International Journal of Law, Management and Social Science **ISSN: 2581-3498**

Vol. 6, Issue III, Jul-Sep, 2022 http://bharatpublication.com/journal-detail.php?jID=35/IJLML

INVESTOR BEHAVIOR TOWARDS INVESTMENT PATTERN IN GURUGRAM DISTRICT: A DESCRIPTIVE STUDY

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ABSTRACT

Investor behavior towards investment patterns is influenced by a variety of factors, including individual preferences, risk tolerance, financial goals, market conditions, and economic trends. investor behavior towards investment patterns is multifaceted and driven by a combination of personal factors, market conditions, and economic trends. Successful investors often develop a clear investment strategy that aligns with their individual goals, risktolerance, and time horizon while remaining aware of their own behavioral biases. They also adapt their investment patterns as circumstances change and new opportunities arise.

INTRODUCTION

Investor behavior towards investment patterns can vary significantly based on a wide rangeof factors, including individual preferences, risk tolerance, financial goals, and market conditions. investor behavior towards investment patterns is highly diverse and influenced by personal factors, market conditions, and psychological biases. Successful investors often strive to maintain discipline, diversify their portfolios, and make decisions based on their financial goals rather than emotional reactions to market fluctuations. Here are some commonpatterns of investor behavior:

1. Risk Tolerance:

- Risk-averse investors tend to favor conservative investment patterns, such as bonds, fixed deposits, and blue-chip stocks. They prioritize capital preservation over high returns.

- Risk-tolerant investors are more inclined to explore aggressive investment patterns, like equities, real estate, and alternative investments. They are willing to accept higher levels of risk for the potential of greater returns.

2. Investment Horizon:

- Long-term investors often opt for buy-and-hold strategies, focusing on assets that have the potential to appreciate significantly over time. They are less concerned with short-termmarket fluctuations.

- Short-term investors may engage in more active trading, frequently adjusting their portfolios to exploit short-term market movements and take advantage of quick gains.

3. Diversification:

- Diversification-minded investors aim to spread their investments across various asset classes, sectors, and geographical regions to reduce risk. They follow a pattern of diversification to protect against market downturns.
- Concentrated investors may focus on a specific industry, sector, or asset class. While this approach can lead to higher returns if the chosen area performs well, it also exposes them to higher risk if that sector faces challenges.

4. Market Timing:

- Market timing involves making investment decisions based on predictions of market trends. Some investors attempt to buy low and sell high, while others may adopt a "buy and hold" strategy regardless of market conditions.
- Behavioral biases, like overconfidence and herd mentality, can lead to poor market-timing decisions. Many investors find it challenging to consistently predict market movements accurately.

5. Emotional Influence:

- Emotional responses, such as fear and greed, can significantly impact investment patterns. Investors may panic-sell during market downturns or become overly optimistic during bull markets.
- Rational investors aim to make decisions based on sound financial analysis and avoid emotional reactions to market volatility.

6. Information Sources:

- The sources of information and research used by investors can influence their investment patterns. Some rely on professional financial advisors, while others prefer to conduct their research using online sources and financial news outlets.
- Investors who follow the advice of experts or use robo-advisors may have a more systematic and disciplined approach to their investments.

7. Goals and Objectives:

- Individual financial goals and objectives play a crucial role in determining investment patterns. These goals may include retirement planning, saving for education, buying a home, or building wealth.
- Investors align their portfolios with their specific goals, which can influence the mix of

asset classes and investment strategies they employ.

8. Behavioral Biases:

- Cognitive biases, such as confirmation bias, anchoring, and loss aversion, can impact investor behavior. These biases can lead investors to make suboptimal decisions that deviate from rational investment patterns.

METHODOLOGY

To examine the investment behavior towards the investment decisions in Gurugram district, the researcher identified the investors who regularly capitalize their money in stocks, deposits, mutual funds as well as in other financial portfolios. Also, the researcher examined the behavior of the investors through their investment decisions. Quantitative research strategy was adopted by the present investigation analysis. This particular quantitative information was collected from a close ended as well as organized questionnaire. The questionnaire aided the researcher to capture the investor's views about the investmentpattern, motivating factors and their perception regarding the role of financial brokers who were approached online.

