

A STUDY ON PATTERNS OF INVESTMENT AND EXPENDITURE OF RESIDENTS OF GUJARAT

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Abstract

The market in Gujarat has quickly become one of the most significant in all of India. The population of selected cities in Gujarat are demonstrating steadily increasing levels of purchasing power and aggressive investment. A researcher has selected four cities in the state of Gujarat in order to better comprehend the spending and investment trend. The goal of this study is to collect data from a total of 540 residents across the four cities of Ahmedabad, Baroda, Bhavnagar, and Mehsana. The resident's spending pattern can be understood by cross-tabulating their monthly expenditures against the cities in which they live. A study was conducted with three different types of expenditure patterns: housing, grocery shopping, and apparel. In order to understand the investment pattern of the people who live in these four cities that are the subject of this study, the researchers focused their attention on the manner of investment as well as the motives for the investment.

Keywords: Expenditure, Investment, Gujarat, Residents

1. INTRODUCTION

CONCEPT OF INVESTMENT

The term "investment" can refer to either the act of putting money into a venture in the hope of earning a return on that money or to the practise of devoting one's time, effort, or energy to a certain activity in the belief that the outcome would be beneficial.

"Savings" can refer to either an economy of or a decrease in money, time, or another resource; additionally, it can refer to either the money that one has saved, particularly through a bank or official plan; and finally, it can refer to either the money that one has saved.

Investing in the present through various funds is done with the intention of obtaining some good gains or returns in the future. The scale of investments is growing at a faster rate these days. For the purpose of resisting investment, various investment methods such as equity shares, preference shares, corporate bonds, investment funds, treasures, commercial stakes, insurance policies, landholdings, bank securities, and modest accumulations have been put together. Investment in banks through depositing money or investment in shares and preferences are both seen equally profitable by households as the most rewarding forms of investment.

In these modern years, India's wealth is always growing in both quantity and quality. The propensity of households to invest, in addition to their saving motives, has been investigated and surveyed. The primary objective of this survey is to obtain information regarding the characteristics of households as well as statistical aspects including gender, age, profession, income, and level of education.

The ratio of Indian investors who invest in the stock market is quite low when compared to the ratio of investors who save money in banks or invest their money in banks. This projection is based on the households in the city of Pune, which includes the preferences of investors as well as a variety of other factors that influence investor decisions in a variety of directions. Inspections have been carried out on particular performances in accordance with their outcomes, and the survey also includes responses from investors regarding their preferences in categorised securities. The investors' risk-taking capacity while investing in divergent items and the out-matching of products are both associated in these findings for various reasons.

KEY APPROACHES TO INVESTMENT

FINANCIAL INSTRUMENTS

DEPOSITS

It involves depositing money with an organisation, most frequently a financial institution like a bank or post office. It is a credit for the party that made the deposit, and they can use it to make future purchases, transfer it to another party, or get their money returned in accordance with the terms they agreed to when they made the deposit. Typically, they are the banks' primary source of funding.

CASH EQUIVALENT

The most movable current assets on a company's balance sheet are cash equivalents. Short-term obligations, described as having "temporarily idle cash and easily convertible into a known cash amount," are known as cash equivalents. Cash equivalents include things like Treasury bills, commercial papers, marketable securities, money market funds, and short-term treasury bonds.

MUTUAL FUND

A mutual fund is an investment vehicle that is professionally managed and collects money from a number of investors to buy securities. These investors could be institutional or retail in nature. Compared to investing directly in individual assets, mutual funds have benefits and drawbacks. The main benefits of mutual funds include economies of scale, increased levels of diversity, liquidity, and management by experienced investors. On the down side, mutual fund investors must cover a variety of costs and fees.

BONDS

A bond is a representation of the bond issuer's debt to the holders. Municipal and corporate bonds are the two most popular types of bonds.

EQUITIES

The equity of something held is the discrepancy between the asset and liability values. It stands for ownership in the business.

NON-FINANCIAL INSTRUMENTS

REAL ESTATE

Investing in real estate for the purpose of making a profit can involve buying property, maintaining it, renting it out, or selling it. Real estate development is a sub-specialty of real estate investing that is generally believed to be a component of the process of improving a real estate property as part of an investment strategy for real estate.

