

# A STUDY ON PERCEPTION OF INVESTORS TOWARDS DIFFERENT INVESTMENT AVENUES

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## Abstract

*In reality, non-resident Indians are Gujarat's and our country's wealth. Since independence, a notable rise in the number of people seeking jobs overseas in pursuit of better possibilities has been observed. This migration has an impact on Gujarat's economy and society on every level. Remittances from Gujaratis who don't live there are correlated with the state's wealth and economic progress. The amount of cash remittances received by Gujarat households from overseas increased significantly in the first ten years of the twenty-first century. The NRI community makes significant economic contributions to both the national and state economies. The single most dynamic factor boosting Gujarat's economy is remittances from NRI residents in the state. The exploratory aspect of this study's purpose is to get new knowledge about the "investment behaviour of NRI of selected districts of Gujarat state, India." Before gathering the data, a number of issues pertaining to important areas of the study will be thoroughly discussed with specialists, researchers, and other renowned figures with years of experience in the fields of investment and finance, portfolio management, and banking. The knowledge and concepts learned from the conversations will be applied to the creation of the study's framework.*

**Keywords:** NRI, Gujarat, investment, India

## INTRODUCTION

The actual wealth of our country and the power of Gujarat comes from non-resident Indians. Since independence, there has been a notable growth in the number of people seeking employment overseas in quest of better prospects. Gujarat's economy and society are both impacted by this migration in every way.

The state's wealth and economic development are correlated with the remittances sent home by Gujaratis who do not live there. The amount of foreign cash transfers that Gujarat households got throughout the first ten years of the twenty-first century increased significantly. Our national and state economies receive substantial contributions and assistance from NRIs. As the most dynamic single source supporting the state's economy, remittances from Gujarati NRIs have emerged.

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On May 1, 1960, Gujarat, the union's westernmost state, was created. Since then, it has made amazing strides in a number of different disciplines. It can presently house approximately 60 million people because to its 1, 96,024 sq km of land and 1600 km of coastline. Gujarat is regarded as one of India's key growing regions. The Gujarat model of development refers to the development experience Gujarat has had during the last few decades. The concept has caught the interest of social scientists, planners, and managers all across the world, especially those working for international development organisations. The distinctiveness of this concept, which stands in stark contrast to the traditional development models used by the industrialised nations of the world, is what attracts people to it. For many states, the Vibrant Gujarat Summit has served as an example of the State Government's forward-thinking strategy to promoting investment and advancing economic and social development. The occasion offers the State tremendous opportunities to showcase its assets, progressive stance, steps done to improve governance, an environment that is welcoming to investors, and Gujarati art and culture.

## REVIEW OF LITERATURE

Aren et al. (2016) have analyzed the researches published in various recognized journals on institutional investors. "It studies herding, disposition effect and home bias. They also suggested that the home bias is associated with information and culture, disposition effect arises because of overconfidence and experience and herding effect is affected by published information and protection of reputation and career".

Vaidehi and Vijayakumar (2016) examined the investor's behaviour in Chennai district about the stock exchange and discovered that the individuals who earn more than 30 lakhs and fall in high level income group were aggressive investors and have the preference towards growth oriented stocks.

Bekiros, S et al (2017) attempted to analyze herding behaviorism and its effect under the risky and volatile market conditions, their observations revealed that herding is strong in risky market environment. "During Crisis periods herding is observed at the beginning of the crisis and becomes insignificant towards the end. The US market herding behavior exhibits time-varying dynamic trading patterns that can be attributed e.g., to overconfidence or excessive flight to quality features, mostly observed in the aftermath of the global financial crisis."

Kumar & Kasilingam (2017) authors have examined the investors in Tamil Nadu region and, "recorded that the financial literacy level improved with rise in monthly income. Investors in the high monthly income level of Rs 75,001 to Rs 1,00,000 and greater than Rs 1,00,000 exhibited the highest financial literacy levels. Whereas, investors in the low monthly income category of up to Rs 25,000 and Rs 25,001 to Rs 50,000 exhibited low financial literacy. Adequate financial literacy was exhibited by the investors with monthly income in the category of Rs 50,001 to Rs 75,000. Hence, investors with monthly income level of more than Rs 50,000 exhibited high financial literacy".