Table - Demographic and Economic Profile of the Respondents

Factors	Classification	Frequency	Percentage
Marital Status	Single	105	52.5
	Married	95	47.5
Gender	Male	134	67
	Female	66	33
Age (in years)	Less than 25	35	17.5
	25 to 40	88	44
	40 to 55	58	29
	Above 55	19	9.5
Educational qualification	Under graduate	24	12
	Post graduate	88	44
	Diploma	43	21.5
	Professional Degree	45	22.5
Employment Status	Government Sector	18	9
	Private Sector	86	43
	Professional	81	40.5
	Unemployed	15	7.5

1. **Gender Distribution:** The study indicates that 67% of the respondents are male, while 33% are female, emphasizing the importance of gender as a factor in investment behavior analysis.

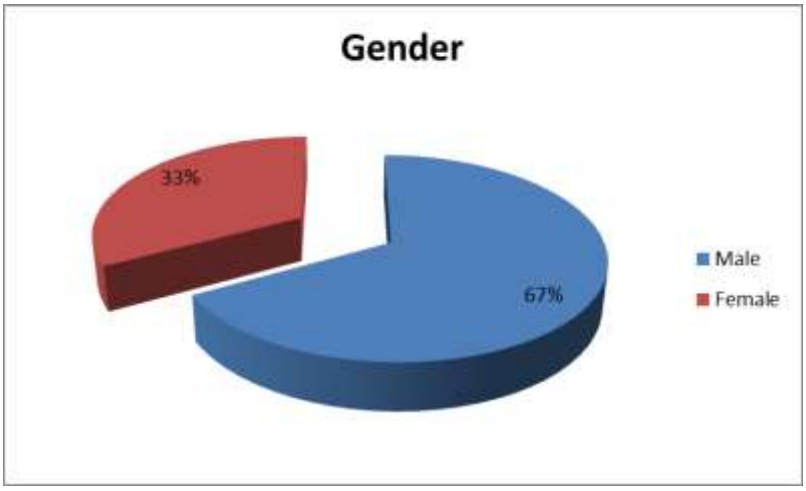

Figure: the graphical representation of Gender Distribution of respondents as a factor in investment behavior analysis

2. **Age Groups:** Different age groups show varying preferences for risk levels in financial assets. The study identifies the following age groups and their associations with risk levels:

- Less than 25 years: 17.5%

- 25 to 40 years: 44%

- 40 to 55 years: 29%

- Above 55 years: 9.5%

- The highest number of respondents (44%) falls in the 25 to 40 years age group.

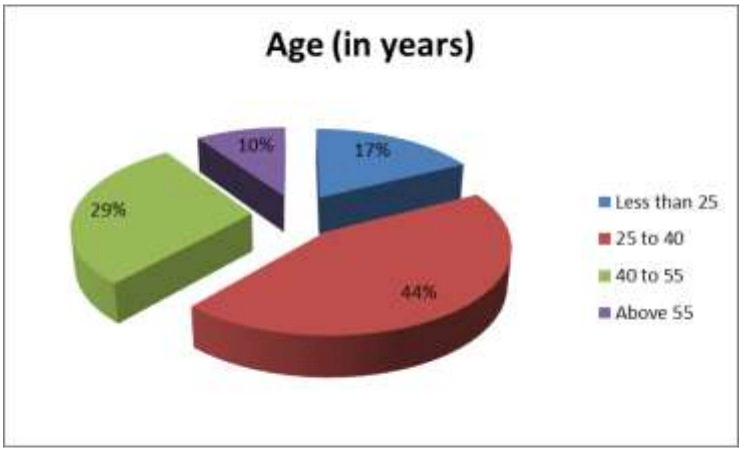

Figure: the graphical representation of Age Groups of respondents as a factor in investment behavior analysis

3. Education Levels: The educational qualifications of respondents also influence theirsaving behavior, with the following breakdown:

- Under Graduates: 12%

- Post Graduates: 44%

- Diploma holders: 21.5%

- Professional Degree holders: The remainder

- The majority of respondents (44%) possess a Post Graduate degree.

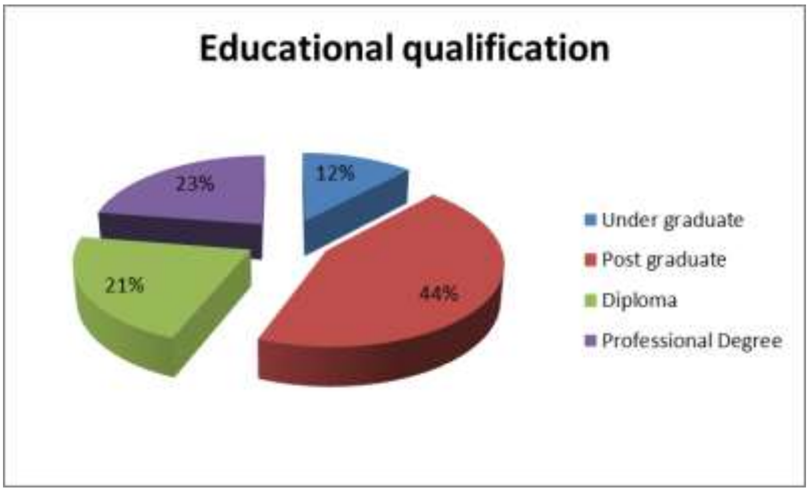

Figure: the graphical representation of Education Levels of respondents as a factor ininvestment behavior analysis

