# INVESTMENT PATTERN: BE FEARFUL WHEN OTHERS ARE GREEDY AND GREEDY WHEN OTHERS ARE FEARFUL

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**ABSTRACT**

This study analyses the different types of investment or portfolio pattern of the investors in Tiruchirappalli city Corporation area and also studies the how incomesare associated with different investment patterns. The data has been collected through structured questionnaire from the loyal, regular, serious and sincere investors. The data has been tested by different statistical analysesviz., Frequency table, Percentage analysis and One-way ANOVA and so on. The findings of the study exposes that significant difference among the investor's incomeand investment / portfolio pattern viz.,Equity shares, Preference shares, Mutual funds, Postal Savings, Fixed deposit, Life insurance, Real estate and also others like chit funds, small savings and so on.

**Keywords: Portfolio pattern, Loyal investors,Deprived income and One-way ANOVA**

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## INTRODUCTION

 "No pain no gain" one of the golden principles of investment management. In this fast moving world, we have the opportunity to earn more and more money. More risk fetches more profit. Investors cannot avoid risk but they can minimize the risk by investing their money in various forms of investments so that they can get a mediocre profit,(AlaguPandian and Thangadurai2013). Portfolios may be held by individual investors or managed by financial professionals, hedge funds, banks and other financial institutions. It is a generally accepted principle that a portfolio is designed according to the investor's risk tolerance, time frame and investment objectives. Investors are categorized in different types. There are conservative, moderately conservative, Moderate, Moderately aggressive and Aggressive. Moreover, investor's risk tolerance varies on the basis of age, sex, income, financial goals and so on(Francis Gnanasekar I and Arul R 2013). Broadly speaking, Investment is the sacrifice of certain present value for an uncertain future reward. Today plenty of investments are available in the hands of investors; the investments may in the form of short term and long term. Both short term and long term have excess return as well as high risk. Modes of investments are equity shares, preference shares, Debenture or bonds, government securities, bank deposits, postal savings and so on. Hence, in order to identify the   different investment pattern of the investors, the study has been carried out in depth (in detail).

## OBJECTIVES OF THE STUDY

1.      to study the demographic factors of the investors in Tiruchirappalli city Corporation area; and

2.      to study the different types of investment or portfolio patterns at the disposal of investors.

## HYPOTHESIS

1.      There is no significant difference between income based and investment based or portfolio based pattern of the investors.

## REVIEW OF LITERATURE

Brahmabhatt*et al.,* (2012), examined that the investment behavior of investors and investment preferences were the same.The kind of volatility have witnessed in the asset class (Equity

markets) in recent times is unprecedented and unpredicted. It is true with other asset classes, like Gold, Currencies, and Bonds as well. This makes the investors baffled at times. If we get into further details, it can be found that the continuous volatility is affecting investor behavior in a big way. Therefore, one has to get into an investor's mind and experience the upheavals exist there. NikMaheranNik Muhammad (2013), behavioral finance, is a study of the markets that draws on psychology, throwing more light on why people buy or sell the stocks and even why they do not buy stocks at all. This research on investor behavior helps to explain the various 'market anomalies' that challenge standard theory. This is why the anomaly persists.

Francis Gnanasekar I and Arul R(2014), Investment in securities that is intended for financial gain only and does not create a lasting interest in or effective management control over an enterprise. Investment in an assortment or range of securities, or other types of investment vehicles, to spread the risk of possible loss due to below expectations performances.

Francis Gnanasekar I and Arul R(2015), Portfolio investment covers a range of securities, such as stocks and bonds, as well as other types of investment vehicles. A diversified portfolio helps spread the risk of possible loss due to the below-expectations performance of one or a few of them. They are categorized in two major parts foreign institutional investment and investments by non-residents.

