A Study of Investment Behaviour at Serkawn Community, Lunglei, Mizoram

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Abstract— Investment refers to investing of money by the investors in the financial products to receive future returns. The present study attempted to investigates the investment behaviour at Serkawn Community, Lunglei, Mizoram. For the purpose of the study, primary data were collected by administering a structured questionnaire among the sample respondents. Secondary data were collected through journals. As the factor influencing their investments, the study found that 40% of the respondents mentioned 'safety' is an important factor influencing their investments. 26% of the respondents mentioned 'return potential' as an important factor. The study also revealed that 50% of the respondents invested in small savings scheme, 38% of the respondents invested in fixed bank deposit, 32% invested in post office deposit, and 20% of the respondents invested in life insurance scheme. Therefore, the study suggested that banks and financial institutions would take additional steps to give awareness regarding investment avenues available for the public and encourage them to make more investment for their future which will bring economic development in return.

Keywords— Investment behaviour, Investment schemes, Investment decision, Investors, Financial institutions.

I. INTRODUCTION

In General, investment is the application of money for earning more money. Investment means investing of funds or money with aiming profitable returns in the future in the form of interest, income or appreciation in value. In other words, investment refers to the purchase of financial products by the investors with an expectation of returns in the future [1]. Investment may be either savings of funds or remittance of consumptions. Investment is involved in different sectors of the economy, viz. households, firms, or governments. In the present financial market scenario, numerous avenues of investment are available in India such as Savings Bank Account, Post Office Savings Scheme, Fixed Deposit Account, Life Insurance Policies, Mutual Funds, Public Provident Fund, New Pension Scheme, Real Estate, Money Market Fund, Company Fixed Deposit, Bonds and Debentures, Shares, Gold, and Government Securities. According to U.K Dictionary, "An investor is a person or organization that puts money into financial schemes, property, etc. with the expectation of achieving a profit".

Investment benefits both economy and the society. The savings of people in different investment options act as an important driver for economic growth as the process of investment creates financial markets which develop trading of financial securities. Investment made by the investors enhance the company to raise capital for capital formation.

Through investments, idle money can be utilised for productive purposes. Rao (1980) has rightly pointed out, "increase in saving, use of increased saving for increased capital formation, use of increased capital formation for increased saving for a further increase in capital formation constituted the strategy behind economic growth" [2].

Investment behaviour refers to the behaviour of investors regarding searching and evaluating the investment avenues and making investment in investment products. It is related to how the individual investor assigns the surplus funds to different investment products available [3]. The study of investment behaviour has an important significance for banks and financial institutions. Studying the behaviour of investors is very vital for banks and financial institutions to design appropriate investment strategies and to market suitable financial products to investors to meet their demands in an effective manner [4]. Therefore, the study was conducted to understand and analyse the investment behaviour at Serkawn Community, Lunglei, Mizoram.

II. RELATED WORK

Many studies related to investment behaviour are already existed. Some important studies concerning investment behaviour are reviewed here as under.
Ansari and Dhamija (2011) conducted a study on an empirical assessment of investment patterns of investors in North India. The study found that most of the respondents

have moderate financial knowledge. The study also revealed that 32.6% of the respondents preferred government securities for investments, 29.6% preferred mutual funds, and 18.6% preferred real estate. Regarding sources of investment information, 20.4% of the respondents come to know investment information from newspapers, 16% from professional advisor and 15 % of the respondents got information from family and friends. The study also highlighted that 37% of the respondents had low risk tolerance while making investment. Therefore, the study suggested that the financial institutions can design the financial products having low risk to cater the investors who are low risk tolerant [5].

Murithi et al. (2012) examined an investment behaviour in various investment avenues and revealed that 80% of the respondents preferred banking sectors for savings, 70% preferred mutual funds for investments. The study also found that 52% of the respondents' purpose of investment was future expenses, 24% mentioned wealth creation and 16% mentioned tax saving for the purpose of their investments. [6].

Swadia (2017) conducted a study on investor behaviour towards investment pattern portfolios among middle income class group in Ahmedabad City. The study found that 43% of the respondents mentioned 'safety of principal' as factor considered before investment, 25% of the respondents mentioned 'low risk' and 19% mentioned 'high returns' as the factors considered before investment. In regards to reasons for investment, the study also revealed that 27% of the respondents invested with an expectation of 'high returns', 26% invested to cover 'future expenditure' and 25% invested for 'tax savings' [7].