4. Marital Status: The study suggests that marital status affects investment behavior, with single individuals being more likely to invest compared to married individuals. The following distribution is noted:

- Single: 52.5%

- Married: 47.5%

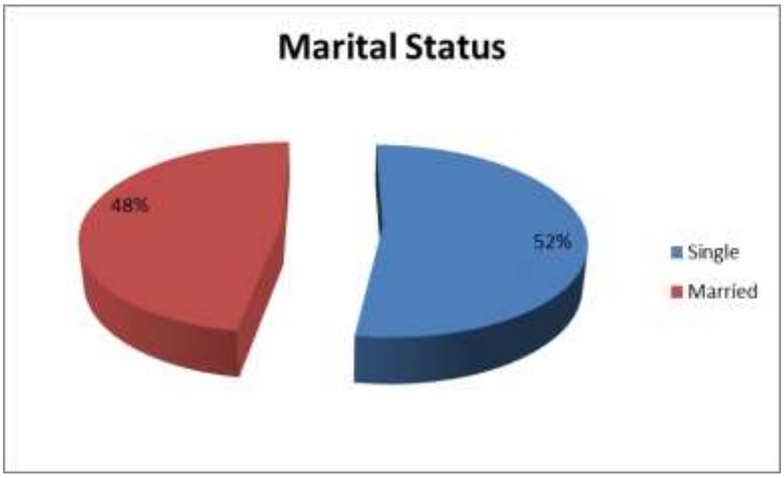

Figure : the graphical representation of Marital Status of respondents as a factor in investment behavior analysis

5. Employment Status: The study suggests that employment status affects investment behavior, with private sector job holder and professional's individuals being more likely to invest compared to government job holder and unemployed individuals. The following distribution is noted:

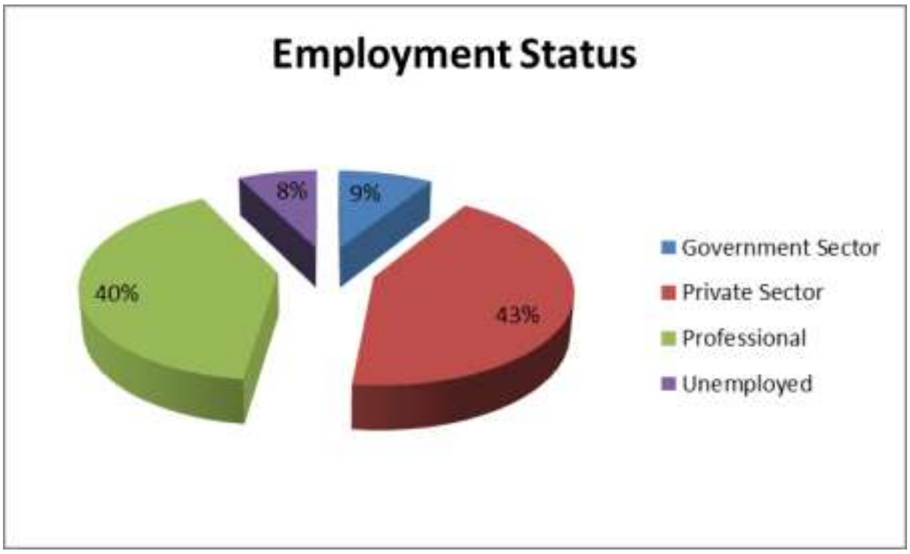

Figure : the graphical representation of Employment Status of respondents as a factor in investment behavior analysis

6. Awareness of Financial Assets:

The understanding of various financial assets among respondents is examined using a Likert5 issue scaling method. This method involves five-point scales ranging from "Highly Agree" to "Highly Disagree." Respondents assign weights of 5, 4, 3, 2, and 1 to express their level of agreement or disagreement. The Likert scores are calculated based on the responses, and mean scores are computed to rank the understanding of different financial assets.

