



## AN ANALYSIS OF INVESTMENT BEHAVIOUR FOR INDIVIDUAL INVESTORS

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**ABSTRACT-** Financial planning is the method of evaluating an individual's financial aspirations, taking the money he owes, deciding life goals, and then taking the required steps to meet the goals in the specified timeframe. It is a way of quantifying the needs of an individual in terms of currency. The investigator gathered primary data for data analysis by surveying the investment priorities and risk profile of the investor. The outcome showed that the thorough review of each part of this subject showed that financial planning is a complicated and versatile concept requiring frequent and formal research, careful management, judgement and behavior.

**Keywords:** Financial planning, Investment, Risk, Real estate, Tax

### I. INTRODUCTION

Being rich' signifies various things to various individuals. Some characterize abundance as owing numerous costly belongings and a major league salary. Individuals may relate being rich not agonizing over accounts or having the option to take care of tabs. For other people, being rich methods they can add to associations that issue to them. How individuals get rich likewise fluctuates. Beginning a fruitful business or seeking after a lucrative profession are normal ways to abundance. Nonetheless, parsimonious living and astute putting can likewise bring about long haul monetary security. Lately, many have found that the nature of their lives ought to be estimated as far as some different option from cash and material things. A reestablished accentuation on family, companions and serving others has surfaced. Most people might want to deal with their accounts so they get full fulfillment from each accessible rupee. To accomplish this end and other monetary objectives, Individuals first need to distinguish and set needs. Both monetary and individual fulfillment are the aftereffect of coordinated cycle that is regularly alluded as personal cash the executives' or individual monetary arranging'.

Individual budget arranging is the way toward dealing with a person's cash to document individual financial fulfillment. This arranging cycle permits an individual to his monetary circumstance. Each individual, family or house hold has a exceptional monetary position and any monetary action accordingly should likewise be cautiously intended to address explicit issues and objectives. A far reaching monetary arrangement can improve the nature of a person's life and increment his fulfillment by decreasing vulnerability about his future requirements and resources. The particular favorable circumstances of individual monetary arranging incorporate.

a) Increased viability in acquiring, utilizing and securing his monetary assets for the duration of his life time.

b) Increased control of his monetary issues by staying away from extreme obligation, insolvency and reliance on others for financial security.

c) Improved individual relationship coming about because of all around arranged and viably conveyed monetary choices.

d) A feeling of Freedom from monetary concerns got by looking to the future, envisioning costs and accomplishing his own financial objectives.

## FINANCIAL PLANNING PROCESS - INDIVIDUALS

Decision making will be an ongoing part an individual's personal and financial situation. Since decisions vary based on each 4 person's situation and value, opportunity costs will differ for each person. Uncertainty is a part of every decision. Selecting a particular Brand of a car (or) mutual fund plans (or) choosing a particular carrier involve risk. Some decisions involve very low risk such as putting money in an insurance savings account or purchasing items that cost only few hundred rupees. Here, the chances of losing something of great value are low in these situations. In many financial decisions, identifying and evaluating risk is difficult. The best way to consider risk is to gather information based on an individual's experience and experience of others and to use financial planning information sources.

Speculators are totally hazard disinclined with respect to all monetary commitments. They are searching for significant yields and wellbeing with less speculation, which prompts the move from moderate return bank stores, less fluid ventures like Fortunate Fund, Insurance and annuity assets to different speculations like protections also, common assets. A normal speculator can't take venture choices autonomously. This at last prompts the need and development of the shared assets industry in India.

## II. REVIEW OF LITERATURE

The quantity of speculation instruments causes the financial specialists to pick a better appropriate territory for their venture. The target of a speculator involves three regions in particular wellbeing of speculation, liquidity position and profit for their put away cash. Speculation options include unmistakable mixes of anticipated return and foreseen instability.

Financial planning covers the various facets of individual's financial needs, which include:

Investment planning

Insurance planning

Tax planning

Real estate planning

Children's future planning

Retirement planning and

Cash flow planning.

**Agarwal et al.(2015)** analyzed the connection between financial planning and individual speculation over the time of 2015. They additionally utilized multivariate examination to discover their outcome. They found in their investigation that the likelihood of finding genuine solutions with regard to the monetary proficiency is significant level for males respondents than female, and it increments with education level and the forcefulness of the person.

**Ramakrishnan (2012)** investigated the connection between financial planning and individual speculation over the time of 2012. He used multivariate investigation to find his outcome. He concluded that the monetary schooling is fundamental not only for people yet additionally for organizations and the economy. Authorized buyers settle on better decisions for their individual prosperity, which thusly will increment overall welfare.

**Campbell (2006)** examined the connection between individual financial the board and individual interest in over the period and supply a diagram of a portion of the major issues in a family unit or individual monetary management. He was taken multivariate investigation to discover his outcome. He found that one

of the driven inquiries is the association between time and the conduct of venture. While little work has done on the determinants of the contributing skylines, there was a great examination of the degree objective; forward-looking investors ought to act. For instance, conventional investment advice recommends that resource designation should move away from stocks and towards bonds as a speculator gets more seasoned.

