The Effect of Demographics On Investment Choice: An Empirical Study Of Investors In Jammu

**** Dr. Sushil Kumar Mehta***
***** Neha Aggarwal***

INTRODUCTION

As the Indian economy is growing, there is an increasing demand for wealth management functions. Wealth management requires to understand the clients' financial and investment requirements and then, providing financial planning and portfolio management services. The practical experiences of wealth management professionals emphasize that customer behavior, and psychology play a very prominent role in successfully building and sustaining a wealth management relationship. Behavioral finance is a nascent, but growing discipline, which studies investor's psychology while making financial decisions. Demographic profile and investor personality can be the two determinants for making perception about the investor psychology, which if scientifically studied, could help the wealth management professionals to advise their clients better. This study aims to investigate the effect of the demographic profile of the investor on investment choice. Such understanding could prove to be a boon for the burgeoning wealth management industry in India. Conventional theories in finance say that the world and its participants are, for the most part, rational *"wealth maximizers"*. These traditional economic theories have always considered investors as fully rational decision making entities. However, there are many instances where emotion and psychology influence our decisions, causing us to behave in unpredictable or irrational ways. Over the past few years, behavioral finance researchers have scientifically shown that investors do not always act rationally or consider all the available information in their decision-making process. They have behavioral biases that lead to systematic errors in the way they process information for an investment decision. These errors, because of their systematic character, are often predictable and avoidable. However, they continue to occur frequently and are made by both novice and professional investors alike.

Over the past years, it has been scientifically shown by the behavioral finance researchers that investors do not always act rationally. Investors have certain emotional and cognitive weaknesses, which come in the way of their investment decisions. Many researchers have tried to classify the investors on the basis of their relative risk taking capacity and the type of investment they make. The investors generally have behavioral biases that lead to some systematic errors in the way they process information for investment decisions. Some evidence also suggests that factors such as age, income, education and marital status affect an individual's investment decision. So, it is important to study the relationship between various demographic factors, and the investment personality exhibited by the investors. For a number of years, researchers have been researching the psychology and demographic profile of investors that drives individual investment decisions. One dominant theme has emerged from all of their research: Success in the market does not depend solely on how smart we are, what information we possess, what academic degrees we've earned, how much experience we've gained, or what technical or fundamental systems we use. Rather, investors must have the ability to identify, understand and act upon their investment psychology their demographic features. Too many researchers today believe the way to succeed in the market is to understand and predict its behavior perfectly or to find the perfect trading system. Researchers have emphasized on the need of investors to learn about and understand their investment psychology first. When investors become aware of their own unique psychology and demographic features, they can adapt it to market conditions and can make investment decisions. Most investment theories suggest that the more we keep emotions at bay during the investing process, the more successful we will be. The theory is emotions can be harmful when trying to make decisions in a risky environment, because they distort perceptions and foster errors. They interfere with our rational thought process, necessary for efficient and accurate financial decision-making. Most psychological theories attempt to find ways to keep emotion out of the investment process.

* *Assistant Professor,* School of Business, Shri Mata Vaishno Devi University, Katra, Jammu.
E-mail : sushilkumarmehta@gmail.com
** *Research Scholar,* Jammu University, Jammu.

REVIEW OF LITERATURE

Fromlet (2001) opines that behavioral finance attempts to identify the behavioral biases commonly exhibited by investors, and also provides strategies to overcome them. **Odean (1998)** tested and found evidence for the disposition effect, the tendency of investors to sell winning investments too soon and holding losing investments for too long. **Daniel, Hirshleifer and Subrahmanyam (1998)** proposed a theory of security markets based on investor overconfidence (about the precision of private information) and biased self-attribution (which causes changes in investors' confidence as a function of their investment outcomes), which leads to market under- and overreactions. **Camerer and Lovallo (1999)** found experimentally that overconfidence and optimism lead to excessive business entry. **Rabin and Thaler (2001)** consider risk aversion and pronounced the expected utility hypothesis dead. Psychological research has established that men are more prone to overconfidence than women (especially in male-dominated areas such as finance), whilst theoretical models predict that overconfident investors trade excessively. **Barber and Odean (2001)** found that men trade 45 per cent more than women and thereby, reduce their returns more so than do women and conclude that this is due to overconfidence. **Fama (1998)** concluded that, market efficiency survives the challenge from the literature on long-term return anomalies. Consistent with the market efficiency hypothesis that the anomalies are chance results, apparent overreaction to information is about as common as under- reaction and post-event continuation of pre-event abnormal returns is about as frequent as post-event reversal. Most importantly, consistent with the market efficiency prediction is that apparent anomalies can be due to methodology, most long-term return anomalies tend to disappear with reasonable changes in technique.

