **Safe & Low-Risk Investment Avenues** | Mean | SD | Rank | Mean | SD | Rank |
| Saving Account | 2.62 | .852 | 1 | 2.73 | 1.214 | 1 |
| Bank Fixed Deposits | 3.69 | .849 | 4 | 3.62 | 1.043 | 5.5 |
| Public Provident Fund | 3.72 | 1.179 | 5 | 3.62 | 1.073 | 5.5 |
| National Saving Certificate | 3.30 | 1.190 | 3 | 3.58 | .959 | 4 |
| Post Office Savings | 3.77 | 1.022 | 6 | 3.49 | .995 | 3 |
| Govt. Securities | 3.26 | 1.232 | 2 | 3.44 | 1.037 | 2 |
| **Moderate Risk Investment Avenues** | | | | | | |
| Mutual Funds | 3.17 | .877 | 2 | 3.37 | 1.076 | 2 |
| Life Insurance | 3.81 | .897 | 3 | 3.66 | 1.087 | 3 |
| Debentures | 2.60 | 1.045 | 1 | 3.21 | .854 | 1 |
| **High Risky Investment Avenues** | | | | | | |
| Equity Share Market | 1.31 | .680 | 1 | 2.18 | 1.109 | 1.5 |
| Commodity Market | 1.56 | 1.009 | 3 | 2.36 | 1.261 | 3 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Hedge Market | 1.49 | .870 | 2 | 2.18 | 1.263 | 1.5 |
| **Traditional Risk Investment Avenues** | | | | | | |
| Real Estate/Property | 2.95 | 1.017 | 3 | 3.10 | 1.099 | 3 |
| Gold/Silver | 2.59 | 1.169 | 2 | 2.87 | 1.086 | 2 |
| Art & Passion | 1.93 | 1.117 | 1 | 2.35 | 1.278 | 1 |

Source: Computed from Primary Data

- **Safe & Low-Risk Investment Avenues:** From the above table 5.1, it has been observed that in safe/low-risk investment avenues bank saving a/c is ranked on the first position by both respondents of Punjab and Haryana with mean 2.62 of Punjab and 2.73 of Haryana. Followed by sample population prefer to invest in government securities, national saving certificate and bank fixed deposits these variables ranked by respondents of Punjab as a second, third and fourth position with mean score 3.26,3.30 and 3.69 respectively. Instead, respondents of Haryana prefer to invest in government securities, post office saving and national saving certificates and these variables ranked as second, third and fourth positions respectively with a mean score of 3.44 and 3.49 and 3.58. Further, it has been inferred that respondents of Punjab prefer public provident fund and post office saving on fifth and sixth rank with their mean 3.72 and 3.77 respectively. Instead of this, the respondents of Haryana prefer public provident fund and bank fixed deposits as on the same rank as in the fifth position. It is found that respondents of both states prefer bank saving a/c and government securities as first and second priority and rest subsequent to them. Respondents of both states prefer safe/low-risk investment avenues for the long term. Depicts that there is no significant difference between the investment time horizons of investor based on demographic profile.

- **Moderate Risk Investment Avenues:** From the above table 5.1, it has been inferred that in moderate risk investment avenues debentures is ranked the first position by respondents of Punjab and Haryana on bases of time horizon with mean value 2.60 and 3.21 respectively, and Mutual fund and life insurance has ranked on second position and third position respectively, with mean value (3.17, 3.37) and (3.81, 3.66) respectively. Depicts, that investor life insurance r of Haryana and Punjab preferred life insurance, mutual fund, and debentures as medium or long period investment alternatives.

- **Highly Risky Investment Avenues:** From Table 5.1 it has been inferred that respondents of Punjab and Haryana believe that equities, commodity market and hedge funds as highly risky investment avenues so majority of respondents preferred for very short terms only and ranked the first position to equity followed by hedge funds and commodity market and ranked on second and third position respectively.

- **Traditional Risk Investment Avenue:** From Table 5.1 it has been inferred that in traditional investment avenues art & passion ranked in the first position on the perspective of investment time horizon with mean value followed by gold & silver and real/estate and property and ranked on second and third position. Rendered that real/estate, gold/silver preferred as a medium-term but art & passion only prefer for the very short term by an investor of both states. Depicts that, there is no significant difference between the investment time horizons of investor based on demographic profile. Moreover, the calculated chi-square value of all variables is less than the table value, indicates that that framed hypothesis is accepted and it concludes that there is no significant difference between investment time horizon based on the demographic profile of individual investors in Punjab and Haryana.

