FACTORS AFFECTING INVESTMENT BEHAVIOR AMONG YOUNG- A STUDY OF HIMACHAL PRADESH

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Abstract

When deciding whether to invest in a specific avenue, investors have varied mindsets. Every person wants to invest their savings in the safest and most liquid manner possible. However, based on their tolerance for danger, each person must choose a different choice. Investment behaviour refers to the actions taken by individual investors while looking for, assessing, purchasing, and analyzing investment items, as well as when disposing of them as necessary. Investment behaviour illustrates how a particular investor divides up their extra funds among the numerous tools at their disposal. This essay examines the trading and investing practices of professionals between the ages of 25 and 35. These young investors typically base their trading choices on their perceptions of their own abilities, though occasionally they enlist the assistance of qualified advisors. Their goal was to invest in financial stability and growth of investors. This paper examines the factors that affect investment activities among young generation. The study has expressed the behavior of young age respondents through questionnaire. In this study 100 sample of young investors has taken i.e. comes under the age group 25-35 years across in Himachal Pradesh. The data is collected through primary source as well as secondary source. This study explores the factors affecting the investment behavior in the stock market.

Key notes- Investors, Behaviour, Young investors, Saving objectives

Introduction

According to a classic assumption of investment theory, rational humans who always seek to maximize expected utility based on their expectations of future returns are investors. According to the economic utility theory, a person's investment choice represents a trade-off between immediate consumption and deferred consumption. The rewards of consumption today are compared to potential gains from investing funds that might otherwise go uninvested, in order to experience higher consumption in the future. Theoretically, if an individual decides to put off consumption, he will pick the Portfolio that will give him the most long-term

satisfaction . axiom of utility theory of Von Neumann and Morgenstern asserts that investors are 1) fully logical ,2) able to make complicated decisions, 3) risk-averse, and 4) interested in maximising their wealth. According to utility theory, Investors maximum the investment for expected higher return. When there is variation in these two they are measured by mean and variance approach.

In an incorrectly viewed or misread situation, rational thought can result in irrational decisions. Biases can also make people overemphasize or undervalue information, become overly attached to an idea, or fail to see an opportunity when it presents itself. Your otherwise objective view may be hampered by the context and mental frame you give a decision (i.e., the type of decision you decide it to be). Over the last thirty years, there has been much study in the area of behavioural finance.

Literature Review

A number of studies that influence investor's behavior and eventually their decisions and various studies have been done all over the world. Some biases include i.e. overconfidence, herding, hesitation, home bias, attitude etc. This study focused on mainly competence effect.

1. Barber and Odean(2001) shows that the relationship between gender and trading activity. This study depicts that the men are overconfidence rather than female. The research suggests that the male investors mostly focus to trade. The study depicts that turnover of male exceeded than female.

2. Malmendier and ShantiKumar(2003) analyzed his study focused on small investors. It examined that large investors aims to hold and buy recommendations downward and small investors take recommendations ordinary. Small investors fail to account for the additional alteration due to underwriter alliance.

3. Mrinalini Shah, Anurag Verma (2011), their study topic on " Analysis of Investment Behaviour During recovery phase among youth investors of Indian stock market". This paper focused that youth from levied the age group 25-35 years. Young generation is the second highest earning population in India. The study examines the affect of demographic sources of information collection. The study presented the portfolio of investors during recession and recovery phase. The study effort to found the variation between two variable.

4. Ms Labna Ansari, Ms Sana Moid(2013) their study topic on " Factors Affecting Investment Behaviour Among Young Professional". This study examine the investing behaviour of professional that are lies the age group 25-35 years. In this study sample has taken 200 young investors. This study explores the factors affect the investors due to stock market. Hence, it can be concluded in the study young investor's investment is independent of age , income and gender.

5. Mansi Mishra (2023) in their topic is study on the behaviour of youth in India. It examines the factors that affect their investment decisions. In this study a quantitative research design will be taken and

data collected from young people in India through survey method. The study mainly analyzes the attributes and behaviour of Indian youth among investment including their financial literacy.

Research Methodology

I Objectives of the Study

- To analyze the factors that influence investment behaviour of young investors.
- To study the correlation within age and investing factors.
- To study the saving goals of young investors.

II Hypothesis

H1 – There is no relationship between age and investment.

H2- There is no relationship between income and investment.

H3- There is no relationship between gender and investment.

III Scope of the study

This study has based on primary as well as secondary source. Data collected through questionnaire. The study has completed in 01/04/2023 to 01/05/2023. The sample size is 100 investors. The sample has chosen through convenience sampling and data collected from different blocks.

