

THE PATTERN OF INVESTORS TOWARDS FINANCIAL BEHAVIOUR IN AMRAVATI OF MAHARASHTRA

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ABSTRACT

The purpose of the present research paper is to understand the level of income pattern and pattern for preparing household budget of investors along with responsibility for household finance and money management in Amravati district of Maharashtra. Another purpose is to find out the pattern of behaviour of living cost management and ability to meet major expenses by investors with the pattern of saving behaviour in last twelve months among them. The scope, results and findings of this research paper are limited to the Amravati district of Maharashtra. The conclusions were carried out after administration of questionnaire from 200 respondents and Chi-square test is applied to test the hypothesis. The investor's income level is below INR 100000 and they did not prepare household budget. Investors took responsibility personally or jointly for household finance and money management and were able to meet living cost without borrowing. The investors invested their money in bank's savings account during last twelve months in the Amravati District of Maharashtra.

KEYWORDS: *Financial Services (JEL Code – G20), Household Finance (JEL Code – G510), Behaviour Finance (JEL Code – G410).*

Introduction

Economic development of country depends upon its well organised financial system. It provides financial inputs for production of goods and services to promote the well-being and standard of living among the citizens. The main functions of financial system are the provisions for money and its instrument assets and mobilized savings for channelizing the production activities and it also facilitates the transformation of savings into consumption and investments.

Review of Literature

Vencharkar Dr. N.M. (2009), "Finance is the starting point of every economic activity. It is called "the science of money". Finance is the basic requirement of for starting and running every human activity in an objective manner."

V.R. Sudindra and Naidu Dr. Gajendra J. (2018) "Financial behaviour encompassing four broad areas namely savings, spending, borrowing and investment. Individuals differ in their habits and such behaviour is influenced by a multitude of factors including family advice, knowledge about finance, peer groups, advertisement, economic status, marital status, outlook towards the future, income level etc."

National Center for Financial Education (2019), The OECD is at the forefront of financial literacy and inclusion measurement worldwide. As one of the three priorities of the OECD/INFE, work on developing a common method for measurement of Financial Literacy and Financial Inclusion was begun in 2009. A core questionnaire and supporting toolkit was subsequently developed and made available online with a view to standardize the method that could be used to create a baseline measure of financial literacy and inclusion among adults and track changes over time. The toolkit thus standardized was

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designed to capture information about respondents' financial knowledge, behaviour and attitude, as well as on financial inclusion...."Financial Behaviour implies actions and conduct of consumers that ultimately shape their financial well-being in both short and longer-term. Some types of behaviour, such as putting off bill payments, choosing financial products without shopping around or using credit to make up a shortfall in income may impact negatively on the financial situation of individuals and their financial well-being. On the other hand, habitual conduct such as thinking before making a purchase, paying bills on time, budgeting, saving, are examples of positive types of behaviour for financial control."

Guruswami Dr. S. (2009) "Financial assets include deposits, loans, stocks, bonds etc. Financial markets play an important role in as far as they help mobilize savings of people and make available funds for the industrial, agricultural, and economic development of country."

Gorden E and Natrajan Dr. K (2009), "In order to meet the growing requirements of the Government and Industries, many innovative financial instruments have been introduced. Besides, there has been a mushroom growth of financial intermediaries to meet the ever growing financial requirements of different types of customers.

Fitri Arianti Baiq (2018) finds that "Based on T test results, that indicates financial literacy variable has no significant effect on investment decisions. Based on F test it is known that the overall variables of financial literacy, financial behaviour and income together have a significant effect on investment decisions."

Objectives of the Study

Following are the objectives of research study:

- To understand the level of income pattern of investors.
- To study the pattern of investors for preparing household budget.
- To study the pattern of responsibility for household finance and money management by investors.
- To find out the pattern of behaviour of Living Cost Management and Ability to meet major expenses by investors.
- To discover the pattern of saving behaviour in last twelve months among investors.

Sampling Design

200 random samples of Amravati District taken for research study. A questionnaire was designed keeping in view the Organisation for Economic Cooperation and Development (OECD)/ International Network on Financial Education (INFE) framework for collection of information from the respondents of the research study.

The conclusion of National Center for Financial Education's survey states that "Nationally Respondents are quite evenly distributed over the income categories of less than Rs. 2,00,000 per annum.....Representation of respondents in the income brackets of Rs. 5,00,001 to Rs. 10,00,000 and more than Rs. 10,00,000 in all the Zones of the country is negligible."

The data was entered in Microsoft's Excel software and results were carried out by using Chi-square test of statistics at the 95% of confidence level.