**METHODOLOGY**

**DATA**

The researcher attempts to collect the information regarding investment detail and investment pattern of the investors. For this purpose, the researcher identifies a number of stock broking agencies through survey and internet. By referring to the addresses of the stock broking agencies, it is found that most of them are located mainly in Thillainagar, Railway Junction area, ChattramBus Stand, Palakarai, Woraiyur and Thennur. From these areas, there are 23 stock broking agencies exist. Among 23 stock broking agencies, sixagents are not permitted to collect the data from their clients;three stock broking agencies are closed due to some reasons. Rests of the 14 stock broking agencies are allowed to collect data. The researcher contacted the branch managers of 14 branches through phone and got the appointment for discussion. The researcher

had several rounds of talks, discussion with the branch managers. The researcher collected the names and address of the regular customers of the stock broking agencies. The branch managers of the stock broking agencies selected 50 loyal, regular, serious, sincerely investors. The stock broking branch managers felt that only the above selected 50 respondents have been selected from each broking agencies. From the 14 agencies, 50 respondents were selected. Thus, 700 questionnaires were distributed and collected back. Then, the researcher conducted data validity test viz., Chrona Alpha Test. The test reveals 0.809. i.e., 80.9 per cent as its result.

**Tools and Techniques Usedfor this Study**

The researcher collected primary data through questionnaires from the loyal investors in Tiruchirappallicity area and used Statistical Packages for Social Sciences (SPSS) with appropriate coding for the drawing inferences. The following tools are used in this study namely; Frequency table, Percentage analysis, and one-way ANOVA are applied to analyze the data.

**DATA ANALYSIS AND INTERPRETATION**

**TABLE – 1**

**DEMOGRAPHIC CHARACTERISTICS OF THE INVESTORS**

| Characteristics | | No. of the Respondents | Per cent |
|---|---|---|---|
| Gender | Male | 561 | 80.1 |
| | Female | 139 | 19.9 |
| | **Total** | **100** | **700** |
| Age | Up to 30 | 280 | 40.0 |
| | 31- 40 | 187 | 26.7 |
| | 41-50 | 114 | 16.3 |
| | 51 and above | 119 | 17.0 |
| | **Total** | **700** | **100.0** |
| Income | Deprived below ` 1,12,000 | 244 | 34.9 |
| | Aspires ` 1,12,000 - 2,50,000 | 251 | 35.9 |
| | Middle ` 2,50,000 - 12,50,000 | 161 | 23.0 |
| | Rich `12,50,000 | 44 | 6.2 |
| | **Total** | **700** | **100.0** |

**Source: Primary data**

It is clear from the table -1, out of 700 respondents, 280 respondents belong to 30 age groups, 187 respondents belong to 31- 40 age group, 114 respondents belong to 41-50 age group and 119 respondents belong to 51 and above age group.It is clear that, among the 700 respondents, 244 respondents' income deprived below `1,12,000, 251 respondents income are as high as` 1,12,000 - 2,50,000, 161 respondents income falls between Middle `2,50,000 - 12,50,000, and 44 respondents income is very high`12,50,000.

## TABLE – 2

## INVESTMENT (PORTFOLIO) PATTERN

| Investment(Portfolio) | No. of the Respondents | Per cent |
|---|---|---|
| Equity Shares | 467 | 66.7 |
| Preference Shares | 123 | 17.6 |
| Debenture/bonds | 56 | 8.0 |
| Mutual Funds | 251 | 35.9 |
| Postal Savings | 143 | 20.4 |
| Fixed Deposits | 297 | 42.4 |
| Life insurance | 235 | 33.6 |
| Gold | 408 | 58.3 |
| Real Estate | 132 | 18.9 |
| Others | 4 | .6 |

Source: Primary data

The table 2 exhibits various investment patterns of the investors.It is clear that, among the 700 respondents, 467 respondents investin equity shares, 123 respondents invest in preference shares, 56 respondents invest in debenture/bonds, 251 respondentsinvest in mutual funds, 143 respondents investin postal savings, 297 respondents investin fixed deposits, 235 respondents invest in life insurance, 408 respondents invest in gold, 132 respondents invest in real estate and four respondents invest in others viz., chit funds, small savings and so on.