DATA AND METHODOLOGY

The study is based on the primary data collected from various respondents through a questionnaire. Care was taken that only those respondents were interacted who were interested in investments. The fieldwork was undertaken from December, 2008 to March, 2009. The Questionnaire was a mix of both open-ended and closed-ended questions. The sampling technique used for selecting the sample was convenient sampling. A sample of 120 respondents were taken. Chi-square test had been used as the test for association or non-association of variables. Data has been presented in the form of Pie-charts to make the analysis easy. The data has been analyzed using the statistical package SPSS 14.0 and Microsoft Excel.

❁ **Development Of Hypothesis :** The study attempts to test the following null hypotheses:

❁ **H_o: There is no association between the income and investment choices made by the investors.**

❁ **H_o: There is no association between the age and investment choices made by the investors.**

❁ **H_o: There is no association between the gender and investment choices made by the investors.**

❁ **H_o: There is no association between the occupation and investment choices made by the investors.**

❁ **H_o: There is no association between the education and investment choices made by the investors.**

❁ **H_o : There is no association between the income and percentage of the income saved for the future requirements.**

❁ **H_o : There is no association between the occupation and percentage of the income saved for the future requirements.**

❁ **H_o : There is no association between the gender and percentage of the income saved for the future requirements.**

❁ **H_o : There is no association between the education and percentage of the income saved for the future requirements.**

❁ **H_o: There is no association between the age and percentage of the income saved for the future requirements.**

❁ **H_o: There is no association between the gender and the appropriate investment period.**

❁ **H_o: There is no association between the age and the appropriate investment period.**

❁ **H_o: There is no association between the education and the appropriate investment period.**

❁ **H_o: There is no association between the occupation and the appropriate investment period.**

❁ **H_o: There is no association between the income and the appropriate investment period.**

ANALYSIS AND FINDINGS

Table 1: Association Of Income With Different Investment Avenues (a)

Count					
		Income			
		less than ₹ 1 lakh	₹ 1 lakh to ₹ 2.5 lakh	₹ 2.5 lakh and above	Total
Post Office	Least Preferred	11	18	19	48
	Moderately Preferred	10	16	18	44
	Most Preferred	2	18	8	28
Insurance	Least Preferred	6	11	7	24
	Moderately Preferred	6	26	9	41
	Most Preferred	11	15	29	55
Shares	Least Preferred	7	21	22	50
	Moderately Preferred	8	20	16	44
	Most Preferred	8	11	7	26
Jewellery	Least Preferred	2	20	21	43
	Moderately Preferred	12	18	15	45
	Most Preferred	9	14	9	32
Total		**23**	**52**	**45**	**120**
Chi- Square Test For Income					
	Post Office	**Shares**	**Insurance**	**Jewellery**	**Real Estate**
chi-square value	7.249173532	3.971424	14.497922	10.03659	7.772079
Df	4	4	4	4	4
Asymp. Sig. (2-sided)	0.123292001	0.409887	0.0058643	0.039816	0.100293

The income groups ₹ 2.5 lakh to ₹ 4 lakh and ₹ 4 lakh and above are combined into one cell named as ₹ 2.5 lakh and above
Grouping variable income* significant at 5% level of significance

Table 2: Association Of Income With Different Investment Avenues (b)

Count				
		Income		Total
		less than ₹ 2.5 lakh	₹ 2.5 lakh and above	
Provident Funds	Least Preferred	25	11	36
	Moderately Preferred	26	8	34
	Most Preferred	24	26	50
Fixed Deposits	Least Preferred	2	9	11
	Moderately Preferred	15	17	32
	Most Preferred	58	19	77
Mutual Funds	Least Preferred	22	8	30
	Moderately Preferred	29	14	43
	Most Preferred	24	23	47
Bonds	Least Preferred	46	17	63
	Moderately Preferred	24	24	48
	Most Preferred	5	4	9
Total		**75**	**45**	**120**
Chi- Square Test For Income				
	Provident Funds	**Fixed Deposits**	**Bonds**	**Mutual Funds**
chi-square value	8.057446623	17.95498	6.357672	4.572979
Df	2	2	2	2
Asymp. Sig. (2-sided)	0.017797037	0.000126	0.0416341	0.101623

The income groups ₹ 2.5 lakh to ₹ 4 lakh and ₹ 4 lakh and above ;less than ₹ 1 Lakh and ₹ 1 lakh to ₹ 2.5 lakh are combined into one cell named as ₹ 2.5 lakh and above and less than ₹ 2.5 lakh respectively. Grouping variable income* significant at 5% level of significance

From the above Table 1, the results reveal that the differences are not significant for post office, shares and real estate. However, differences were found to be significant for jewellery and insurance. 47.8% of the investors in the income group of less than ₹1 lakh and 64.44% of the investors falling in the high income bracket preferred insurance as the investment option. Also, the investors with less income do not prefer to invest in jewellery, but the investors belonging to the high income brackets do not invest in the jewellery. The Table 2 shows that people of different income groups vary significantly with respect to fixed deposits and bonds, whereas they do not vary with other investment avenues, i.e. mutual funds and provident funds.