Analysis and interpretation

The answers to the various questions have been showed using histogram chart. The chi-square test has been done to analyze whether there exist any relationship between investment and demographic variable i.e. age, income, gender.
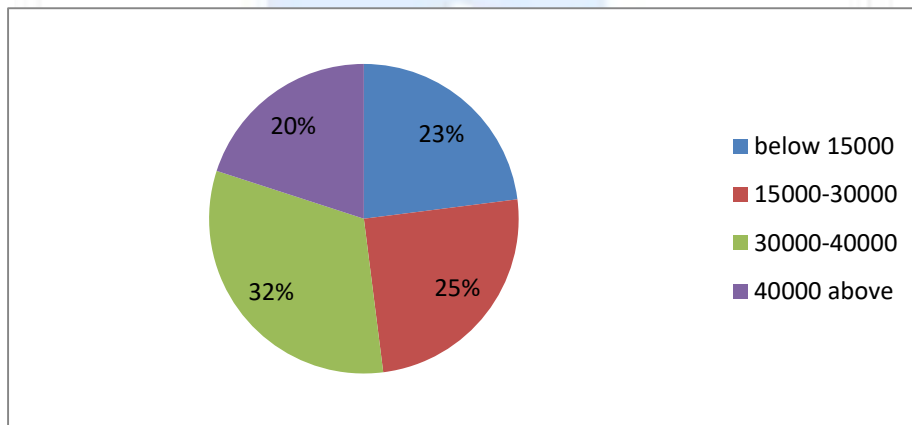
I Age wise Profile of Investors
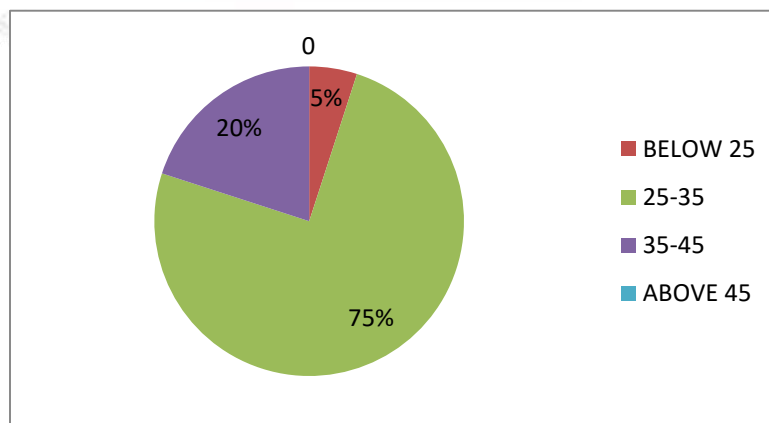
75% of total respondents come under the age group 25-35 years and 20 % respondents comes under 35-45 years.

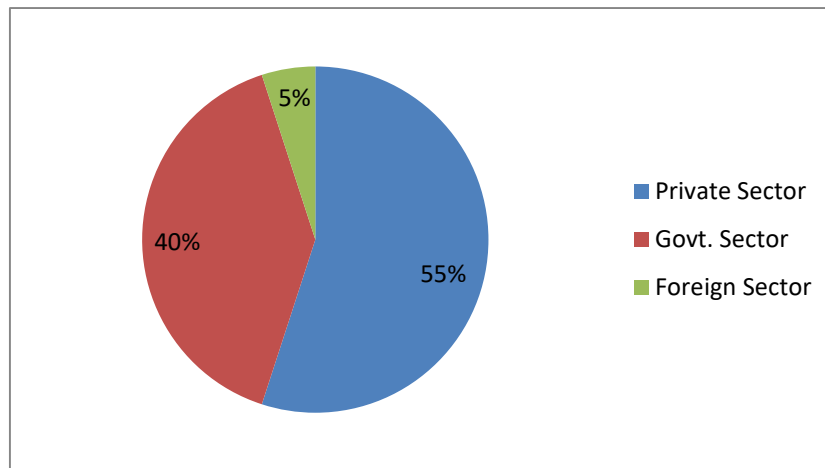II Gender wise Profile of the investors.
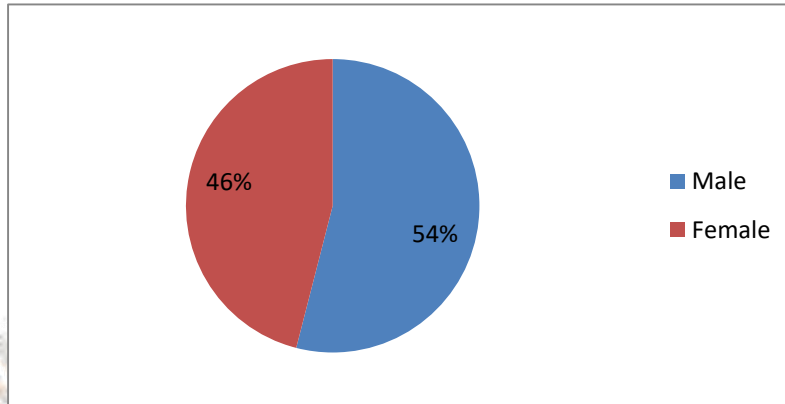
54% of total investors are male and rest is female.
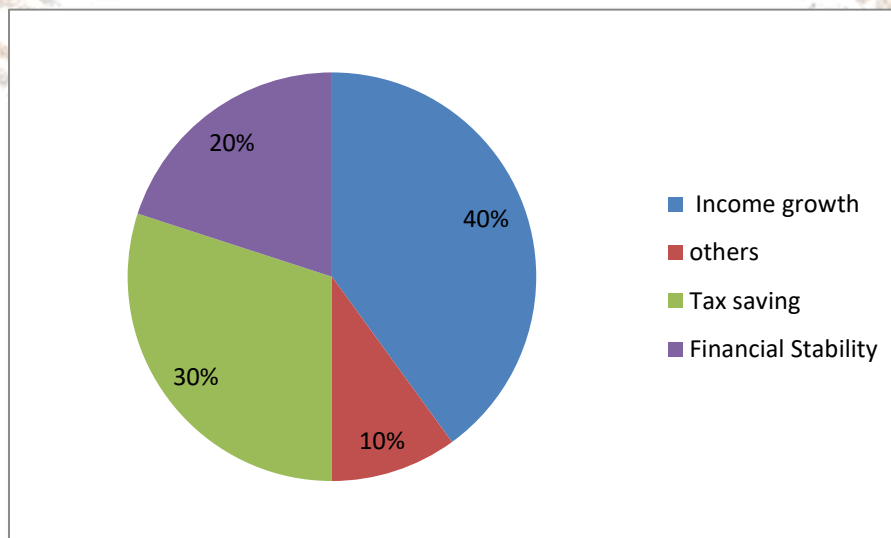
III Income Profile of Investors

