"EMPIRICAL STUDY ON INVESTOR BEHAVIOR AND DECISION MAKING TOWARDS INVESTMENT AVENUES"

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ABSTRACT

The importance of investing cannot be overstated. Money is a fluid thing. Something worth one rupees one day could cost significantly more the next day. This is because history shows us that things always cost more over time. When we view this dynamic over years and decades, it becomes obvious that doing nothing with money will cause it to lose its buying power. It is therefore important to invest to make money grow rather than shrink

Different Avenues for Investing Money

Investing in the stock market, real estate and business ventures is referred to as an aggressive investment. It involves a certain amount of risk. On the other hand, a conservative investment involves a lesser amount of risk and includes the investments made in cash.

Stocks

A share of the ownership of a corporation is termed as a share of stock. Investing in the stock market involves a considerable amount of risk. It requires a careful analysis of the share prices in order to invest in the right company at the right time. There are two types of stocks, common and preferred. While common stock holders carry voting rights along with a unit of ownership, preferred stock holders do not. Preferred stocks entitle the shareholders to receive payments in the form of dividends.

Mutual Funds

It refers to a collective investment scheme in which money pooled from investors is invested in stocks, bonds or other securities. A fund manager is responsible for trading with the pooled money. It is one of the lowest-risk investment ventures. Mutual funds rest on the idea of entrusting an investment expert with your money that he/she invests with intent to fetch one maximum profit.

Bonds

A bond is a debt security in which an issuer owes the bond holder a debt and is supposed to repay the principle and the interest at a later date. The bondholder functions as a lender while the issuer is the borrower. Certain companies offer bonds to invest in. One can also invest in the federal government bond programs. Bonds are a low-risk means to invest in.

Investing in Gold, Silver

Investing in gold is done through ownership or by the means of certificates and shares. One of the traditional ways of investing in gold is through the purchase of gold bars. Swiss banks provide their customers with gold accounts whereby

transactions in gold can be done. Investing in mining companies is another option for investing in gold. Investments in silver are similar to those in gold.

Investment in Land and Real Estate

Real estate investments are done by means of investment in property. Investors purchase property with intent of leasing or holding. Those investing in commercial real estate prefer to purchase a large property and rent it out to big companies. Land investment is an investment activity wherein a piece of land is purchased for development. It can fetch good and long-term returns if invested wisely.

Qualities of Intelligent Investor

The Uncommon

To be the best one has to put your best efforts and work harder. Many people are investing into stocks from ages. But majority of them are now vanished and few are still able to continue to invest and are earning more profits in the stock market. One needs a correct attitude towards the investments and goals. One needs more commitment and more observation in order to lead the race.

Knowledge

As we know, knowledge is divine. In order to be a good investor one must possess ample knowledge of many factors which affect the whole stock market. As Cecil quoted,"The first step to knowledge is to know we are ignorant", one should learn as many as things which will be helpful in selecting the right investment plan. First one should learn how stock market works, how the prices vary, how the external factors affect the price of a share and so on. If one don't know the simple logic of demand and price (Demand is directly proportional to Price and vice versa), and one is thinking to conquer the world of stock market, then one is in big trouble. So try to gain more knowledge by referring to books, websites, and wherever one must find it.

Vision

After gaining the required knowledge, you should have a vision. A vision into the future happenings. One should try to interpret the future which is very simple if one has little bit thinking. The companies which have given good returns are less likely to continue in the future. So try to figure out the small companies which do have potential to become large companies quickly. These companies will give more returns.

Patience

Have patience and patience will pay more. Whereas, impatience in stock market can cost one dear. Wait for a correct opportunity and then grab it. There is always doors for entering and to exit the stock market. Just one has to be patient. Don't hurry as stock market has gone up sharply or don't hurry in selling as stock price decreased sharply. Always there will be reversal of the movement.

Updating Oneself

Even though one may have plans to be invested for a long time, one should be updated with the latest news related to stock market, company's activities, and overall political and economical conditions in order to avoid any sudden blows. One must keep in touch with the latest happenings in the world of stock market and the company in which one has invested

or wants to invest in the future.