### **OBJECTIVES OF THE STUDY:**

- To identify the target of an individual Indian investor's investment strategy.
- To understand the Indian Individual Investor's favorite investment avenues
- To consider the level of Individual Investor financial literacy.
- To define the preferred knowledge sources that affect investment decisions.
- To know the risk, the level of tolerance of the individual investor and recommending an acceptable portfolio.

### **HYPOTHESES**

- There is a significant influence of Investment Planning of Financial Planning
- There is a significant effect of Tax planning on Financial Planning.
- There is a significant impact of Real estate planning on Financial Planning.

### **STATEMENT OF PROBLEM**

The aim of the analysis is to obtain higher long-term returns; you must be prepared to approve or deny the short-term value of your investment. This is because investments that produce higher returns appear to be more volatile than those that generate low returns. A trade-off exists between risk and return

### **III. METHOD**

➤ The present study is exploratory cum descriptive in nature. It explores the dimensions of Financial Planning and outlines its impact on other planning decisions. The study has considered the financial planning for individual investors in Namakkal District.

### **STUDY POPULATION**

The selection was drawn from individuals with diverse professions and experiences residing in the Namakkal District. The research population was determined to be 560. By conducting a pilot survey among the respondents, the appropriate sample was obtained. With three questions addressing the areas of investment planning, tax planning, and real estate planning, a questionnaire was prepared.

$$n = Z^2 \sigma^2 / (SE)^2$$

### **MEASURES**

Financial planning and its associated frameworks and structured questionnaire framed on financial planning were researched and tested, and the Scale was simply surveyed. The things collected reflect Financial planning were checked by expert opinion on the basis of expert opinion advice and certain corrections were made in terms of sentence and vocabulary. For evaluating financial preparation, 25 things have been created. The designed goods were pilot tested for the durability of their size. In a Likert scale (1= Strongly Disagree to 5= Strongly Agree), the 25 elements were converted as statements and calculated. For a pilot study on a test and retest basis, 50 respondents were polled. The answers collected for 25 items showed an internal accuracy of more than 0.7 Cronbach alpha value (0.78) and 560 samples were further administered to the validated questionnaire with a reliable scale for data collection.

### **EXPLORATORY FACTOR ANALYSIS**

In order to improve the dimensions of financial planning of the individuals residing in the Namakkal District considered for this report, exploratory factor analysis was carried out. There were 25 items

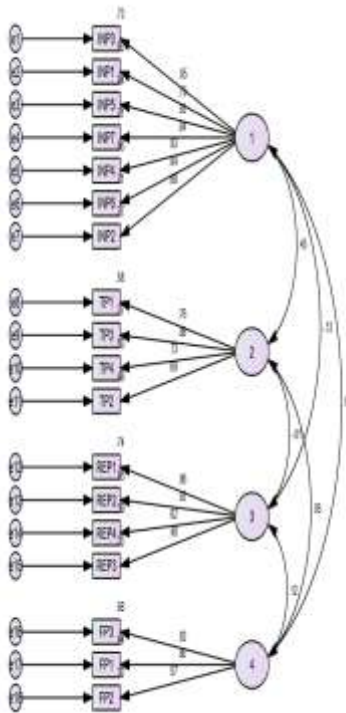
(variables) found among experts and selected respondents via current Financial Planning and Pilot survey literature. The developed items were validated through judgemental validity process with experts and respondents. The validity elements were tested by pilot testing among 50 respondents for their internal accuracy. On a Cronbach Alpha value of 0.875, which is more than 0.7, the outcome of the reliability analysis of 25 items was shown to cause all 25 items with reliability to be considered for exploratory factor analysis.

The total variance explained table has grouped 25 variables of more than one item value under 6 variables and explains the total variance of 76,653 percentage. With the grouping of 25 variables, the original rotated component Matrix revealed the appearance of six major influences. The remaining 7 variables were either filled or unloaded with low sharing. The remaining will remain after the 7 variables have been deleted. The remaining 18 variables scale reliability after extracting the 7 variables is further checked and found to be 0.877 and seen to be more than 0.7 and the internal accuracy of consistent products.

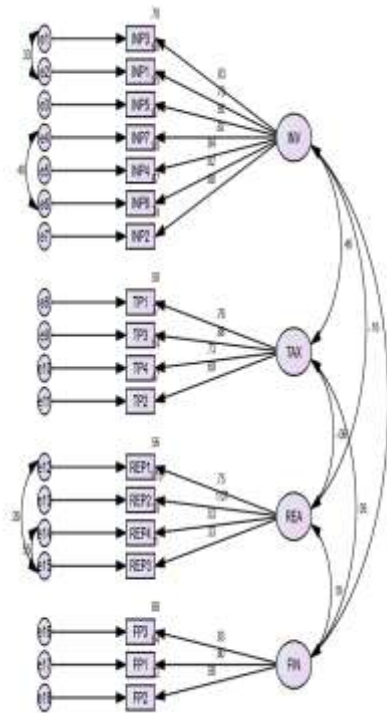
For Exploratory Factor Analysis, the fully loaded 18 items were further taken. The obtained KMO value is 0.786 and the sample adequacy has been shown to be more than 0.7. In Barlett's Sphericity test, the obtained significant value is 0.000. The correlation matrix importance and license to conduct factor analysis of the total variance table shows that 18 variables are clustered under four factors with more than one agent value and explain the variance of 76.752 percentage.