Table 3: Association Of Occupation With Different Investment Avenues

Count					
		Occupation			Total
		Business	Others	Service	
Post office	Least Preferred	15	9	24	48
	Moderately Preferred	6	13	25	44
	Most Preferred	7	4	17	28
Provident Funds	Least Preferred	11	10	15	36
	Moderately Preferred	9	10	15	34
	Most Preferred	8	6	36	50
Shares	Least Preferred	7	12	31	50
	Moderately Preferred	15	8	21	44
	Most Preferred	6	6	14	26
Insurance	Least Preferred	5	4	15	24
	Moderately Preferred	12	8	21	41
	Most Preferred	11	14	30	55
Real Estate	Least Preferred	3	15	37	55
	Moderately Preferred	10	5	14	29
	Most Preferred	15	6	15	36
Jewellery	Least Preferred	9	4	30	43
	Moderately Preferred	9	14	22	45
	Most Preferred	10	8	14	32
Mutual Funds	Least Preferred	13	6	11	30
	Moderately Preferred	8	6	29	43
	Most Preferred	7	14	26	47
Total		**28**	**26**	**66**	**120**
Chi- Square Test For Occupation					
	Provident Funds	**Post Office**	**Mutual Funds**	**Jewellery**	**Shares**
chi square value	20.75127451	3.071233	7.803281287	23.72298	8.812793
Df	6	6	6	6	6
Asymp. Sig. (2-sided)	0.002033212*	0.799855	0.252872643	0.000587*	0.184383

Other occupation classes such as professionals, students are merged as others; Other investment avenues are not taken because of the limitation of chi- square application that 0 cannot appear in any cell and also, no more than 20% of the cells should have a value less than 5
Grouping variable occupation* significant at 5% level of significance

The result from the Table 3 shows that the difference is significant for the provident funds, whereas, they are insignificant for post office, mutual funds, jewellery, and shares. We can infer that 54.54% of the investors belonging to service class were preferring provident funds as the investment option, whereas only 25% of the investors belonging to the business class were preferring provident funds as the investment option.

Table 4 clearly shows that the difference is significant for the provident funds and jewellery, whereas they are insignificant for post office, mutual funds, and shares. 42.59% of the people belonging to graduate class and 80% of the people who came under the professional category preferred provident funds. In case of jewellery, 25% of the graduates, and 53.33% of the post graduates moderately preferred jewellery.

Table 4: Association Of Education With Different Investment Avenues

Count						
		Education				Total
		Graduate	Higher Secondary	Post Graduate	Professional	
Post Office	Least Preferred	22	7	14	5	48
	Moderately Preferred	19	6	9	10	44
	Most Preferred	13	3	7	5	28
Provident Funds	Least Preferred	18	7	9	2	36
	Moderately Preferred	13	5	14	2	34
	Most Preferred	23	4	7	16	50
Shares	Least Preferred	19	5	15	11	50
	Moderately Preferred	20	5	11	8	44
	Most Preferred	15	6	4	1	26
Jewellery	Least Preferred	30	1	8	4	43
	Moderately Preferred	14	6	16	9	45
	Most Preferred	10	9	6	7	32
Mutual Funds	Least Preferred	11	5	10	4	30
	Moderately Preferred	20	6	6	11	43
	Most Preferred	23	5	14	5	47
Total		**54**	**16**	**30**	**20**	**120**

Chi-square Test For Education					
	Provident Funds	**Post Office**	**Mutual Funds**	**Jewellery**	**Shares**
chi square value	20.75127451	3.071233	7.803281287	23.72298	8.812793
Df	6	6	6	6	6
Asymp. Sig. (2-sided)	0.002033212*	0.799855	0.252872643	0.000587*	0.184383

Other investment avenues are not taken because of the limitation of chi- square application that 0 cannot appear in any cell and also, no more than 20% of the cells should have value less than 5

Grouping variable education* significant at 5% level of significance

So by this, it can be concluded that the investors with different educational level vary significantly with regard to jewellery and provident funds, but not for other investment avenues.

The Table 5 reveals that the differences are not significant for post office, insurance, jewellery, mutual funds, and shares. However, differences were found to be significant for provident funds, fixed deposits and real estate.77% of the females and only 54.9 % of the males preferred fixed deposits. 53% of the females and only 34% of the males preferred provident funds. Also, 10% of the females preferred real estate as investment options, whereas, 44% of the males preferred real estate. This shows that the females are conservative while investing, whereas males are aggressive. That is why the females would not like to invest in equity, probably because they feel investment in equities is very risky.