Experimental study of Filiz, I., Nahmer, T., Spiwoks, M. et al. (2018) studied the impact of "herding, status-quo bias, and the gambler's fallacy" on investor's attitude towards diversification. Researchers found that herding & status-quo bias do not play important role to non-optimum portfolio preferences. "The gambler's fallacy, plays a significant role in making these decisions. The gambler's fallacy is significantly responsible for the fact that the optimal structure of a portfolio is considered in only 37.7% of all choices made by an investor".

## RESEARCH OBJECTIVE

1. To study the impact of the native place on investment behaviour among the NRIs of Gujarat state with reference to Mehsana region.
2. To study the influence of Government schemes and programs on NRIs investment behaviour.
3. To recognize the issues and challenges faced by NRIs while making investment decision.
4. To analyse the preferences of NRIs towards leading investment schemes.

## METHODS OF DATA COLLECTION

The data will be collected from the sample for the fulfilment of research objectives and to verify the research hypotheses with the use of tool. The data was collected to study the investment behaviour of NRI of selected districts of Gujarat state, India.

For this study both primary and secondary sources of data will be utilised.

### PRIMARY DATA

The primary data will be collected through questionnaire, prepared to study the investment behaviour of NRIs of selected district of Gujarat. Data will be collected through interview, online questionnaire form.

### SECONDARY DATA

At the exploratory stage of this study, a detailed survey of literature will be undertaken in order to identify the various aspects of investment behaviour of NRIs of selected district of Gujarat state. The secondary data will be very helpful in evolving an appropriate methodology for the study and formulating a conceptual framework for the study. 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 will be utilised by scholar.

### SAMPLING METHOD

Random sampling method will be used by scholar to conduct a pilot study for this study.

### SAMPLING DESIGN

The NRIs of selected district of Gujarat will be approached as a universe of this study. The respondents will be selected on the basis of multilevel stratified sampling. NRIS of Mehsana district covered to check study the investment behaviour.

### SAMPLE POPULATION

500 around NRIS from Mehsana district approached for this study

### COLLECTION OF DATA

Interviews, an online questionnaire form, and emails sent to the samples chosen for the study were used to obtain the data that was needed for the analysis. Questions with multiple choices and a ranking scale with five points were developed by the researcher specifically for this study. These were developed in accordance with statistical methods and principles that were applied wherever applicable.

### DATA ANALYSIS

1. There is no role of education on belief of respondents towards getting expected return from investment in Gujarat

Chi-Square Value	df	Exact P-value
201.5	4	<0.001

The chi-square test table indicates a p-value 0.001, indicating a statistically significant relationship between education and the expectation of a positive return on investment in Gujarat. Due to the fact that the p-value is smaller than 0.05, we reject the null hypothesis that there is no effect of education on respondents' optimism about realising their investments' full potential in Gujarat. People with less education are more optimistic about the potential for financial gain in Gujarat than their more educated counterparts.

2. Opinion on fulfilment of purpose of male and female NRIs by investing in Gujarat is same

Chi-Square Value	Df	P-value
51.245	1	<0.001

Pearson's Chi-square test is used to examine whether there are significant gender differences in the expectations of return on investment in Gujarat among a sample of NRIs living outside of India. Since the p-value for the alternative hypothesis is less than 0.01, we may conclude that male and female NRIs have vastly different perspectives on whether or not their investments in Gujarat help them achieve their life goals. In contrast to male responders, females are more likely to express support for achieving one's life goals.

3. There is no role of educational qualification of selected NRIs on their opinion regarding fulfilment of purpose by investing in Gujarat

Chi-square Value	df	P-value
65.44	4	<0.001

The Pearson's Chi-square test was used, and the findings are presented in the table that can be found above. The goal of this test was to determine whether or not education has an impact on respondents' perceptions of whether or not investing in Gujarat fulfils their purpose. It shows that the above null hypothesis is rejected because the p-value is less than 0.01, and it comes to the conclusion that opinions on whether or not investing in Gujarat is fulfilling one's purpose are significantly different among NRIs with higher and lower levels of education.

4. Descriptive statistics on rank given by selected respondents for investment options

Descriptive Statistics	Investment Options					
	Real Estate	Securities Equity	Land	Govt Scheme	FD	Industry Service Sector
Mean	1.74	5.10	1.81	3.70	2.78	5.86
Std. Deviation	.840	.404	.866	.891	.576	.346

Minimum	1	4	1	1	1	5
Maximum	4	6	4	5	3	6

The collected data allows for the calculation of the mean and standard deviation (SD) of the various ranks. According to the data presented in the table above, the most popular choice of investment vehicle among certain NRIs is "Land" and "Real Estate." This is followed by "Fixed Deposit (FD)" and "Government Schemes," "Share market (Securities / Equity)," and "Industry / Service Sector."