Table : Factors of level of awareness in respondents

	Factors of level of awareness	**HD**	**D**	**N**	**A**	**HA**
1	I have a good understanding of various Investment options and financialinstruments.	1	8	4	45	42
2	I feel confident in my ability to make informed investment decisions.	1	7	7	49	36
3	I regularly follow financial news and market trends to stay informed about investment opportunities.	1	7	6	61	25
4	I have a clear understanding of the concept of diversification in investments.	1	7	8	55	29
5	I am comfortable with the level of risk associated with my investment portfolio	2	7	2	62	27
6	I have sought professional financial advice or guidance for my investments in the past	1	8	5	50	36
7	I am aware of the difference between a stock and a bond.	1	8	3	50	38
8	I have made investment decisions based on thorough research rather than emotions.	2	5	4	45	44
9	I actively seek opportunities to learn and improve my knowledge of investments.	2	5	8	40	45
10	I believe that having a well-diversified investment portfolio is important for managing risk.	2	8	7	32	51
11	I can explain the concept of compound interest and how it affects investment growth.	2	5	8	42	43
12	I frequently conduct online research to gather information about investment opportunities.	1	6	5	49	39
13	I am comfortable making investment decisions without relying on others' advice.	1	9	2	56	32
14	I believe that investing is an essential part of achieving my financial goals.	1	7	1	59	32
15	I am aware of the risks associated with investing in cryptocurrencies.	2	8	1	63	26
16	I actively monitor and manage my investment portfolio.	1	5	1	61	32
17	I feel confident in my ability to make well-informed investment decisions.	1	4	5	52	38
18	I am aware of the tax implications of my investment choices	1	9	3	37	50
19	I seek advice or guidance from financial professionals when making significant investment decisions.	1	5	4	51	39

20	I believe that having a diversified investment portfolio is important for reducing risk.	2	7	4	42	45
21	I understand the impact of inflation on the real returns of my investments.	2	4	2	51	41
22	I am aware of the differences between short-term and long-term investment strategies.	2	6	1	59	32

On the basis of the above data sheet we calculated the total score and mean score on the basisof that we were allotted the ranking and categorised that ranking in three variable excellent, averages and below average.

Level of awareness	**Frequency**	**Percentage**
Excellent	64	32.0
Average	91	45.5
Below average	45	22.5
Total	200	100

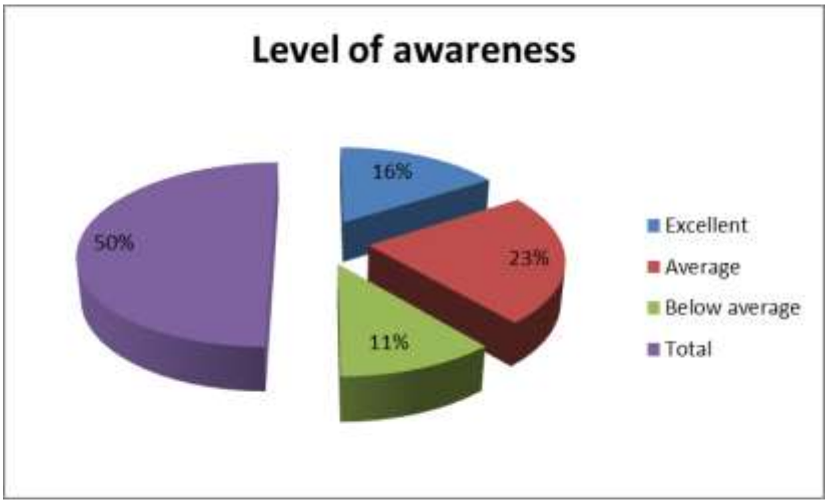

Figure: The graphical representation of Level of awareness of respondents as a factor in investment behavior analysis

It appears that the respondents have been classified into three levels of awareness on investment based on their total scores using quartiles. Here's a breakdown of the classification:

1. Below Average Level of Awareness on Investment (First Quartile):

- Respondents falling in this category have total scores between 27 and 39.

- Their awareness on investment is considered below average.

2. Average Level of Awareness on Investment (Second Quartile):

- Respondents falling in this category have total scores between the first quartile and the third quartile.

- Their awareness on investment is classified as average.

3. Excellent Level of Awareness on Investment (Third Quartile):

- Respondents falling in this category have total scores between 47 and 57.

- Their awareness on investment is considered excellent.

CONCLUSION

This classification method allows for a more nuanced understanding of the respondents' awareness levels, with those in the first quartile having the lowest awareness, those in the third quartile having the highest, and those in the second quartile falling in between. It's important to note that the quartile-based classification can help identify the distribution of awareness levels within the respondent group, which can be useful for analyzing and tailoringinvestment education and outreach efforts.

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