GOLD

Gold is by far the most sought after investment option among the many precious metals. Gold is typically purchased by investors as a method of diversifying risk, particularly through the utilisation of various prospective contrasts and derivations. Similar to other markets, the gold market is susceptible to speculative activity and volatile price swings. Gold has the most effective safe haven and hedging properties across a number of countries when compared to other precious metals that are utilised for financial purposes.

EXPENDITURE CONSUMPTION PATTERN

In household expenditures, which includes housing, rent, assets, transportation, recreation, health costs, food, clothing, and housing, the total amount spent by suburban housing residents to meet their daily needs is stated. It is normally around 60% of the overall Gross Domestic Product since there are significant changes for economic surveys of demand (GDP). Families receive direct benefits from non-profit institutions serving households (NPISHs) and general government spending on health care and education. This household spending also includes government transfers, which represent actual individual consumption and are therefore equivalent to expenditures on families' utilisation. Electricity, housing, gas, water, and other lubricants are one of the twelve classifications included in the individual use expenditure. This expenditure comprises rent for homes, assigned rent for owner-occupied homes, upkeep and repairs for homes, as well as costs for fuel, electricity, and water. This barometer is expressed in millions of USD at current exchange rates and in PPPs as a percentage of the GDP at final growth rates and unsustainable income.

National The performance of an economy is determined by elements including income, consumption, saving, investment, and employment, which are measured in terms of the themes and tendencies of macroeconomic variables. Although food consumption is regarded as the best predictor of human welfare, per capita income is

another. The structure of food consumption habits have changed significantly since the pre-reform era as a result of economic expansion in the 1990s and rising per capita income. There have also been questions over whether it is appropriate to consider the food basket.

Consumption is a crucial task carried out by the household section. Depending on where it comes from, a person's money is either saved or used for consumption. Current consumption contributes to the worsening of disparities. The NSSO uses customer spending as a benchmark to describe the Indian consumption pattern. This poll divides the population into separate spending groups for the rural and urban areas. Every category is provided the monthly per capita spending on food and non-food products, and families and individuals are also divided.

NATURE OF CONSUMPTION

The vital requirements of a human give consumption a dynamic character. Human needs are seen to evolve over time. The vital nature of consumption is essential to society and economies. Varied sorts of cultures exhibit discrepancy in consumption as a result of different environmental, social, economic, and cultural settings. Acceptable shifts in people's attitudes regarding commodity spending are evident, and as society develops, so are people's desires.

COMPONENTS AFFECTING CONSUMPTIONS ALTERNATES

Individual consumers are thought to be in the best position to assess their own requirements and objectives and make their own decisions. People are reasonably assumed to know what they want and how they prefer to consume things.

Before making any judgements, customers must be at least given options. A very limited variety of consumption options by millions of individuals prevents capacity expansion. People are impacted by the framing of access to basic commodities and services if the current allocation of consumption seriously falls short. These individuals might not have sufficient access to food, transportation, or healthcare on their own. Options for consumption are limited in various ways. There are other additional factors, including time, use, households, knowledge, social barriers, and commodities and services.

- Social Hurdle
- Time Use
- Development & Utilization
- Information
- Distribution Of Income
- The Families Care Taking And Decision Makings
- Reachability & Framework Of Important Goods And Services.

2. LITERATURE REVIEW

According to Samir, the amount of food and non-food consumed monthly per person in rural areas is relatively low (2016). The non-food use of the urban population is relatively high. Individual food consumption in metropolitan areas is 60% higher than it is nationwide.

Deepankar Basu and Amit Basole's recently published centre point of non-food use helped to break down the gap in consumption (2015). Utilizing household level consumption data from the quintal "wide" rounds of the NSS, researchers found that while difference between food and non-food categories has decreased over time, the overall use imbalance has expanded. The weight given to non-food expenses in the household budget has nothing to do with sustaining costs; rather, it is an endorsement of the imbalance in general spending. On a large scale, they also suggested that inequality is entirely different over non-food items. Customer services, education, power, fuels, and everyday costs all exhibit the greatest imbalance and rapid growth in daily spending. They provided some potential tools for this admirable and presentable standpoint, even though they were unable to manage this type of discrepancy.

