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Factors Influencing the Investment Decision of Investors in Hanumakonda District

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Telangana University, Nizamabad, Telangana***Abstract**

Investment behaviour refers to the attitude, perception and willingness of the individuals and institutions while placing their savings in various types of financial assets. Personal disposable income of the household is divided between consumption and savings. Savings may be idle or active. Savings becomes active, when it is canalized into return bearing avenues. So, the main objective of the study is to analyze the factors influencing the investment decision variables on investment behaviour of Investors in Hanumakonda district. The data is collected through structured questionnaire on simple random sampling technique and distributed to 384 investors in Hanumakonda district. It was found from the research analysis that age, educational qualification and annual income effecting the investment decision of investor's investment avenues like equity and stocks, bonds and debentures, mutual funds, bank deposits, post office, public provident fund, life insurance, real estate, chit funds and gold/silver.

Keywords: Investment, Investor Behaviour, Investment Factors, Fundamental and Technical Factors.**Introduction**

Investment is the cost of certain present value for the uncertain future reward. In other words investment refers to assurance of funds to one or more assets that will be held over some future time period. Anything not used today but saved for future use can be termed as investment. One also needs to understand that investment is not gambling, gambling is putting money at risk by betting on uncertain outcome with the hope that you might win money. It requires arriving at number of decisions such as type, mix, amount, timing, grade etc. Moreover, such decision-making has not only to be continuous but rational too. An investment decision is a trade-off between risk and return. All investment decisions are made at a point of time in accordance with the personal investment ends and in thought of uncertain future. The daily usage of the term investment can mean

a variety of things, but to the man on street it usually refers to a money assurance of some sort. Every investor differs from each other in various aspects like demographic factors, socio-economic background, marital status, educational qualification, age, gender, etc. Every investor should seek to manage one self’s wealth effectively, obtaining most from it. This also includes protecting the assets from inflation, taxes and other factors.

Research Objective

- To study the factors influencing the investment decision of investors.

Research Methodology

The research is empirical in nature and sample size of 384 individual equity investors has been collected through random sampling method. Data has been collected through a structured questionnaire and primary data as well as secondary data has been used for the current study. The scaling technique is used for the questionnaire is a 5-point Likert-scale ranging from 5- Highly Important, 4- Important, 3-Neutral, 2- Slightly Important, 1- Unimportant. For analyzing the collected data effectively and efficiently to draw sound conclusions, a number of statistical techniques included Mean, Standard Deviation is used in the study. The scope of study is related to persons who are living in Hanumakonda district only.

Data Analysis

Descriptive Statistics of Survey Respondents

Following table describes descriptive statistics of investors Socio-Economic Characteristics

Table 1 Investors’ Socio-Economic Characteristics

Variable	Investors category	Frequency	Percentage
Gender	Male	309	80.5
	Female	75	19.5
	Total	384	100.0
Age	Below 20 years	6	1.6
	21 – 40 years	249	64.8
	41- 60 years	122	31.8
	Above 60 years	7	1.8
	Total	384	100.0
Educational Qualification	Up to SSC	18	4.7
	Intermediate	40	10.4
	Graduation	110	28.6
	Post Graduation	216	56.3
	Total	384	100.0
Annual Income	Less than 2,00,000	86	22.4
	2,00,001-4,00,000	169	44.0
	4,00,001-6,00,000	108	28.1
	More than 6,00,001	21	5.5
	Total	384	100.0

Marital Status	Married	317	82.6
	Unmarried	67	17.4
	Total	384	100.0

Source: Primary Data

From the above table -1shows that total respondents are 384 among them gender frequency in percentages are 80.5% male respondents and 19.5% female respondents participated in the research. It is clear that in the research total respondents are 384 among them frequencies in number are 309 male respondents and 75 female respondents participated in the research.

It is clear among the total 384 respondents age frequencies in percentage are 20 years and below age group is 1.6%, above 21 and upto 40 years age group is 64.8%, above 40 and 60 years is 31.8% and above 60 years is 1.8%. From the table among the total 384 respondents age frequencies are 20 years and below age group are 6, above 21 and upto 40 years age group are 249, above 40 and upto 60 years are 122 and above 60 years are 7.

Among the respondents education qualification frequencies in percentages are Secondary School Education is 4.7%, Intermediate is 10.4%, Graduation is 28.6% and Post graduation is 56.3%. Among the respondents education qualification frequencies are Upto S.S.C are 18, Intermediate are 40, Graduates are 110 and Post Graduates are 216.

Among the total 384 respondents Annual income of respondents frequencies in percentage, income level is less than 200000 is 22.4%, from 200001 to 400000 is 44.0%, 400001 to 600000 is 28.1% and more than 600001 is 5.5%. From the table among the total 384 respondents income of respondents frequencies are income level is less than 200000 are 86, 200001 to 400000 are 169, from 400001 to 600000 are 108 and above 600001 are 21.