KEYWORDS: Investing Money, Stock Market, Investor

INTRODUCTION

Behavioral Finance

Decision-making is a complex activity. Decisions can never be made in a vacuum by relying on the personal resources and complex models, which do not take into consideration the situation. Analysis of the variables of the problem in which it occurs is mediated by the cognitive psychology of the manager. A situation based on decision making activity encompasses not only the specific problem faced by the individual but also extends to the environment. Decision-making can be defined as the process of choosing a particular alternative from a number of alternatives. It is an activity that follows after proper evaluation of all the alternatives1. They need to update themselves in multidimensional fields so that they can accomplish the desired results/ goals in the competitive business environment. This needs better insight, and understanding of human nature in the existing global perspective, plus development of fine skills and ability to get best out of investments. In addition, investors' have to develop positive vision, foresight, perseverance and drive. Every investor differ from others in all aspects due to various factors like demographic factors which includes socio-economic background, educational attainment level, age, race and sex. The most crucial challenge faced by the investors is in the area of investment decisions. An optimum investment decision plays an active role and is a significant consideration. In designing the investment portfolio, the investors should consider their financial goals, risk tolerance level, and other constraints. In addition to that, they have to predict the output mean- variance optimization. This process is better suited for institutional investors; it often fails for individuals, who are susceptible to behavioural biases.

In the present scenario, behavioral finance is becoming an integral part of the decision-making process, because it heavily influences investors' performance. They can improve their performance by recognizing the biases and errors of judgment to which all of us are prone. Understanding the behavioral finance will help the investors to select a better investment instrument and they can avoid repeating the expensive errors in future. The pertinent issues of this analytical study are how to minimize or eliminate the psychological biases in investment decision process.

Review of Literature

Modern portfolio theory provides a comprehensive "handbook" how individual investors should proceed when pursuing investment decisions and structuring their asset portfolio (Markowitz (1952)). However, behavioral finance research provides extensive evidence that households deviate considerably from rational investment decisions (Hirshleifer (2001) or Goetzmann and Kumar (2005)). Bringing both strands of literature together, Campbell (2006) states that "these discrepancies, or investment mistakes, are central to the field of household finance" (Campbell (2006)) and encourages further investigation in this field. Investment process consists of six phases:

- Assess personal balance sheet

- Assess risk aversion and investment horizon

- Determine optimal allocation to asset classes

- Select securities

- Perform transaction

- Monitor wealth (reporting)

Need and Significance of Study

The investments done by individuals are based on a cumulative effect of a number of aspects. There is a need to identify the various aspects which affect the decision making while investing the surplus cash which an individual has. The investment decision is based on the amount of risk preference of an individual. Another important factor behind this decision is the assessment of the needs and requirements of money an individual will have in the years to come.

Thus an individual does a feasibility search of the various avenues he has while investing. This helps us realize the importance of informing a customer about the schemes offered by various firms and also the impact they will have o his future needs of money. Irrational behavior study can have an influence on the rising need for specialized advice to the investor while investing. Also telling us about the scope of personal investment specialists.

Objectives of Study

The research would be centered on finding two basic aspects when it comes to making the investment decisions:

- To determine the investment avenues of a household investor.

- The investment avenues can be described on the basis of the pattern of the investment objective and investment knowledge of an individual.

- To determine if the investors are indicating tendencies of irrational behavior when exposed to certain investing decisions.

RESEARCH METHODOLOGY

Research Design

Marketing research can be classified in one of three categories:

- Exploratory research

- Descriptive research

- Causal research

These classifications are made according to the objective of the research. In some cases the research will fall into one of these categories, but in other cases different phases of the same research project will fall into different categories.

Sampling Technique

Judgmental sampling was use to search for the respondents to the questionnaire.

Sample Size

The samples were collected from a total of 200 valid respondents. There were some responses which were invalid they were rejected and were replaced by correct and valid responses.

Secondary Data

Before going through the time and expense of collecting primary data, one should check for secondary data that previously may have been collected for other purposes but that can be used in the immediate study. Secondary data may be internal to the firm, such as sales invoices and warranty cards, or may be external to the firm such as published data or commercially available data. The government census is a valuable source of secondary data.

Data Analysis

The data collection was collected for the following variables.

- Who is managing the finances of the individual?

This can be done either by the individual himself or can be done by the help of certain professional investor. This can be the brokers or various consulting companies working in the same field.