#### IV. CONFIRMATORY FACTOR ANALYSIS

**Measurement Model without**



**Measurement Model with**



**Modification Indices**

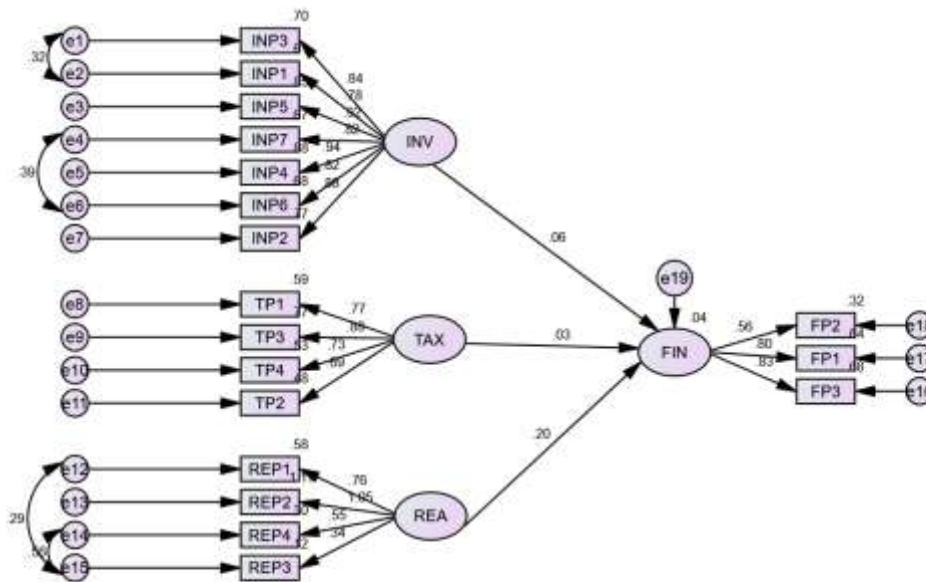
**Table-1**  
**Fit Indices**

Fit statistic	Recommended	Obtained Before Modification Indices (Initial Model)	Obtained After Modification Indices (Revised Model)
$\chi^2$	-	2465.051	2172.552
Df	-	129	122
$\chi^2$ significance	$p \leq 0.05$	0.000	0.000
$\chi^2 / df$	$\leq 2- 5.0$	19.108	17.807
GFI	$\geq 0.90$	0.730	0.776
AGFI	$>0.80$	0.643	0.694
NFI	$\geq 0.90$	0.718	0.765
RFI	$\geq 0.90$	0.665	0.713
CFI	$\geq 0.95$	0.728	0.776
TLI	$\geq 0.90$	0.677	0.725
RMSEA	$\leq 0.08$	0.180	0.166
RMR	$\leq 0.05$	0.046	0.044

**Table-2**

	CR	AVE	MSV	MaxR(H)	Investment planning	Tax planning	Real estate Planning	Financial Planning
<b>Investment planning</b>	0.951	0.736	0.213	0.961	<b>0.858</b>			
<b>Investment planning</b>	0.851	0.590	0.213	0.873	0.461***	<b>0.768</b>		
<b>Investment planning</b>	0.792	0.526	0.038	1.205	-0.161***	-0.061	<b>0.725</b>	
<b>Investment planning</b>	0.778	0.546	0.038	0.814	0.036	0.049	0.194***	<b>0.739</b>

## STRUCTURAL EQUATION MODEL



**Table-3**

### Hypothesis Testing

		Estimate	S.E.	C.R.	P	Label
Financial planning	Investment Planning	.043	.034	1.272	.203	Not Supported
Financial planning	Tax Planning	.028	.040	.691	.490	Not Supported
Financial planning	Real Estate planning	.308	.068	4.497	***	Supported

## V. CONCLUSION

Financial planning is a complex and versatile term that requires frequent and structured analysis, careful management, decision, and behavior through a thorough review of every part of this topic. It may also conclude that consumers or buyers should quickly start planning, set measurable targets, look at the broader picture, and should not assume unreasonable investment and investment returns. It correctly describes what you individually are trying to achieve. It can also be assumed that we can reduce the probability and maximize the returns of a portfolio with the combination of various stocks. We can only mitigate the unsystematic risk by building a portfolio, and we can not minimize systemic risk. Before choosing any specific store, a thorough Fundamental & Technological Analysis should be performed. This minimizes the danger involved. Financial Planning Service that was not so popular historically as other services have gained a lot of significance and visibility and in the future will gain more credibility as people now know the value of it.

Financial planning is an essential and useful savings method for reaching your life goals by handling your finances properly. At an early point, everybody should begin financial preparation.

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