**Table 5.2: Comparative Analysis of Investment Pattern of Individual Investor in Punjab & Haryana**

| States | Punjab | | Haryana | |
|---|---|---|---|---|
| Variables | Mean | SD | Mean | SD |
| Percentage of income invest | 1.32 | .507 | 1.30 | .561 |
| Return | 1.14 | .488 | 1.35 | .667 |
| Progressive value | 2.16 | .486 | 2.23 | .688 |
| Safety of principle amount | 3.04 | .633 | 2.82 | .780 |
| Tax saving | 3.67 | .638 | 3.60 | .835 |
| Discomfort while investment | 2.00 | .747 | 2.18 | 1.078 |
| Who influence your investment decision | 1.66 | .991 | 2.34 | 1.414 |

| | | | | |
|---|---|---|---|---|
| Desire to meet gradually increasing expenditure. | 1.39 | .572 | 1.71 | .863 |
| Desire to save for children. | 1.78 | .616 | 1.97 | .885 |
| Desire meet anticipated future needs | 1.76 | .637 | 2.14 | .944 |
| Desire to enjoy sense of independence | 1.90 | .785 | 2.12 | .954 |
| Desire to meet unforeseen contigencies | 1.71 | .676 | 2.17 | .926 |

Source: Primary Data

**Table 5.3: Test of Normality**

| | | Kolmogorov-Smirnov[a] | | | Shapiro-Wilk | | |
|---|---|---|---|---|---|---|---|
| | **States of Respondents** | **Statistic** | **Df** | **Sig.** | **Statistics** | **df** | **Sig.** |
| Mean Score of States | Punjab | .228 | 12 | .084 | .847 | 12 | .033 |
| | Haryana | .219 | 12 | .116 | .903 | 12 | .173 |

Level of Significance at 5 Percent

**Table: 5.4 Mean, Standard Deviation and Standard Error of Individual Investor in Punjab & Haryana**

| States | | N | Mean | Standard Deviation | Standard error Mean |
|---|---|---|---|---|---|
| Mean | Punjab | 12 | 1.9608 | .72410 | .20903 |
| | Haryana | 12 | 2.1608 | .61668 | .17802 |

Source: Computed from Primary Data

**Table: 5.5 Independent Samples t-test of Individual Investor in Punjab & Haryana**

| | | Levene's Test of Equality of Variance | | T-test for Equality of Means | | | | |
|---|---|---|---|---|---|---|---|---|
| | | F | Sig. | t | df | Sig. (2 tailed) | Mean difference | Standard Error Difference |
| Mean | Equal Varience assumed | .310 | .583 | -.728 | 22 | .474 | -.20000 | .27456 |
| | Equal Variance not assumed | | | -.728 | 21.456 | .474 | -.20000 | .27456 |

Source: Computed from Primary Data, Significant at level 5 percent

Table 5.4 describes the mean value of Punjab and Haryana with standard deviation and standard error regarding the comparative analysis of investment patterns 1.9608 mean value of Punjab and 2.1068 mean value of Haryana with standard deviation .72410 of Punjab and .61668 of Haryana. Table 4.5 indicates Levene's test of equality shows the homogeneity of Variance if the p-value in Levene's test is greater than 0.05 it means there is the homogeneity of Variance in the given data set. Above data set, p-value(p>.583) of Levene's test is greater than 0.05 shows that the Above data set satisfy the condition of homogeneity of Variance. And another table of t-test shows the test of equality of means, P-value .474 depicts, that it is greater than 0.05 (p> 0.05), So, there is no significant difference between the mean Variance of an investor of Punjab and Haryana.

## 6. CONCLUSION

It has been observed that in safe/low-risk investment avenues bank saving account is ranked on the first position by both respondents of Punjab and Haryana followed by government securities, national saving certificate and bank fixed deposits. It has been found that in moderate risk investment avenues debentures is ranked the first position by respondents of Punjab and Haryana on bases of time horizon and Mutual fund and life insurance has ranked on second position and third position respectively. It has been also found that respondents of Punjab and Haryana believe that equities, commodity market and hedge funds as highly risky investment avenues so majority of respondents preferred for very short terms only and ranked the first position to equity followed by hedge funds and commodity market and ranked on second and third position respectively. It has also been concluded that in traditional investment avenues art & passion ranked in the first position on the perspective of investment based on time horizon followed by gold & silver and real/estate and property and ranked on second and third position. It has been concluded that there are similar investment patterns of the individual investor in Punjab and Haryana.

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