- Investing knowledge of the individual.

This question was to gauge the knowledge what an individual is possessing regarding to the investing. The amount of knowledge was divided into five possible levels. The levels varied from expert to totally zero.

- Investment objective of an individual.

This question was to gauge the investment objective of an individual. The various options given to the individual included-improving financial situation, providing income for dependants, income for retirements, education and bringing up of children, money for marriage and health.

- Time horizon of investment

This question helps in analyzing the time horizon an individual thinks in terms of when investing the money. The horizon can be long term (more than 5 years) or short term (less than or upto 5 years).

- Perception of risk in financial context

This question was asked for knowing the behavior of an individual when investing is concerned. The various options accompanying were all behavioral perceptions of an individual. They were financial risk as – danger, opportunity, uncertainty, thrill. Each of the words used describes a certain kind of behavior.

- Rationality of investor

This question was inserted to know about the investor behavior in case of movements in stock markets. This relates to the assumptions generally made which states that each investor behaves rationally and all have same risk appetite. By means of this question four options are provided to an individual in case of a given example of movement and these would help us in linking the perception towards financial risk and the behavior observed in investing.

- Impact of global factors

The Indian markets are not independent from the global markets in the era of rapid globalization thus knowing its impact on individual investor's behavior is important. By means of this question we are trying to know the impact of global factors movement on individuals.

- Changes in investment preferences due to recent market movements

This question helps in gauging the shift in individual's preferences of investment due to recent downward trends in stock markets due to subprime crisis. The shift from can be analyzed in terms of movement towards the fixed income securities or towards variable income securities.

- Satisfaction level of individual

The individual can be satisfied by earning a particular level of returns while some individual may not be happy even when earning high levels of returns. This question tries to find out the number of people who are satisfied by their investments.

Summary of Collected Data

Marital Status

Table 1: Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	34	17.0	17.0	17.0
	Married	166	83.0	83.0	100.0
	Total	**200**	**100.0**	**100.0**	

Out of a total of 200 respondents a majority to the tune of 83% are married. This shows that an individual starts investing money when he wants more money. The basic behavior aspect is depicted that an individual starts doing a thing only when the need so arises.

Family Income

Table 2: Family Income

		Frequency	Percent	Valid Percent	Cumulative Percent
	<5 Lac	37	18.5	18.5	18.5
	5-10 lac	76	38.0	38.0	56.5
Valid	10-15 lac	72	36.0	36.0	92.5
	>15 lac	15	7.5	7.5	100.0
	Total	**200**	**100.0**	**100.0**	

More than 70% of respondents lie in the range of 5-15 lacs. Almost equal number of respondents belong to each group. Thus families or households are supposed to have a sufficient among of investible income in the selected group or sample.

Age

Table.3: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
	18-24	1	.5	.5	.5
	25-34	51	25.5	25.5	26.0
	35-44	56	28.0	28.0	54.0
Valid	45-54	72	36.0	36.0	90.0
	55-64	20	10.0	10.0	100.0
	Total	**200**	**100.0**	**100.0**	

The responses are very less in number from the 18-24 and 55-64 years age group. Thus it is evident that not many people from this age group are investing very actively in the markets. They eiher don't invest at all or are taking help of other members of family in making their investments.

Sex

Table 4: Sex

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	191	95.5	95.5	95.5
	Female	9	4.5	4.5	100.0
	Total	**200**	**100.0**	**100.0**	

This table shows as a general trend that females are not very active when it comes to the field of investing the two possible cases which arise here are that females are not investing at all or they are delegating this task to other members of their family. Thus the household investor is not generally the female in Indian households.

Investing Knowledge

Table 5: Investing Knowledge

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Expert	17	8.5	8.5	8.5
	Proficient	39	19.5	19.5	28.0
	Don't Know Much	103	51.5	51.5	79.5
	Poor Knowledge	37	18.5	18.5	98.0
	Totally Zero	4	2.0	2.0	100.0
	Total	**200**	**100.0**	**100.0**	

Out of a total of 200 samples collected more than 50% of respondents have replied that they don't know much about investing. They either consider their knowledge not sufficient because of ever changing dynamics of the markets or they are not having sufficient time to supplement their current knowledge to required knowledge levels. Investors also may be having a perception that the amount of knowledge possessed by them is not adequate as to their own expectation.