**TABLE – 3**

**ONEWAY ANOVA DIFFERENCES BETWEEN INVESTMENT PATTERNS AND INCOMES OF THE RESPONDENTS**

| INCOME | No | Mean | S.D | SS | Df | MS | Statistical inference |
|---|---|---|---|---|---|---|---|
| **Equity share** | | | | | | | |
| Between-group | | | | 2.642 | 3 | .881 | |
| Deprived below ` 1,12,000 | 244 | .67 | .470 | | | | F= 4.012 |
| Aspires ` 1,12,000-2,50,000 | 251 | .73 | .443 | | | | .008<0.10 |
| Middle ` 2,50,000-12,50,000 | 161 | .58 | .495 | | | | Significant |
| Rich `12,50,000 | 44 | .59 | .497 | 152.802 | | .220 | |
| within Groups | | | | | 696 | | |
| **Preference share** | | | | | | | |
| Between-group | | | | 3.156 | 3 | 1.052 | |
| Deprived below ` 1,12,000 | 244 | .27 | .443 | | | | F=7.455 |
| Aspires ` 1,12,000-2,50,000 | 251 | .14 | .343 | | | | .000<0.05 |
| Middle ` 2,50,000-12,50,000 | 161 | .12 | .331 | | | | Significant |
| Rich `12,50,000 | 44 | .09 | .291 | | | | |
| within Groups | | | | 98.231 | 696 | .141 | |
| **Debenture/ Bonds** | | | | | | | |
| Between-group | | | | .159 | 3 | .053 | |
| Deprived below ` 1,12,000 | 244 | .10 | .298 | | | | F= .716 |
| Aspires ` 1,12,000-2,50,000 | 251 | .06 | .245 | | | | .542>0.05 |
| Middle ` 2,50,000-12,50,000 | 161 | .07 | .263 | | | | Not |
| Rich `12,50,000 | 44 | .09 | .291 | | | | Significant |
| within Groups | | | | 51.361 | 696 | .074 | |
| **Mutual Funds** | | | | | | | |
| Between-group | | | | 3.733 | 3 | 1.244 | |
| Deprived below ` 1,12,000 | 244 | .30 | .461 | | | | F=5.507 |
| Aspires ` 1,12,000-2,50,000 | 251 | .32 | .468 | | | | .001<0.05 |
| Middle ` 2,50,000-12,50,000 | 161 | .48 | .501 | | | | Significant |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Rich `12,50,000 | 44 | .41 | .497 | | | | |
| within Groups | | | | 157.265 | 696 | .226 | |
| **Postal Savings** | | | | | | | |
| Between-group | | | | 2.144 | 3 | .715 | |
| Deprived below ` 1,12,000 | 244 | .17 | .375 | | | | F= 4.454 |
| Aspires ` 1,12,000-2,50,000 | 251 | .18 | .381 | | | | .004<0.05 |
| Middle ` 2,50,000-12,50,000 | 161 | .30 | .462 | | | | Significant |
| Rich `12,50,000 | 44 | .20 | .408 | | | | |
| within Groups | | | | 111.644 | 696 | .160 | |
| **Fixed Deposits** | | | | | | | |
| Between-group | | | | 3.044 | 3 | 1.015 | |
| Deprived below ` 1,12,000 | 244 | .43 | .496 | | | | F= 4.205 |
| Aspires ` 1,12,000-2,50,000 | 251 | .49 | .501 | | | | .006<0.10 |
| Middle ` 2,50,000-12,50,000 | 161 | .32 | .469 | | | | Significant |
| Rich `12,50,000 | 44 | .36 | .487 | | | | |
| within Groups | | | | 167.943 | 696 | .241 | |
| **Life insurance** | | | | | | | |
| Between-group | | | | 3.921 | 3 | 1.307 | |
| Deprived below ` 1,12,000 | 244 | .28 | .449 | | | | F=5.978 |
| Aspires ` 1,12,000-2,50,000 | 251 | .32 | .468 | | | | .001<0.05 |
| Middle ` 2,50,000-12,50,000 | 161 | .37 | .485 | | | | Significant |
| Rich `12,50,000 | 44 | .59 | .497 | | | | |
| within Groups | | | | 152.186 | 696 | .219 | |
| **Gold** | | | | | | | |
| Between-group | | | | 1.042 | 3 | .347 | |
| Deprived below ` 1,12,000 | 244 | .62 | .486 | | | | F= 1.429 |
| Aspires ` 1,12,000-2,50,000 | 251 | .58 | .495 | | | | .233>0.05 |
| Middle ` 2,50,000-12,50,000 | 161 | .52 | .501 | | | | Not |
| Rich `12,50,000 | 44 | .61 | .493 | | | | Significant |
| within Groups | | | | 169.152 | 696 | .243 | |
| **Real Estate** | | | | | | 1.318 | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Between-group | | | | 3.955 | 3 | | |
| Deprived below ` 1,12,000 | 244 | .21 | .410 | | | | F=8.895 |
| Aspires ` 1,12,000-2,50,000 | 251 | .10 | .305 | | | | .000<0.05 |
| Middle ` 2,50,000-12,50,000 | 161 | .23 | .422 | | | | Significant |
| Rich `12,50,000 | 44 | .39 | .493 | | | | |
| within Groups | | | | 103.154 | 696 | .148 | |
| **Others** | | | | | | | |
| Between-group | | | | .077 | 3 | .026 | |
| Deprived below ` 1,12,000 | 244 | .00 | .000 | | | | F=4.551 |
| Aspires ` 1,12,000-2,50,000 | 251 | .00 | .000 | | | | .004<0.05 |
| Middle ` 2,50,000-12,50,000 | 161 | .02 | .156 | | | | Significant |
| Rich `12,50,000 | 44 | .00 | .000 | | | | |
| within Groups | | | | 3.901 | 696 | .006 | |

