



## Investment Behavior Towards Financial and Non Financial Instruments With Special Reference To Jalpaiguri District

Ms Santana Guha

Assistant professor, Siliguri Institute of Technology

### ABSTRACT

People in India have a strong habit of saving their money income for the future in one way or the other. It has become a tradition and part of culture to save money for education, old age and emergencies. Even a daily earner who earns a meager amount would like to keep some of the money as savings. Although, long term goal is in the mind of the Indians while saving money they don't plan for long term financial instruments which may fetch them with huge profit. When it comes to investing the savings property and gold are perceived as safe bets in India. Here, in India people generally invest very less in stock market and avoid risky investment as compared to Western economies. The saving habit of Indian is good but when it comes to investment choice it is considered as poor. This paper focuses on the investment pattern of the households in Jalpaiguri district and what motivates them to their choice of Investment Avenue.

**KEYWORDS :** India, Savings, Investment, Financial Instruments

### Introduction:

The investment scenario in India has been changing and evolving. As a developing country it has a very high rate of saving compared to other developing countries. According to classical economists like Adam Smith, David Ricardo and J.S Mill ". Saving is an important determinant of economic growth". Saving is the part of the income earned by the individual. When individuals purchase financial instruments to earn income and wealth it results in investment. Nowadays, individual have become very responsible for their consumptions and investment. They are more self responsible for their retirement and future emergencies. Hence, Investors are moving from conventional investment to an unconventional investment options. Investing in real estate has become one of the most preferred option for most. The book, ' How India Earns, spends and Saves' reveals that most of the Indians prefer keeping their savings in liquid assets as they think it will provide them secure return. Although, Life insurance scheme is considered as a popular investment avenue as most of the people are aware of it but the investment trend does not show the same.

### Background of the study area

Jalpaiguri, in the state of West Bengal nested between the hills of Bhutan, the marshy grasslands of Assam and the plains of Bangladesh, largely comprises of tea gardens and forest villages. It is a district with 13 blocks and 146 gram Panchayats. The main source of income for the people of the district has been from tea, jute& rice. Jalpaiguri district has geographical area of 3386.18 km and lies between the latitude 26° 15' 47" & 26°59'34" N and longitude 88° 23' 2" & 89°7'30" E. The area showcases multi-cultural diversity and has a multi-lingual presentation. The population density is 701 person/sq km. In addition, average literacy rate of the city is 75.49 percent

### Literature Review:

Geetha N. Ramesh M (2011) conducted "A study on people's preference on investment behavior" on 210 respondents of various group of people in Kurumbalur Town and found that people are partially aware of various investment choices but not aware of stock market, equity, bond and debentures. All the age group preferred Insurance, National Saving Scheme, Public Provident Fund and Bank deposit for investment

Samudra and Burghate (2012) in their study on "Investment behavior of middle class household in Nagpur" reveal that bank deposit is the most important investment avenue followed by life insurance. Small saving schemes are the third preferred investment option. It is also found that the old age group of individual has most of the saving accounts. But overall bank deposit and insurance are most preferred instruments in all income groups whereas there is inconsistency in investment in shares and mutual funds, real estate and small saving schemes.

Palanivelu & Chandrakumar (2013) highlights that education level, awareness about the current financial system, age of investors etc. make significant impact while deciding the investment avenues.

Kothari (2013), conducted a study on 100 respondents to study the investment behavior and perception towards investment avenues and found that younger age group are more interested in investment in comparison to elder and middle aged group. It is also found that people of different age group differ in their behavior while investing their money and also in selection of any investment avenue highly depends upon their age.

### Objectives:

To understand the saving and investment pattern of investors in Jalpaiguri district.

To understand the motivating factor behind their investment choice

### Data Collection and Sources

A total of 100 households were interviewed with pre-designed, pre-tested, structured schedule questionnaire with the aim of collecting primary data regarding their investment in different avenues. Study is based on mainly primary data collected from the study area.

**Table: I Percentage of Earnings invested in different Investment Avenues**

Age	Hoarding %	Bank %	Post office %	Real Estate and gold %	Financial Instruments %	Total %
18-25 years	05	08	07	02	03	25
26-35 years	Nil	07	09	03	06	25
36-45 years	02	04	04	07	08	25
More than 45 years	04	04	05	07	05	25
Total	11	23	26	19	22	100

The data in the above table reveals that most of the households prefer keeping their savings which is 60 percent in liquid assets i.e. hoarding, Bank and post office, while 19 percent in Real estate and gold and 22 percent in financial instruments. The low investment in financial instruments may be due to the risk associated with it and also fluctuation of income. The lack of awareness about these avenues may also be the reason for households investing less in these option.

**Table: II Choice for Getting Secured Earnings**

Age	Bank	Home	Post office	Insurance	Equities	Total
18-25 years	10	03	6	1	1	25
26-35 years	05	06	2	4	3	25
36-45 years	10	07	3	1	2	25
More than 45 years	20	09	3	1	2	25
Total	45	30	10	7	08	100

For getting secure return on their earning, 45 percent of households put their savings in the banks while 30 percent of households still prefer to keep cash at home. The investment in post offices is only 10 percent of the household while 7 percent buy insurance policies and 8 percent invests in equities. This may be due to the non risk taking characteristics of the investors. Moreover, they also like to keep their investment liquid assets which can be converted into cash any time during emergencies.

**Table: III Factors for saving and investment**

Age	Emergencies %	Educational %	Old Age %	Marriage %	Consumer durables %
18-25 years	20	5	8	5	10
26-35 years	30	25	15	25	15
36-45 years	15	30	27	13	20
More than 45 years	20	20	30	29	10
Total	85	80	70	72	55

According to the data in the above table 85 percent of the households saved for emergencies, while for childrens education 80 percent households considered it as key priority. While only 70 percent households saved for old age financial security, 72 percent kept aside money to meet future expenses for marriages and 70 percent household kept money for consumer durables.

**Conclusion:**

Financial Security is an essential element of inclusive growth. Households in India should look towards financial instruments to meet their long term goals of security and stability of income. Moreover, financial instrument can play a great role in reducing the financial vulnerability of the investors and enhance their financial security. Hence, it becomes important to encourage financial literacy programme to make people understand their options and financial needs at different life stages.

**References:**

1. Bhusan,P. & Medury,Y.(2013). Gender Differences in Investment Behaviour among haturEmployees.Asian Journal of Research in Business Economics and Management, 3 (12), 147-157\
2. Chaturvedi,M and khare,S,(2012). A Study of saving pattern and investment preferences of individual Households in India.International Journal of Research in Commerce & Management, 3 (5)
3. Aparna Samudra & n M A Burhate " a study on investment behavior of middle class Households in Nagpur" –international Journal for Social Sciences & Interdisciplinary Research- Vol. No.5, May 2012,ISSN 22773630
4. Geetha N & Ramesh M, "A study on people's preferences in Investment Behaviour" , IJEMR, Nov2011,Vol.1,Issue 6,ISSN 2249-2585 –Print ISSN 22498672
5. Fisher Patti (2010), "Gender differences in Personal Saving behaviours",Journal of Financial Counseling and Planning, vol.21, (1), 2010
6. Gedela Surya Prakasa (2012), "Determinants of saving Behaviour in rural and Tribal Households: An Empirical Analysis of Visakhapatnam District", International Journal of Research in Social sciences, vol.2, (8)
7. Syed .S.T.(2010). An Empirical Study of Indian Individual Investors Behaviour. Global Journal of Finance and Management,2(1),19-33.