Amaraveni and Archana (2017) in their study found that almost half of the respondents (40 %) prefer insurance products as their first priority, followed by 32 % bank deposits, 27 % of the investors invest for short term profit seeking and 40 % of the respondents know the investment avenues by self-awareness and family members and websites. The study also revealed that 32 % prefer investment for safety and security and 26 % prefer for high rate of returns. 36 % of respondents prefer to invest for long term period [8].

III. METHODOLOGY

This main objective of the present study is to understand the investment behaviour at Serkawn community, Lunglei Mizoram. Mizoram is a small state located in North East India, having a total area of 21,078 square kilometres and situated between Myanmar and Bangladesh. Lunglei is the second largest district in Mizoram. Serkawn is an important locality in Lunglei town where Christian Hospital and Baptist Higher Secondary School are situated. One big organisation's (i.e., Baptist Church of Mizoram) headquarter office is also located in Serkawn. 50 samples were selected by using homogeneous purposive sampling. Those who have regular income are qualified for the sample. Primary data were collected by administering a structured questionnaire among the sample respondents at Serkawn community, Lunglei, Mizoram. The questionnaire was framed based on the literature. The survey was conducted during December, 2019-January, 2020.The questionnaires were administered to the respondents in their locality. Secondary data were collected from journals and websites. SPSS package was used to find out frequencies and simple percentage was used to analyse the data.

IV. RESULTS AND DISCUSSION

Demographic and Socio-economic profile
Table 1 shows the demographic and socio-economic profile of the respondents. 52% of the respondents are male and 48% of the respondents are female. 24% of the respondents each are in the age group of below 30 years and 40-45 years. 20% of the respondents are in the age group of 50 years and above. 18% of the respondents are in the age group of 31-35 years.

Table 1: Demographic Characteristics and Socio-Economic Profile of the Respondents

Variable	Description	No. of Respondents	Percentage
Gender	Male	26	52
	Female	24	48
Age	Below 30	12	24
	31-35	9	18
	36-40	2	4
	41-45	12	24
	46-50	5	10
	Above 50	10	20
Marital Status	Married	30	60
	Unmarried	18	36
	Widowed	2	4
	Divorced	0	0
Educational Qualification	HSLC and below	3	6
	HSSLC	8	16
	Graduate	13	26
	Post – graduate	22	44
	Diploma and others	4	8
Occupation of the Respondents	Full time salaried – government	14	28
	Full time salaried – private	33	66
	Business	2	4
	Retired	1	2
Household monthly income	₹40,000 and Below	7	14
	₹40,001 - ₹50,000	12	24
	₹50,001 - ₹60,000	7	14
	₹60,001 - ₹70,000	4	8
	₹70,001 - ₹80,000	3	6
	₹80,000 and above	17	34

Source: Field Study

In terms of marital status, 60% of the respondents are married, 36% of the respondents are unmarried, and 4% of the respondents are widowed. With regards to educational qualification, 44% of the respondents are post-graduate, followed by 26% of the respondents are graduate, 16% of the respondents are HSSLC, 8% of the respondents are the holder of diploma/other degree, and only 6% of the respondents are HSLC and below. This indicated that most of the respondents are educated.

The table also shows that 66% of the respondents are working in private sector (full time salaried), 28% of the respondents are working in government (full time salaried), 4% of the respondents' occupation is business, and only 2% of the respondents are pensioners. As indicated above, the study area is a place where an organization which is Baptist Church of Mizoram headquarter is located and a church run institution and hospital are located, the number of respondents working in private sector are more than the number of respondents working in public sector. In terms of family income, 34% of the respondents' family have monthly income of Rs. 80,001 and above. 24% of the respondents' family have monthly income between Rs. 40,001-Rs. 50,000. 14% of the respondents' family have monthly income between Rs. 50,001 – Rs. 60,000 and Rs. 40,000 and below each. 8% of the respondents' family have monthly income between Rs. 60,001 – Rs. 70,000, and 6% of the respondents' family have monthly income between Rs. 70,001-Rs.80,000.

Responsibility of the respondents in making investment decision
Table 2 indicates the responsibility of the respondents in making investment decision.

Table 2: Responsibility of the respondent in making investment decision

Decisions	Frequency	Percentage
Yes, mostly of all the decisions	15	30
Consultation with others	11	22
Sometimes	16	32
Can't say	8	16
Total	50	100

Source: Field study

The table reveals that 30% of the respondents are making mostly of all investment decision. 22% of the respondents make investment decision in consultation with others. 32% of the respondents make investment decision sometimes. Only 16% of the respondents never make investment decision.