Source: primary data

The table – 3brings forth the differences between investment / portfolio pattern and income of the respondents have significantly differed. The 'F' test which is carried out to know the different income category of the respondent using different investment pattern / portfolio. The 'F' test shows that $p < 0.05$ or 0.10 i.e., there is a significant difference among the different income category of the investors using different investment pattern / portfolio. This is understandable because some investments / portfolio require a huge amount of capital viz., equity shares, real estate, mutual funds and so on. At the same time, investmentslike postal savings and fixed depositsare common due to small amount of capital required. This table reveals that overall investment pattern / portfolio of the respondents with different income category of the respondent.The 'F' test clearly shows that investors' income is closely associated with the equity shares, preference shares, mutual funds, postal savings, fixed deposit, Life insurance, real estate and other types of investments. Hence, the null hypothesis rejected i.e., there is no significant difference between income and investment or portfolio pattern of the investors.The 'F' test clearly shows that the investors' income is not closely associated with investment in the debentures / bonds and Gold. Hence, the null hypothesis is accepted i.e., there is no significant difference between income and investment or portfolio pattern of the investors.

## FINDINGS OF THE STUDY

➢ The demographics of the investors wide-openthat, majority of the respondents (40.0 per cent) are belong to the first category of age group that is up to 30 years, majority of the respondents (80.1 per cent) belong to male gender, and the respondents (35.9 per cent) and (34.9 per cent) income are as follows, Aspires ` 1,12,000 - 2, 50,000 and followed by Deprived below ` 1,12,000.

➢ The researcher analysed the investment / portfolio pattern of investors. Among the 700 investors, 467 respondents investing inEquity shares, 408 respondents holdings Gold, 297 respondents investing infixed deposits, 251 respondents holdings mutual funds, 235 respondents holdings Life insurance, 143 respondents holdings Postal savings, 132 respondents holdings real estate, 123 respondents holding preference shares, 56 respondents holdings in Debenture/bonds, four respondents holdings chit funds, small savings and so on. It is found that the majorities of the respondents are holding investment equity shares, gold, fixed deposits and mutual funds because of long term investment and liquidity purposes.

➢ When Oneway Anova for investors income and investment / portfolio pattern like Equity shares, Preference shares,Mutual funds, Postal Savings,Fixed deposit, Life insurance, Real estate and others namely chit funds, small savings and so on was applied, it was found that a significant difference among the investors incomeand investment / portfolio pattern (Equity shares, Preference shares, Mutual funds, Postal Savings, Fixed deposit, Life insurance, Real estate and others namely chit funds, small savings and so on).

## CONCLUSION

In theglobalised world the investment plays a crucial role for upsurge the income of investors. Today different modes of investments are available namely equity shares, preference shares, Debenture or bonds, government securities, bank deposits, postal savings and so on. The findings of the study exposed that a significant difference among the investor's incomeand investment / portfolio pattern namely Equity shares, Preference shares, Mutual funds, Postal Savings, Fixed deposit, Life insurance, Real estate and others namely chit funds, small savings and so on. Similarly, there is no significant difference among the investors' income and debentures / bonds and Gold.

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