Bank branches were widely recognised among depositors, according to Priyalaxmi and Dhanlaxmi (2014), who also looked at the trend towards other forms of proceeds, such as savings accounts, investments, land, life insurance, gold, bank branches, and shares. The investigator assumed that there was a positive association between income level and investment acuity.

According to Selvakumar et al., the urban population is more aware of investing trends than the rural population (2012). The researchers recommended that in rural regions, investment guidelines should be strengthened.

Sethi (2012) discovered that the normal MPCE of ST/SCs is much lower than that of general and Muslim families while taking into account all consumption classes. Both food and non-food items have significant MPCE for general households. People of the ethnic class spend more on non-food items like tobacco, wine, and skillets than they do on food items like fish, eggs, poultry, and oats. This group of people spends less on consumables, natural products, nourishment, and non-food things like apparel and footwear. They also spend less on consumables like milk. This survey revealed that as the standard of living of the rural population rises, so do the number of products and businesses, making it clear that the rate of change is getting a little high in relation. According to a survey by Moonar Surendar and Vyas Ravi, gold was selected as an investment over postal deposits, bank deposits, and life insurance (2012). Investors wanted the public to be informed about investments and investment counselling through newspapers, the internet, television, and professional periodicals, according to Arora R. S. and Kumar Rajesh (2013).

According to Pardhasaradhi S and Syed Tabssum Sultana's exploratory investigation, Indian individual investors are moderate investors (2011). The number of dependents, occupation, salary, and marital status are all significant variables associated with risk exposure.

This investigation was conducted by Rout (2009) on the food consumption and health status of women in the state of Orissa in rural and urban locations, in contrast to distinct foundation elements by employing the NFSH-2 information of at any point married ladies in the age considered 15-49. Urban women have an advantage over rural women in every aspect of nutrition, and a poll found that 48.6% of rural women and 33% of urban women, respectively, fall into the low-income category. Family lifestyle and respondent's education are also favourably correlated with the overall status of a family, in addition to the spouse's career and educational level.

The most prominent element of the economy's overall demand in 2008 was Mithani consumption. The levels of the groups' factors, such as predicted future income, growth, the availability of food, advertising, interest rates, taste and preference, current and anticipated pricing, and household income, were all utilised to determine consumption.

3. RESEARCH METHODOLOGY

RESEARCH OBJECTIVE

- To analyse the expenditure pattern with respect to income of the residents of Gujarat.
- To study the investment reasons and investment pattern of residents of Gujarat

METHODS OF DATA COLLECTION

PRIMARY DATA

The primary data was acquired through the use of a questionnaire with limited response options.

SECONDARY DATA

For this purposes, various secondary sources such as research papers, journals, periodicals study reports, working papers, investment reports of government agencies, newspaper, and study reports of committees, plan documents and web sites has been utilized by scholar.

SAMPLING DESIGN

Convenient sampling design has been followed by the researcher for this study.

SAMPLE POPULATION

180 residents from each four cities of Gujarat has been targeted in this study.

Ahmedabad	180
Baroda	180
Bhavnagar	180
Mehsana	180

ANALYSIS OF THE DATA

The statistical techniques used for the analysis of data are: mean, ranking method and cross tabulation