Age at which the respondent made his/her first investment
Table 3 shows the age at which the respondents made his/her first investment. Among the respondents, only 10 % of the respondents started investing in financial instruments when they were below 18 years, 28% of the

respondents made it between 18-25 years, 26% made it between 26 – 35 years, 16% made it between 36 – 45 years, and 8% of the respondents made it above 45 years.

Table 3: The age at which the respondent made his/her first investment

Age	Frequency	Percentage
Below 18 years	5	10
18 – 25 years	14	28
26 – 35 years	13	26
36 – 45 years	8	16
Above 45 years	4	8
Can't say	6	12
Total	50	100

Source: Field study

In overall respondents, it can be seen that the more than half of the respondents (54%) started investing from the age between 18-35 years. This is the period in life of a majority of persons that he/she started to earn a livelihood.

Level of risk the respondents prefer when investing
Table 4 indicates the level of risk the respondents prefer when they make investment.

Table 4: Level of risk the respondents prefer when investing

Levels of risk	Frequency	Percentage
High	2	4
Medium	31	62
Low	11	22
Can't say	6	12
Total	50	100

Source: Field study

Out of the total respondents, 62% of the respondents prefer medium level of risk when investing, followed by 22% of the respondents prefer low level of risk. Only 4% of the respondents prefer high level of risk when investing.

The preferred best time to invest for the respondent
Table 5 shows the preferred best time to invest by the respondents. Out of the total respondents, 38% of the respondents prefer medium term (1-5years) for making investment, followed by 34% of the respondents prefer long-term (more than 5 years), and 24% of the respondents prefer short-term investment (less than one year).

Table 5: The preferred best time to invest for the respondent

Time preference	Frequency	Percentage
Short term (0 – 1 year)	12	24
Medium term (1 – 5 years)	19	38
Long term (more than 5 yea	17	34
Can't say	2	4
Total	50	100

Source: Field study

Source of investment advice for the respondent
Table 6 indicates the source of investment advice for the respondents. The table shows that 48% of the respondents' source of investment advice is family or friends, followed by 18% of the respondents mentioned that their source of investment advice is financial planner or advisor, 6% of

the respondents' source of investment advice is newspaper and magazines.

Table 6: The Source of Investment Schemes for the Respondent

Source of advice	Frequency	Percentage
Newspaper and magazines	3	6
Television	1	2
Financial planner or advisor	9	18
Social network and internet	2	4
Family or friends	24	48
Others	11	22
Total	50	100

Source: Field study

Factors influencing investments
Table 7 indicates the factors influencing investments by the respondents.

Table 7: Factors Influencing Investments

Factors	Frequency	Percentage
Return potential	13	26
Safety	20	40
Tax benefits	1	2
Liquidity	3	6
Convenience	7	14
No response	6	12
Total	50	100

Source: Field study

The table shows that 40% of the respondents mentioned 'safety' is an important factor influencing their investments. 26% of the respondents mentioned 'return potential' as an important factor, 14% of the respondents mentioned 'convenience' is an important factor influencing their investments.

Awareness level of the respondents towards different terms used in investment
Table 8 shows the awareness level of the respondents towards different terms used in investment.

Table 8: Awareness level towards different terms used in investment

Sl. no	Investment term	Know very well	Know well	Somewhat know	Don't know
1	Mutual fund	9 (18.00)	12 (24.00)	11 (22.00)	18 (36.00)
2	Fixed deposits	17 (34.00)	20 (40.00)	13 (26.00)	-
3	Savings deposits	21 (42.00)	22 (44.00)	7 (14.00)	-
4	Life insurance	13 (26.00)	21 (42.00)	12 (44.00)	4 (8.00)
5	Health insurance	8 (16.00)	20 (40.00)	16 (32.00)	6 (12.00)
6	Unit linked insurance policy (ULIP)	4 (8.00)	1 (2.00)	11 (22.00)	34 (68.00)
7	Real estate	5 (10.00)	5 (10.00)	16 (32.00)	24 (48.00)
8	Equity linked savings scheme (ELSS)	4 (8.00)	1 (2.00)	8 (16.00)	37 (74.00)

Note: Figures in parentheses are percentage
Source: Field study

Out of the total respondents, all the respondents know the term 'Savings deposit' and 'Fixed deposit'. 92% of the respondents know the term 'Life insurance', 88% of the respondents know the term 'Health insurance', 76% of the respondents know the term 'Real estate', and 64% of the respondents know the term 'Mutual funds'. Meanwhile, only 32% of the respondents know the term 'Unit Linked Insurance Policy (ULIP)' and only 26% of the respondents know the term 'Equity Linked Savings Scheme (ELSS)'.