Hypothesis

- H₀1:** The level of income pattern of investors is equal in Amravati District of Maharashtra.
- H₀2:** There is no awareness for preparing household budget among the investors in Amravati District of Maharashtra.
- H₀3:** There is no responsibility for household finance and money management by investors in Amravati District of Maharashtra.
- H₀4:** The behaviour of living cost management and ability to meet major expenses by investors is neutral in Amravati District of Maharashtra.
- H₀5:** There is no inclination towards saving behaviour in last twelve months among investors of Amravati District of Maharashtra.

Data Analysis and Interpretation

Income Level of Investors

Table 1 shows that the highest percentage was 32% of investors taken from the Amravati District of Maharashtra.

A Chi square test was performed to examine the equality of income level. The relation between variables was significant, $X^2(5,200) = 85.19$, $p=.000$. As the result is significant at $p<.05$, it concludes that the investor's income level is below INR 100000/- in the Amravati District of Maharashtra.

- **Preparing Household Budget by Investors**

Table No. 2 shows that the highest percentage was 78% of investors were not interest to prepared household budget in the Amravati District of Maharashtra.

A Chi square test was performed to examine the whether investors were prepared the household budget or not. The relation between variables was significant, $X^2(1,200) = 62.72$, $p=.0001$. As the result is significant at $p<.05$, it concludes that the investors did not prepare household budget in the Amravati District of Maharashtra.

- **Responsibility for Household Finance and Money Management**

Table No. 3 indicates that the highest percentage was 63% of investors who took responsibility personally or jointly for household finance and money management in the Amravati District of Maharashtra.

A Chi square test was performed to examine the whether investors take responsibility for household finance and money management or not. The relation between variables was significant, $X^2(1,200) = 13.52$, $p=.0002$. It concludes that investors took responsibility personally or jointly for household finance and money management in the Amravati District of Maharashtra.

- **Behaviour of Living Cost Management and Ability to Meet Major Expenses**

Table No. 4 indicates that the highest percentage was 63% of investors were able to meet living cost without borrowing in the Amravati District of Maharashtra.

A Chi square test was performed to examine the behaviour of living cost management and ability to meet major expenses. The relation between variables was significant, $X^2(1,200) = 11.55$, $p=.0006$. It concludes that investors were able to meet living cost without borrowing in the Amravati District of Maharashtra.

- **Saving Behaviour in last 12 months**

Table No. 5 indicates that the highest percentage was 30% of investors who invested their money in bank's savings account during last twelve months in the Amravati District of Maharashtra.

A Chi square test was performed to examine the source of investment of money. The relation between variables was significant, $X^2(6,200) = 61.52$, $p=.000$. It concludes that investors invested their money in bank's savings account during last twelve months in the Amravati District of Maharashtra.

Conclusions

The investor's income level is below INR 100000 and they did not prepare household budget. As per the survey result of National Center for Financial Education's survey, the same results were found in the research study that the income level is negligible for the income more than INR 200000 in the region of Maharashtra. Investors take responsibility personally or jointly for household finance and money management and are able to meet living cost without borrowing. The investors invested their money in bank's savings account during last twelve months in the Amravati District of Maharashtra.

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Table 1: Income Level of Investors

Description	Below INR 100000	INR 101000 to 150000	INR 151000 to 200000	INR 201000 to 250000	Above INR 251000	No Income	Total
Respondents	64	43	34	10	1	48	200
Percentage	32	21	17	5	0.05	24	100