This indicates that property and real estate are the preferred forms of investment in Gujarat among certain non-resident Indians (NRIs). As an area of potential investment, non-resident Indians do not like the stock market or the industrial or service sectors. The overall findings of this study indicate that Non-Resident Indians (NRIs) play an essential role in the growth and development of Gujarat. In addition to this, they have a strong emotional and social connection to their homeland. They have moved away from both their family and their homeland in order to pursue higher financial goals. The majority of non-resident Indians living abroad are interested in making additional investments in their home country (Gujarat). They also proposed raising the bar for the level of service provided by government agencies. They want some appealing policies or plans to be implemented for NRIs so that NRIs will invest more in Gujarat across a variety of industries.

The vast majority of respondents indicated that their financial holdings in Gujarat are managed either by members of their families or by their circle of acquaintances (close friends). The majority of the time, the decision on investment is also made by members of their family or friends because these people are more familiar with the current scenario in Gujarat. Following closely after in terms of popularity among non-resident Indians as destinations or investment opportunities are land and real estate.

#### 5. Opinion on following factors affecting NRI investment in Gujarat

Factors	Very Good	Good	So - So	Poor	Very Poor	Total
Government Policy	208 (40.6%)	147 (28.7%)	157 (30.7%)	0(0%)	0(0%)	512 (100%)
Infrastructure	41 (8.0%)	329 (64.3%)	126 (24.6%)	16 (3.1%)	0(0%)	512 (100%)
Services in Govt. Office	0(0%)	74 (14.5%)	151 (29.5%)	219 (42.8%)	68 (13.3%)	512 (100%)
Safety & Security	298 (58.2%)	167 (32.6%)	47 (9.2%)	0(0%)	0(0%)	512 (100%)
Stability of Government	298 (58.2%)	167 (32.6%)	47 (9.2%)	0(0%)	0(0%)	512 (100%)
Promotion of NRI	45 (8.8%)	86 (16.8%)	332 (64.8%)	49 (9.6%)	0(0%)	512 (100%)
Role of NRI Association	14 (2.7%)	35 (6.8%)	82 (16.0%)	21 (4.1%)	0(0%)	512 (100%)

The opinions of the respondents are broken down in the above table according to how they feel the following factors affect NRI investment in Gujarat. In the eyes of the vast majority of respondents, it is the state government's policies and the state's generally good infrastructure that are luring investors from outside of India to Gujarat. Poor government service discourages investment from non-resident aliens. Foreign investors (especially those from outside India) are drawn to Gujarat by a number of factors, including the state's low crime rate and politically stable government. The impact of the NRI Association in getting people from other countries to invest in Gujarat is small at best. During the course of the research, a random sample of NRIs were polled on their thoughts concerning the elements that influence their decision to invest in Gujarat. Foreign investors from other countries face a number of challenges when considering Gujarat as a potential location for their money. Government stability, public safety, security, and infrastructure, as well as government policy on NRI investment, are all crucial elements in attracting foreign direct investment. A major deterrent for non-

resident Indian (NRI) investment in Gujarat is the quality of government service delivery. Respondents noted that while it is far better than other states, they would like to see even more improvements in the delivery of government services, including those that are more efficient, transparent, and timely.

## CONCLUSION

According to the results of this research, non-resident aliens have been vital to the progress of Gujarat. They have a strong emotional and social connection to the place they were born. They've moved away from their loved ones and their native place in pursuit of wealth. Most non-resident aliens (NRIs) plan to invest more money in their native country (Gujarat). They also recommended boosting the efficiency and effectiveness of government agencies. They need an attractive plan or strategy to get NRIs to invest in Gujarat's various industries. The majority of non-resident Indians' (NRIs') investments in Gujarat are managed by close friends and family (close friends). Those close to them, who have a better understanding of the state of affairs in Gujarat, are usually the ones to make investment decisions. Land and real estate are the most popular destinations and investment possibilities for NRIs, followed by fixed deposits, commodities, and the stock market.

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