The Instruments used by the respondents for investment
Table 9 shows the instruments/schemes used by the respondent for investment. Out of the total respondents, 50% of the respondents have invested in small saving scheme, followed by 38% of the respondents invested in fixed bank deposit, 32% of the respondents in life insurance schemes, 28% of the respondents in provident fund, and 20% of the respondents each invested in post office deposits and children benefit plan. The analysis indicates that more respondents invested in small saving scheme than fixed bank deposit. The number of respondents invested in mutual funds, cooperative society, and real estate are extremely low. It shows that most of the respondents are familiar with accessing popular investment avenues offered by banks such as small savings scheme and fixed bank deposit.

Table 9: The Instruments Used by the Respondents for Savings

Sl.no	Instruments	No of Respondents		Total
		Yes	No	
1	Small savings scheme	25 (50.00)	25 (50.00)	50
2	Fixed Bank Deposits	19 (38.00)	31 (62.00)	50
3	Post office deposits	10 (20.00)	40 (80.00)	50
4	Life Insurance schemes	16 (32.00)	34 (68.00)	50
5	Retirement plan	8 (16.00)	42 (84.00)	50
6	Children benefit plan	10 (20.00)	40 (80.00)	50
7	Mutual funds	1 (2.00)	49 (98.00)	50
8	Provident funds	14 (28.00)	36 (72.00)	50
9	Co – operative society	2 (4.00)	48 (96.00)	50
10	Real estate	3 (6.00)	47 (94.00)	50

Note: Figures in parentheses are percentages
Source: Field study

Major findings
After analysis and interpretation, the major findings of the study are mentioned below.
(1) 52% of the respondents are male and 48% of the respondents are female.

(2) 24% of the respondents are in the age group of below 30 years and 40-45 years each. 20% of the respondents are in the age group of 50 years and above.

(3) 60% of the respondents are married, 36% of the respondents are unmarried, and 4% of the respondents are widowed.

(4) 44% of the respondents are post-graduate, followed by 26% of the respondents are graduate, 16% of the respondents are HSSLC.

(5) 66% of the respondents are working in private sector (full time salaried), 28% of the respondents are working in government (full time salaried).

(6) 28% of the respondents made their first investment at the age of 18-25, followed by 26% of the respondents made their first investment at the age of 26-35.

(7) 30% of the respondents are making mostly of all investment decision. 22% of the respondents make investment decision in consultation with others.

(8) 62% of the respondents prefer medium level of risk when investing, followed by 22% of the respondents prefer low level of risk.

(9) 38% of the respondents prefer medium term (1-5years) for making investment, followed by 34% of the respondents prefer long-term (more than 5 years).

(10) 48% of the respondents' source of investment advice is family or friends, followed by 18% of the respondents mentioned that their source of investment advice is financial planner or advisor.

(11) 40% of the respondents mentioned 'safety' is an important factor influencing their investments. 26% of the respondents mentioned 'return potential' as an important factor.

(12) all the respondents know the term 'Savings deposit' and 'Fixed deposit'. 92% of the respondents know the term 'Life insurance'.

(13) 50% of the respondents invested in small saving scheme, followed by 38% of the respondents in fixed bank deposit, and 32% of the respondents invested in life insurance schemes.

V.   CONCLUSION AND FUTURE SCOPE

The study implies the investment behaviour at Serkawn community, Lunglei Mizoram. All the respondents know the investment term 'savings deposit' and 'fixed deposit'. More than three-fourth of the respondents know the investment term 'life insurance', 'health insurance', and 'real estate'. More than half of the respondents know the investment term 'Mutual funds. On the other hand, the study reveals that 50% of the respondents do not invest in 'small savings scheme', around two-third of the respondents do not invest in 'fixed deposit scheme', 80% of the respondents do not invest in 'post office deposit' and 68% of the respondents do not invest in 'life insurance'. This indicates that although the respondents know about the investment terms, the number of respondents making investment in the popular different investment schemes is quite low. The study recommended that banks and financial institutions would take further steps to give awareness regarding investment schemes available for the public and encourage the public to make more investment for their future which will develop the economy in return.

The study also found that almost half of respondents (48%) know the various investment schemes from their friends and the agents. Therefore, banks and financial institutions would create more advertisement among investors in the study area. As the factor influencing investment, 40% of the respondents mentioned that safety is the most important factor influencing investment. Therefore, it is suggested that the government should ensure the safety of investors when they invest their money or funds in different investment avenues.

The limitation of study is that the survey is confined only in one of the localities in Lunglei town, Mizoram. Therefore, further studies should be conducted regarding the preferences of investment avenues of investors, the effect of socio-economic background of investors on their level of investment as further scope for research and improvement.

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