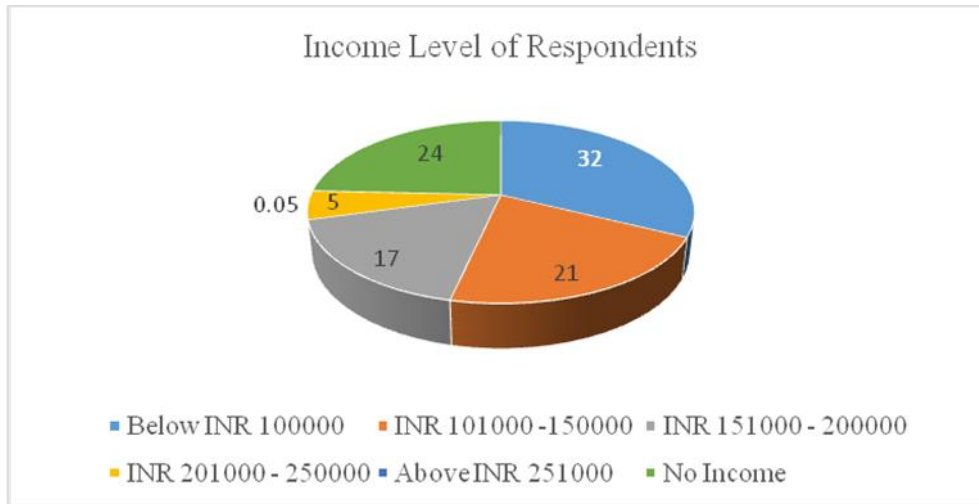


Chart No. 1: Income Level of Investors

Table 2: Budget Preparation by Investors

Description	Yes	No	Total
Respondents	44	156	200
Percentage	22	78	100

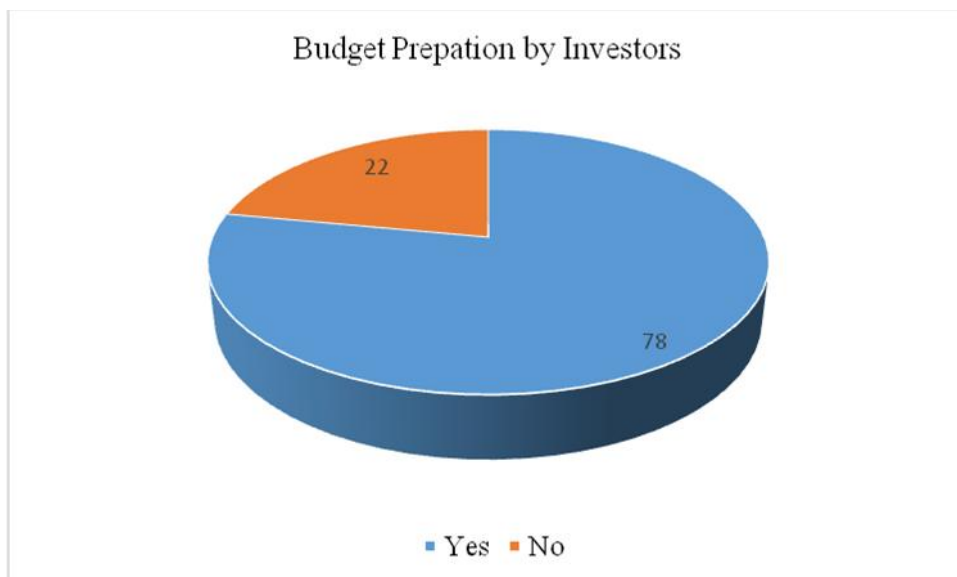
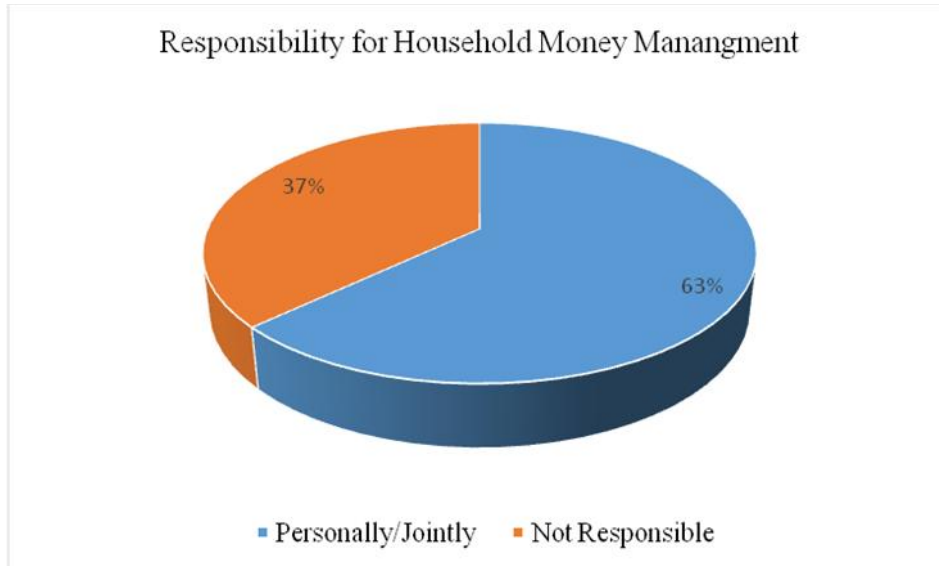


Chart 2: Budget Preparation by Investors

Table 3: Responsibility for Household Finance and Money Management

Description	Personally/ Jointly	Not Responsible	Total
Respondents	126	74	200
Percentage	63	37	100