Investment Objective

Table 6: Investment Objective

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Maximum Current Income	26	13.0	13.0	13.0
	Preservation of Capital	40	20.0	20.0	33.0
	Reasonable current income	50	25.0	25.0	58.0
	Long Term Growth	56	28.0	28.0	86.0
	Aggresive Capital Growth	28	14.0	14.0	100.0
	Total	**200**	**100.0**	**100.0**	

Investment objective of 13% respondents is maximum current income. While 20% respondents want to conserve their capital, 25% go for reasonable current income, 28% go for long term growth of capital and only 14% go for aggressive growth of capital. Thus the investment objective is quite varied and changes as per the requirements and various other factors as well.

Management of Finances

Table 7: Management of Finances

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Self Management	150	75.0	75.0	75.0
	Professional Management	50	25.0	25.0	100.0
	Total	**200**	**100.0**	**100.0**	

A majority of individuals are managing their finances by themselves. This is in a contrast to the fact that not many investors are in a continuum with the fact that they know much about the stock markets and other investing knowledge. Thus this is an irrational behavior on the part of the investor

Time Horizon

Table 8: Time Horizon

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Long Term	143	71.5	71.5	71.5
	Short term	57	28.5	28.5	100.0
	Total	**200**	**100.0**	**100.0**	

A majority of investors are planning a long term horizon for their investment, but they are also assuming that they receive a considerable amount as current income. Thus we can say that an Indian investor wants the company to pay substantial amount of dividends on the investments made

Investment Policy

Table 9: Investment Policy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diversification	161	80.5	80.5	80.5
	Concentration	39	19.5	19.5	100.0
	Total	**200**	**100.0**	**100.0**	

The respondents are trying to make a diversified exposure in the investments they are making; they are not solely investing in variable income securities but also in other avenues such as real estate, fixed income security.

Brokers

Table 10: Brokers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	41	20.5	20.5	20.5
	No	159	79.5	79.5	100.0
	Total	**200**	**100.0**	**100.0**	

Out of a total of 200 respondents only 41 almost 21 % of the respondents were regularly taking advice of brokers in making their financial investment decisions. This shows that despite having lesser financial decision related knowledge still many investors don't like take advice of brokers.

Websites

Table 11: Websites

		Frequency	Percent	Valid Percent	Cumulative Percent
	Yes	71	35.5	35.5	35.5
Valid	No	129	64.5	64.5	100.0
	Total	**200**	**100.0**	**100.0**	

With the increasing availability of internet the investors are increasingly basing their financial decisions on the various updates available at websites, these may be the websites of various financial advisors and also the websites of various perspective companies for investment.

News

Table 12: News

		Frequency	Percent	Valid Percent	Cumulative Percent
	Yes	196	98.0	98.0	98.0
Valid	No	4	2.0	2.0	100.0
	Total	**200**	**100.0**	**100.0**	

Investors are very much active to the news channels and news available via print media. This shows the importance of the news available from these media.

Market Experts

Table 13: Market Experts

		Frequency	Percent	Valid Percent	Cumulative Percent
	Yes	79	39.5	39.5	39.5
Valid	No	121	60.5	60.5	100.0
	Total	**200**	**100.0**	**100.0**	

Almost 40% of respondents are now basing their financial investment decisions on the advice of financial and market experts. This shows the increasing perspective of this field of services, this is the reason why many companies are now venturing in financial advisory services business.

Risk in Financial Context

Table 14: Risk in Financial Context

		Frequency	Percent	Valid Percent	Cumulative Percent
	Danger	17	8.5	8.5	8.5
	Opportunity	75	37.5	37.5	46.0
Valid	Uncertainity	66	33.0	33.0	79.0
	Thrill	42	21.0	21.0	100.0
	Total	**200**	**100.0**	**100.0**	

A staggering 37% of respondents view risk in investments as opportunity, thus they can be categorized as risk takers. Only a very few almost 8.5% of respondents find risk in investments as a danger and they perceive so may be because of prior losses they have incurred or their conservative nature. 33% of the respondents find uncertainity in

financial investments. There are a small number of respondents 21% who find thrill in the investing and are interested in the upswings and downswings of markets and like playing it as a game.