4. DATA ANALYSIS

EXPENDITURE PATTERN

Table 1 : Expenditure vs City cross tabulation

HOUSING LOAN / RENT								
CITY	0-500	501-1000	1001-2000	2001-5000	5001-10000	10001-15000	More than 15000	TOTAL
Ahmedabad	25.00	-	3.00	56.00	21.00	31.00	44.00	180.00
Baroda	16.00	3.00	12.00	55.00	23.00	28.00	43.00	180.00
Bhavnagar	17.00	12.00	29.00	62.00	27.00	31.00	2.00	180.00
Mehsana	3.00	-	8.00	49.00	14.00	29.00	77.00	180.00
TOTAL	61.00	15.00	52.00	222.00	85.00	119.00	166.00	720.00
GROCERIES								
CITY	0-500	501-1000	1001-2000	2001-5000	5001-10000	10001-15000	More than 15000	TOTAL
Ahmedabad	3.00	2.00	7.00	83.00	26.00	32.00	27.00	180.00
Baroda	1.00	8.00	17.00	63.00	20.00	21.00	50.00	180.00
Bhavnagar	1.00	30.00	39.00	52.00	28.00	27.00	3.00	180.00
Mehsana	-	-	-	40.00	23.00	4.00	113.00	180.00
TOTAL	5.00	40.00	63.00	238.00	97.00	84.00	193.00	720.00
CLOTHING								
CITY	0-500	501-1000	1001-2000	2001-5000	5001-10000	10001-15000	More than 15000	TOTAL
Ahmedabad	7.00	25.00	26.00	60.00	20.00	34.00	8.00	180.00
Baroda	21.00	18.00	31.00	46.00	6.00	36.00	22.00	180.00
Bhavnagar	3.00	26.00	59.00	74.00	13.00	5.00	-	180.00
Mehsana	51.00	3.00	4.00	5.00	-	78.00	38.00	180.00
TOTAL	82.00	72.00	120.00	185.00	39.00	153.00	68.00	720.00

The monthly costs for housing loans and rent are listed in Table No. 1. It shows that the majority of residents in all four cities—222 out of 720—spend between Rs. 2001 and 5000 for rent or mortgage payments. The results for the city of Ahmedabad show that 44 out of 180 residents spend more than Rs. 15,000, 56 out of 180 individuals spend between Rs. 2001 and 5000, and just 3 out of 180 inhabitants spend between Rs. 1001 and 2000 for paying rent or monthly mortgage payments, respectively.

A maximum of 238 out of 720 residents from all 4 cities spent between 2001 and 5000 rupees. 193 out of 720 residents spend more than Rs. 15,000 after that, while 97 out of 720 residents spend between Rs. 5001 and Rs. 10000 on groceries. In Ahmedabad, close to 50% of residents spend between Rs. 2001 and Rs. 5000. While 2 out of 180 individuals spend between Rs.501 and Rs.1000 on food, 27 out of 180 residents spend in excess of Rs.15000. Only 1 out of 180 people of Baroda city spends less than Rs. 500 on food, compared to 35% of residents who spend between Rs. 2001 and 5000. More than 60% of the population of Mehsana City spend more than Rs. 15,000 on groceries, according to the data, and residents there spend at least Rs. 2000. According to the chart for the city of Bhavnagar, 52 out of 180 residents spend more than Rs. 2001-5000 on food, while 1 out of 180 persons spends less than Rs. 500.

Conclusion: The majority of people living in all four cities, or 185 out of 720, spend between Rs. 2001 and Rs. 5000 on apparel and accessories, whereas 39 out of 720 people spend between Rs. 5001 and Rs. 10,000. More than 30% of Ahmedabad city inhabitants spend between Rs. 2001 and Rs. 5000. Less than 5% of people spend more than Rs 15000 and less than Rs 500 on apparel and accessories, respectively. The majority of residents in Baroda City spend between Rs 2001 and Rs 5000. Less than 5% of people spend between Rs. 5001 and Rs. 10,000 on apparel and accessories, while 22 residents spend above Rs. 15,000 on these items. When looking at Bhavnagar City, it is seen that more than 40% of residents spend between Rs. 2001 and Rs. 5000 on apparel and accessories, while only a handful of residents spend over Rs. 15,000. In Mehsana city, 78 of the 180 residents spend between Rs. 10001 and Rs. 15000, while none of them spend between Rs. 5001 and Rs. 10000 on clothing and accessories. Despite being a tier II city, 38 of the city's people spend more than Rs. 15000 on apparel and accessories.