**Chart 3: Responsibility for Household Finance and Money Management****Table 4: Behaviour of Living Cost Management and Ability to Meet Major Expenses**

Description	Able to meet living cost without borrowing	Not able to meet living cost without borrowing	Total
Respondents	136	64	200
Percentage	68	32	100

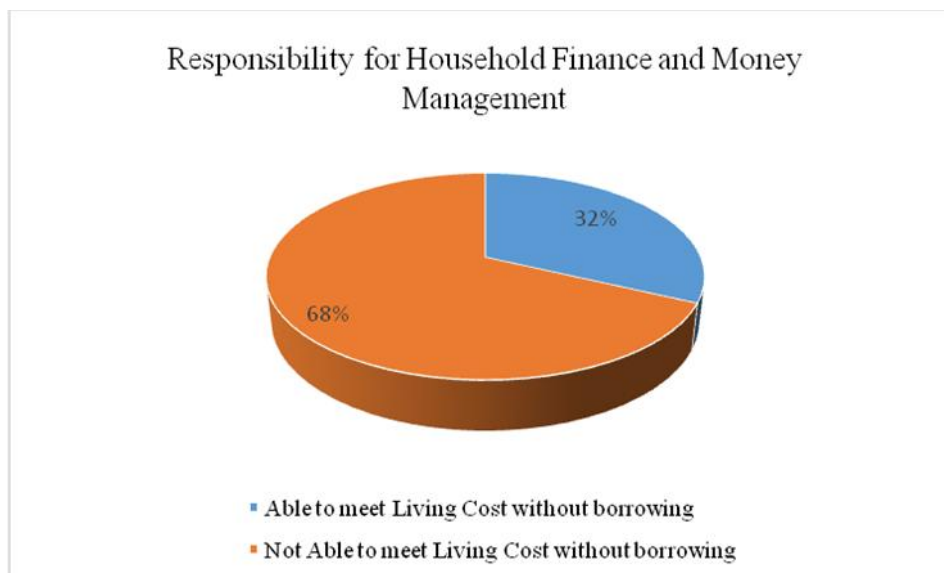
**Chart 4: Behaviour of Living Cost Management and Ability to Meet Major Expenses**

Table 5: Saving behaviour in last 12 months

Description	Respondents	Percentage
Saving in SB accounts	60	30%
Saving in FD accounts	26	13%
Saving in RD accounts	22	11%
Buying Bonds or time deposits	4	2%
Investing in Mutual Funds	38	19%
Investing in Stock and shares	24	12%
Investing in Livestock/Gold/ Property	26	13%
Total	200	100%

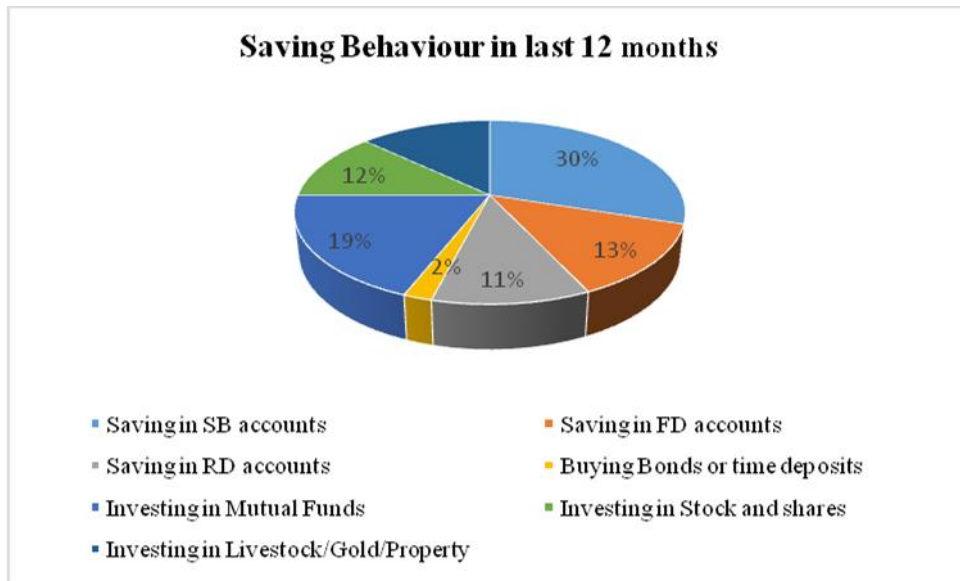


Chart 5: Saving behaviour in Last 12 Months