Data Interpretation

Objective 1

Determining the investing avenues of an individual.

The variables on which the investment options an individual is choosing depends on different variables. Which are listed as under :

- Investment Knowledge

- Investment Objective

- Age of The Investor

- Family or Household Income of the Investor

Cross tabulation of each of these factors can help in analyzing the interdependence among each factor:

Age * Investing Knowledge Cross Tabulation

Table 15: Age * Investing Knowledge Cross Tabulation

| | | Investing_Knowledge | | | | | Total |
		Expert	Proficient	Don't Know Much	Poor Knowledge	Totally Zero	
Age	18-24	0	0	0	1	0	**1**
	25-34	0	14	30	7	0	**51**
	35-44	9	20	17	10	0	**56**
	45-54	8	5	36	19	4	**72**
	55-64	0	0	20	0	0	**20**
Total		**17**	**39**	**103**	**37**	**4**	**200**

A majority of the respondents dont possess much knowledge when it comes to field of investing. The investors in age group of 35-44 comprises mostly of people who consider themselves proficient in the amount of knowledge possessed as to that required to make investments. In the age group of 55-64 all the respondents consider there knowledge of investing not sufficient for making investments.

Investment Objective Cross Tabulation

Table 16: Age * Investment Objective Cross Tabulation

| | | Investment_Objective | | | | | Total |
		Maximum Current Income	Preservation of Capital	Reasonable Current Income	Long Term Growth	Aggresive Capital Growth	
Age	18-24	0	0	1	0	0	**1**
	25-34	3	12	13	8	15	**51**
	35-44	0	20	22	14	0	**56**
	45-54	23	7	4	25	13	**72**
	55-64	0	1	10	9	0	**20**
Total		**26**	**40**	**50**	**56**	**28**	**200**

The investment objective varies as the age group changes. In the age group of 25-34 the maximum frequency of investors is in the aggressive capital growth criterion. They want to earn the maximum return for their invested capital and in shortest duration of time. Almost half of the respondents from the age group of 34-44 years want a reasonable current income. In the age group of 45-54 there are two points of maxima one occurs at maximum current income and the other at long term growth. Thus we can say that this category is further divided into two category of investors one those want current income and others who need long term growth for their money.

Family Income * Investing Knowledge Cross Tabulation

Table 17: Family Income * Investing Knowledge Cross Tabulation

		Investing_Knowledge					Total
		Expert	Proficient	Don't Know Much	Poor Knowledge	Totally Zero	
Family Income	<5 Lac	0	13	19	5	0	37
	5-10 lac	0	20	49	3	4	76
	10-15 lac	17	0	35	20	0	72
	>15 lac	0	6	0	9	0	15
Total		17	39	103	37	4	200

The investment knowledge levels and family income levels don't show much results in the cross tabulation table. As shown earlier majority if investors don't possess investing knowledge to the knowledge they thing optimum. But there are considerable amount of investors in the 10-15 lacs income group who are having expert knowledge of investing. The investors in the category of upto 5 lacs and 5-10 lacs are having some knowledge of investing.

Family Income * Investment Objective Cross Tabulation

Table 18: Family Income * Investment Objective Cross Tabulation

		Investment_Objective					Total
		Maximum Current Income	Preservation of Capital	Reasonable current income	Long Term Growth	Aggresive Capital Growth	
Family_Income	<5 Lac	0	10	15	9	3	37
	5-10 lac	17	17	16	23	3	76
	10-15 lac	0	7	19	24	22	72
	>15 lac	9	6	0	0	0	15
Total		26	40	50	56	28	200

In the category of investors having income upto 5 lacs majority if them want to have a reasonable level of current income. Investors having an annual family income of 5-10 lacs have a majority goal of long erm growth of capital while majority of investors in category of 10-15 lacs want long term growth.