RESOURCES OF INVESTMENT

Table 2 : Resources of Investment

MODE ON INVESTMENT	Ahmedabad		Baroda		Bhavnagar		Mehsana		FINAL RANK	
	AVG RANK	RANK	AVG RANK	RANK	AVG RANK	RANK	AVG RANK	RANK	AVG RANK	RANK
Accident insurance	7.200	8	6.890	7	8.900	9	5.870	9	8.250	7
Bank Account	3.410	1	5.010	1	8.730	6	2.480	1	2.250	1
Bonds	12.790	15	9.690	14	9.800	14	7.130	10	13.250	14
Debentures	13.490	17	10.940	18	10.580	16	12.900	17	17.000	17
Fixed deposits	3.470	2	5.140	2	8.200	4	2.900	2	2.500	2
Gold	3.490	3	5.870	5	8.840	8	4.810	4	5.000	5
Health insurance	6.190	7	6.280	6	6.630	2	5.700	7	5.500	6
Life insurance	5.300	5	5.790	4	6.570	1	5.110	5	3.750	3
Mutual funds	11.360	14	10.680	16	9.410	12	11.770	16	14.500	16
National saving certificates	9.430	11	9.050	12	8.370	5	10.180	15	10.750	11
Other insurance	9.330	10	8.780	10	9.740	13	5.580	6	9.750	10
Post office saving certificates	8.430	9	8.320	9	8.050	3	9.180	13	8.500	8
PPF	9.670	12	9.020	11	8.910	10	9.270	14	11.750	12
Real estate	5.440	6	5.660	3	8.750	7	4.350	3	4.750	4
Shares	10.790	13	9.330	13	9.160	11	8.990	12	12.250	13
Silver	4.340	4	6.970	8	10.770	17	5.830	8	9.250	9
SIPs	13.440	16	10.390	15	10.100	15	8.000	11	14.250	15
ULIPs	13.740	18	10.810	17	10.880	18	17.000	18	17.750	18

Based on table No. 2, it is evident that Ahmedabad city people favour bank accounts as their preferred investment vehicle while giving ULIPs the least choice. Debentures are the least desired investment option, according to residents of Baroda City, who prefer bank accounts first. The most popular investment choice among Bhavnagar city residents is life insurance, while ULIPs are the least popular. Similar to inhabitants of Ahmedabad and Baroda city, people of Mehsana city gave bank accounts the highest choice, while Mehsana city residents gave ULIPs the least preference.

REASON FOR INVESTMENT

Table 3 : Reason for Investment

INVESTMENT REASON	Ahmedabad		Baroda		Bhavnagar		Mehsana		FINAL RANK	
	AVG RANK	RANK	AVG RANK	RANK	AVG RANK	RANK	AVG RANK	RANK	AVG RANK	RANK
For asset purchase	3.110	4	3.230	4	3.100	3	3.360	4	3.750	4
For children's education	1.980	1	2.490	1	3.390	5	2.040	1	2.000	1
For contingencies	2.390	2	2.670	2	2.960	2	2.660	2	2.000	1
For retirement	4.160	5	3.780	5	3.220	4	4.060	5	4.750	5
For saving tax	4.340	6	4.420	6	3.570	6	5.370	6	6.000	6
To generate income for today	2.520	3	2.790	3	2.930	1	2.880	3	2.500	3

As can be seen from Table No. 3 above, the citizens of Ahmedabad City invest primarily in their children's education, with tax savings being the least important factor. The investment goals of people of Baroda and

Mehsana are the same as those of Ahmedabad city residents. Individual investing for today's revenue generation rather than tax savings is the least relevant investment objective for citizens of Bhavnagar city.

5. CONCLUSION

In order to lower risk across all 4 cities considered as a single city, citizens seek to diversify their investments across multiple routes. In Gujarat, individuals place a higher priority on their children's education, choosing to invest and save in order to give them a world-class education and a bright future. Gujarat inhabitants don't invest in order to reduce taxes and prepare for retirement. The most popular investing method for Gujaratis is a bank account, followed by fixed deposits and life insurance. The least favoured form of investing for locals is in debentures and other investment schemes. Ahmedabad still offers comparable housing costs to other cities despite being a tier II city. The majority of inhabitants spend between 2001 and 5000 Rs per month on groceries, clothing, and housing rent or loans. Mehsana city residents spend the most on apparel, followed by Baroda city residents.

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