Among the total 384 respondents marital status frequencies in percentage are married respondents are 82.6% and unmarried respondents are 17.4%. From the table, among a total of 384 respondents, marital status frequencies are married respondents are 317 and unmarried respondents are 67.

Factors Influencing Investment Decision for Investors Frequencies Table

The below table gives the descriptive statistics on how different factors influencing the investment decision of investors.

Table 2 Descriptive Statistics of Factors Influencing the Investment Decision of Investors

Items	N	Mean	Std. Deviation
Stock Price Per Share Influencing the Investment Decision of Investors in Stock Market	384	4.41	.759
Return on Equity Influencing the Investment Decision of Investors in Stock Market	384	4.34	.915
Price to Earnings Ratio (P/E Ratio) Influencing the Investment Decision of Investors in Stock Market	384	4.33	.859
Reputation of Firm Influencing the Investment Decision of Investors in Stock Market	384	4.32	.832
Dividend Payout Ratio Influencing the Investment Decision of Investors in Stock Market	384	4.32	.932
Quality of Management Influencing the Investment Decision of Investors in Stock Market	384	4.30	.931

Book Value Per Share Influencing the Investment Decision of Investors in Stock Market	384	4.29	.896
Earnings Per Share Influencing the Investment Decision of Investors in Stock Market	384	4.29	.901
Growth Rate of Industry Influencing the Investment Decision of Investors in Stock Market	384	4.29	.886
Short Term Capital Gains Influencing the Investment Decision of Investors in Stock Market	384	4.27	.867
Debt to Equity Ratio Influencing the Investment Decision of Investors in Stock Market	384	4.27	.907
Past Performance of Industry Influencing the Investment Decision of Investors in Stock Market	384	4.26	1.050
Strong Confidence on Economy Influencing the Investment Decision of Investors in Stock Market	384	4.26	.946
Dividend Income Influencing the Investment Decision of Investors in Stock Market	384	4.24	.918
Firm's Product/ Service Quality Influencing the Investment Decision of Investors in Stock Market	384	4.24	.980
Long Term Capital Appreciation Influencing the Investment Decision of Investors in Stock Market	384	4.24	.988
Interest Rates Influencing the Investment Decision of Investors in Stock Market	384	4.24	.944
Minimizing Risk Influencing the Investment Decision of Investors in Stock Market	384	4.22	1.057
Size of Firm Influencing the Investment Decision of Investors in Stock Market	384	4.22	.949
Firms Status in Industry Life Cycle Influencing the Investment Decision of Investors in Stock Market	384	4.20	.955
Perceived Ethics of the Firm Influencing the Investment Decision of Investors in Stock Market	384	4.19	.955
Current Ratio Influencing the Investment Decision of Investors in Stock Market	384	4.16	.989
Firm's International Operations Influencing the Investment Decision of Investors in Stock Market	384	4.15	1.030
Inflation Rates Influencing the Investment Decision of Investors in Stock Market	384	4.15	1.040
Firm's Local Operations Influencing the Investment Decision of Investors in Stock Market	384	4.10	1.008
Government Stability Influencing the Investment Decision of Investors in Stock Market	384	4.04	.993
Financial Statement / Annual Reports Influencing the Investment Decision of Investors in Stock Market	384	4.03	1.049
Stock Market Performance Influencing the Investment Decision of Investors in Stock Market	384	4.02	1.006

Computer/ Internet/ Electronic Media- T.V./ Radio Influencing the Investment Decision of Investors in Stock Market	384	4.00	.944
Gross Domestic Product Influencing the Investment Decision of Investors in Stock Market	384	3.92	.987
News Papers/ Magazines information Influencing the Investment Decision of Investors in Stock Market	384	3.78	1.094
Diversification Influencing the Investment Decision of Investors in Stock Market	384	3.72	1.250
Brokers/ Agents/ Financial Advisors Recommendation Influencing the Investment Decision of Investors in Stock Market	384	3.44	1.221
Friends/ Co- Workers Recommendations Influencing the Investment Decision of Investors in Stock Market	384	3.18	1.292
Family/ Relative Opinion Influencing the Investment Decision of Investors in Stock Market	384	3.18	1.291

Source: Primary Data

Above table-2 shows the mean values of all factors influencing the investment decision of investors in stock market from higher to lower mean values. It can be concluded that the Stock Price per Share most Influencing factor of the Investment Decision of Investors in Stock Market have got higher mean value (4.41) with standard deviation value (0.759), Family/ Relative Opinion very less Influencing the Investment Decision of Investors in Stock Market with mean value (3.18) and standard deviation (1.291) among the all factors and the rest are reported with their mean value and standard deviation values.

Conclusion

The most effecting influencing factor for investment in stock market is stock price of that particular company. Based on the stock price the investor will take the decision whether to buy, sell or hold the particular shares in investor's portfolio. So, the most influencing factor is stock price of the share in the stock market.

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