Objective 2

To determine irrationality in investor behavior

The different variables outlined for the same are:

- Perception of risk in financial context

- Changes in portfolio in recent past

- Impact of global factors on investments

- Level of investor satisfaction for the obtained results

Cross tabulation of each of these factors can help in analyzing the interdependence among each factor:

Age * Risk in Financial Context Cross Tabulation

Table 19: Age * Risk in Financial Context Cross Tabulation

		Risk_in_Financial_Context				Total
		Danger	**Opportunity**	**Uncertainity**	**Thrill**	
Age	18-24	0	0	0	1	**1**
	25-34	0	0	10	41	**51**
	35-44	6	26	24	0	**56**
	45-54	11	29	32	0	**72**
	55-64	0	20	0	0	**20**
Total		**17**	**75**	**66**	**42**	**200**

A majority of respondents belonging in the age group of 25-34 years believe investing to be an activity related to thrill. While in the age group of 25-34 there is a divided house, agroup of investors perceive it as an opportunity while a group perceives it as an uncertainty. A similar situation exists in the age group of 45-54.

Age * Impact of Global Factors Cross Tabulation

Table 20: Age * Impact of Global Factors Cross Tabulation

		Impact_of_Global_Factors				Total
		Large Extent	**Moderate Extent**	**Small Extent**	**No Impact**	
Age	18-24	0	1	0	0	**1**
	25-34	9	24	18	0	**51**
	35-44	14	7	35	0	**56**
	45-54	12	28	23	9	**72**
	55-64	9	11	0	0	**20**
Total		**44**	**71**	**76**	**9**	**200**

In the age group of 25-34 there is a moderate impact of the global factors on the individual investors investments. While in the age group of 35-44 there is a small impact of global facots on the investments. While there is no clear distinguishing factor in the other age groups.

Age * Change in Portfolio Cross Tabulation

Table 21: Age * Change in Portfolio Cross Tabulation

		Change_in_Portfolio			Total
		Mostly to Lower Risk	No Clear Changes	Mostly to Higher Risk	
Age	18-24	0	1	0	**1**
	25-34	20	22	9	**51**
	35-44	24	19	13	**56**
	45-54	31	25	16	**72**
	55-64	0	0	20	**20**
Total		**75**	**67**	**58**	**200**

In the age groups of 25-34 the investors are showing a haphazard investing preference they are not clear as to which direction their investments have moved in recent past. While in the age groups of 35-44 and 45-54 the investors are seen moving towards low risk investment instruments. There is an unexpected increase in the high risk investments in the

investors in the 55-64 years age group. This shows that they purchased the stocks when they were at their lowest prices.

Family Income * Risk in Financial Context Cross Tabulation

Table 22: Family Income * Risk in Financial Context Cross Tabulation

		Risk_in_Financial_Context				Total
		Danger	Opportunity	Uncertainity	Thrill	
Family_Income	<5 Lac	9	10	17	1	37
	5-10 lac	0	35	12	29	76
	10-15 lac	2	30	28	12	72
	>15 lac	6	0	9	0	15
Total		17	75	66	42	200

Respondents who are having annual family income upto 5 lac view investing as a field having a lot of uncertainity. While those in the 5-10 lac group view it as an opportunity. In the 10-15 lac income group the investors are viewing the risk in financial context as an opportunity and a field of uncertainity. While the high income group considers it as an uncertainity.

Family_Income * Impact of Global Factors Cross Tabulation

Table 23: Family Income * Impact of Global Factors Cross Tabulation

		Impact_of_Global_Factors				Total
		Large Extent	Moderate Extent	Small Extent	No Impact	
Family_Income	<5 Lac	13	5	10	9	37
	5-10 lac	22	22	32	0	76
	10-15 lac	9	44	19	0	72
	>15 lac	0	0	15	0	15
Total		44	71	76	9	200

The respondents in the group having annual family income less than 5 lac have a lot consideration while they are investing they aree looking largely into the global factors while doing so. While those in 5-10 lac group are doing it moderately only. The maximum no of respondents from the 10-15 lac earning group are basing their investments only moderately ont the global factors.

Family Income * Change in Portfolio Cross Tabulation

Table 24: Family Income * Change in Portfolio Cross Tabulation

		Change_in_Portfolio			Total
		Mostly to Lower Risk	No Clear Changes	Mostly to Higher Risk	
Family_Income	<5 Lac	13	5	19	37
	5-10 lac	28	26	22	76
	10-15 lac	34	21	17	72
	>15 lac	0	15	0	15
Total		75	67	58	200

During the recent years a majority of respondents in the low income group have increased their exposure to variable income securities. There are no certain changes in the shift towards a particular kind of investments in the 5-10 lac income group. A large number of investors in 10-15 lac income group have moved towards low risk investments in the recent past. In the high income group no clear changes have been observed.