32% respondents comes under the income group 30000-40000 and 25% comes under 15000-30000 income level. Further 23% investor's comes under below 15000 income levels and remaining comes under 40000 above.
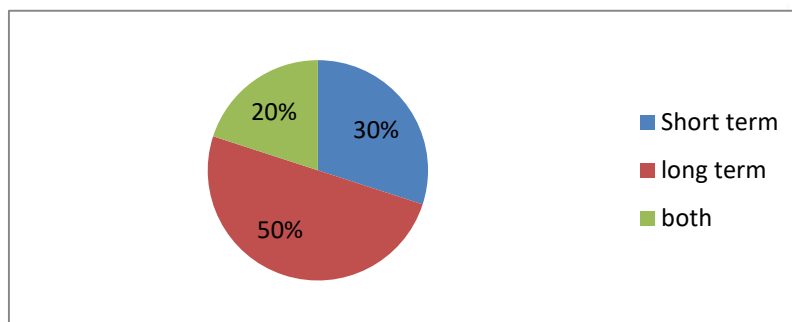
IV Sector Wise Investment

V. Objective of Saving

40% investors prefer to invest for income growth, 30% investors main aim to tax saving,20% invest for financial stability and rest are comes under others.

VI Preference of kind of investment

50% investors prefer to invest in long term plans, 30% prefer to invest in short term plan and remaining investors prefer to invest long term as well as short term plans.

Table-1

H1-There is no relationship between age and investment.

		Investment		Total
Age	25-35	27	45	72
	35-45	5	23	28
Total		32	68	100

Chi square test P value 4.091 df=1 Tabled Value 3.841

Table 1 depicts that investment is dependent on age. Therefore, it can be concluded that investment varies mainly 25-35 years age group

Table 2

H2- There is no relationship between income and investment.

		Investment		Total
Gender	male	23	31	54
	Female	16	30	46
Total		39	61	100

Chi square test P value 0.9033 df=1 Tabled Value 3.841

Table 2 shows that 54% respondents i.e. male mostly invested and rest is female invested. Hence it can be concluded that mostly male investors are interested in investment.

Table 2

H3- There is no relationship between gender and investment.

		Investment		Total
Income	Less 15000	15	8	23
	15000-30000	16	9	25
	30000-40000	12	20	32
	40000 above	6	14	20
Total		49	53	100

Chi square test P value 10.725 df=1 Tabled Value 7.815

Table 3 depicts that mostly 32% investors that lie in 30000-40000 income level and remaining lies in other levels. Therefore, the income group does influence the investment behavior of investors.

Hence, applying chi square test on the entire hypothesis, it has been examined that null hypothesis rejected and alternative accepted which means there is relationship between age, income and investment activities, while H3 is accepted which means there is no relationship between gender and investment activities.

Limitations of the study

1. The study focused on Himachal Pradesh only not all over country.
2. Sample size is also 100 which mean there are chances of sampling error.
3. Investor's behavior can be biased as they might be averse in disclosing the fair response.

Conclusion

The paper has mainly focused on the factors of investment that impact on young investors behaviours .this study has aimed that investment activities of young investors is independent of gender but depended on age and income factors . The study find that majority of investors invest for self growth and income.

References

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