Family Income * q18 Cross Tabulation

Table 25: Family_Income * Q18 Cross Tabulation

		q18				Total
		Invest More	**Hold**	**Sell a Part & Reinvest**	**Sell All**	
Family_Income	<5 Lac	1	17	0	19	**37**
	5-10 lac	26	26	20	4	**76**
	10-15 lac	14	18	36	4	**72**
	>15 lac	0	0	9	6	**15**
Total		**41**	**61**	**65**	**33**	**200**

Questionaire

(THE INFORMATION PROVIDED BY YOU WOULD BE KEPT STRICTLY CONFIDENTIAL.)

Table 26

Serial No.	Question
1.	**How you manage your finances?** ☐ Manage it myself. ☐ Handled by professional investment advisors.
2.	**How good is your knowledge of investing?** ☐ I'm an expert in the field of investing. ☐ I'm proficient in investing. ☐ I don't know much about investing but I keep myself updated about the developments through newspapers, journals, TV, etc. Limited to knowing things like how the stock market or certain select script is / are moving. ☐ I'm totally zero as far as knowledge of investing is concerned.
3.	**What is your main objective while investing?** ☐ To improve your financial situation. ☐ Enhance or provide a comfortable standard of living. ☐ Provide for dependents. ☐ Provide income for retirements. ☐ Provide funds for education and bringing up of children. ☐ Provide money for marriage, health
4.	**What is your time horizon of financial planning?** ☐ Long term (5 year +) ☐ Short term (Less than 5 years)
5.	**What is your basic investment policy?** ☐ Diversification ☐ Concentration
6.	**Which of the following variables effect your decision of investing?** (More than one option can be selected) ☐ Brokers ☐ Websites ☐ News ☐ Market expert's Others (specify)
7.	**When you think of the word "risk" in a financial context, which of the following words comes to mind first?** ☐ Danger ☐ Opportunity ☐ Uncertainty ☐ Thrill
8.	**Suppose the stock market has suddenly lost 25% of its value in a month, as**

	have the holdings in your portfolio. What action would you take? ☐ Invest more funds to lower your average investment price ☐ Hold the investment and sell nothing, expecting performance to improve. ☐ Sell a portion of your portfolio and reinvest into more secure investment sectors. ☐ Sell all of the investments.
9.	**To what extent do the global factors affect your investments decisions?** ☐ To a large extent ☐ To a moderate extent ☐ To a small extent ☐ Do not effect
10.	**In recent years, how have your personal investments changed?** ☐ Always toward lower risk instruments like Liquid Funds, fixed deposits, bonds etc. ☐ Mostly toward lower risk instruments as above ☐ No changes or changes with no clear direction. ☐ Mostly toward higher risk instruments like stocks, equity funds, real estate etc. ☐ Always toward higher risk instruments as above
11.	**Are you satisfied with the returns generated by the investments vis a vis risk associated with it?** ☐ Very satisfied ☐ Satisfied ☐ Neither satisfied nor dissatisfied ☐ Dissatisfied ☐ Very dissatisfied
12.	**What level of investible income are you annually investing in instruments other than fixed return securities?** ☐ 10-30 ☐ 30-50 ☐ 50-70 ☐ Above 70

Personal Information

1) **Name**: _____

2) **Age:**   ☐ 18-24   ☐ 25-34   ☐ 35-44   ☐ 45-54   ☐ 55-64   ☐ 65 +

3) **Sex:**   ☐ Male   ☐ Female

4) **Marital status**:   ☐ Single   ☐ Married

5) **Any other household member**   Yes ☐   No ☐

If Yes please specify the number :

Preschool children   _____

School children   _____

College students   _____

Dependent adults   _____

Non dependent adults   _____

6) **What is your profession?**

☐Service Person   ☐ Businessman   ☐ Unemployed   ☐Retired

☐Housewife   ☐ Student

Others (please specify) _____

7) What is your family income?

☐   < 5 lacs per annum

☐   5 lacs to 10 lacs per annum

☐   10 lacs to 15 lacs per annum

☐   >15 lacs per annum

Thank you for your valuable time

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