The Table 6 brings out the result that the differences are not significant for provident funds and shares. However, differences were found to be significant for post office and real estate. With the increase in age, the inclination towards real estate as an investment option increases. As it can be seen from the table, that 15% of the investors in the age of 20-30 years invested in the real estate and as the age increased from 45-54 years to 55 years and above, the percentage increased from 40% to 53%. The investors with low age group did not prefer post office as an investment option, but the investors with high age group preferred post office as an investment avenue.

The Figure 1 shows that 56% of the investors preferred to consult their family members and only 8% of the investors consulted their friends. The investors who preferred the agents/brokers and chartered accountants were 16% and 17%. This type of information can be useful to the wealth manager. By this, the wealth manager comes to know about the contact person, who can be used to introduce their investment products to the investors. They also come to know about the effects of the advertisements of their products on the investors.

Table 5: Association Of Gender With Different Investment Avenues

Count				
		Gender		
		Female	Male	Total
Fixed Deposits	Least Preferred	4	7	11
	Moderately Preferred	7	25	32
	Most Preferred	38	39	77
Post Office	Least Preferred	20	28	48
	Moderately Preferred	19	25	44
	Most Preferred	10	18	28
Provident Funds	Least Preferred	15	21	36
	Moderately Preferred	8	26	34
	Most Preferred	26	24	50
Shares	Least Preferred	23	27	50
	Moderately Preferred	17	27	44
	Most Preferred	9	17	26
Insurance	Least Preferred	9	15	24
	Moderately Preferred	17	24	41
	Most Preferred	23	32	55
Real Estate	Least Preferred	32	23	55
	Moderately Preferred	12	17	29
	Most Preferred	5	31	36
Jewellery	Least Preferred	13	30	43
	Moderately Preferred	23	22	45
	Most Preferred	13	19	32
Mutual Funds	Least Preferred	9	21	30
	Moderately Preferred	17	26	43
	Most Preferred	23	24	47
Total		**49**	**71**	**120**
Chi-square Test For Gender				
	Post Office	**Provident Funds**	**Fixed Deposits**	**Insurance**
Value	0.417944	6.804795	7.163612	0.139194
Df	2	2	2	2
Asymp. Sig. (2-sided)	0.811418	0.033293*	0.027825*	0.932769
	Jewellery	**Real-estate**	**Mutual Funds**	**Shares**
Value	3.968195	17.67326	2.764585	1.056441
Df	2	2	2	2
Asymp. Sig. (2-sided)	0.137505	0.000145*	0.251002	0.589653

Bonds are not taken because of the limitation of chi- square application that 0 cannot appear in any cell and also, no more than 20% of the cells should have value less than 5
Grouping variable gender* significant at 5% level of significance

Table 8 clearly shows the importance the investors attach to the time horizon of the investment. About 55% of the people agreed to invest for 1 to 5 years and only 18.33% of the investors wanted to invest for less than 1 year. These investors wanted to take short term gains from the market. Also, only 5% of the investors wanted to invest for more than 10 years. So, it is quite clear that the risk appetite of the investors in the Jammu region is less for the longer time horizon investment. This information can be used by the portfolio managers for knowing the preference of the investors with regard to the time horizon.

Table 9 shows the reason of investing by the investors. Results reveal that about 52 % of the investors invest for safekeeping of money and only 19% of the investors invested for growth of money. So, it clearly revealed that the

Table 6: Association Of Age With Different Investment Avenues

Count						
		Age				
		20-30	31-44	45-54	55 And Above	Total
Post Office	Least Preferred	16	5	24	3	48
	Moderately Preferred	16	10	11	7	44
	Most Preferred	1	9	15	3	28
Provident Funds	Least Preferred	12	4	18	2	36
	Moderately Preferred	9	7	14	4	34
	Most Preferred	12	13	18	7	50
Shares	Least Preferred	15	10	17	8	50
	Moderately Preferred	9	10	22	3	44
	Most Preferred	9	4	11	2	26
Real Estate	Least Preferred	20	15	16	4	55
	Moderately Preferred	8	5	14	2	29
	Most Preferred	5	4	20	7	36
Total		33	24	50	13	120

Chi-square Test For Age				
	Post Office	Provident Funds	Real Estate	Shares
Chi- Square Value	18.77616	5.412	14.5646166	5.391928
Df	6	6	6	6
Asymp. Sig. (2-sided)	0.004559*	0.492	0.023927202*	0.494614

Other investment avenues are not taken because of the limitation of chi- square application that 0 cannot appear in any cell and also, no more than 20% of the cells should have value less than 5
Grouping variable age* significant at 5% level of significance

Figure 1: While Taking The Investment Decision, Who Does The Investor Consult The Most ?

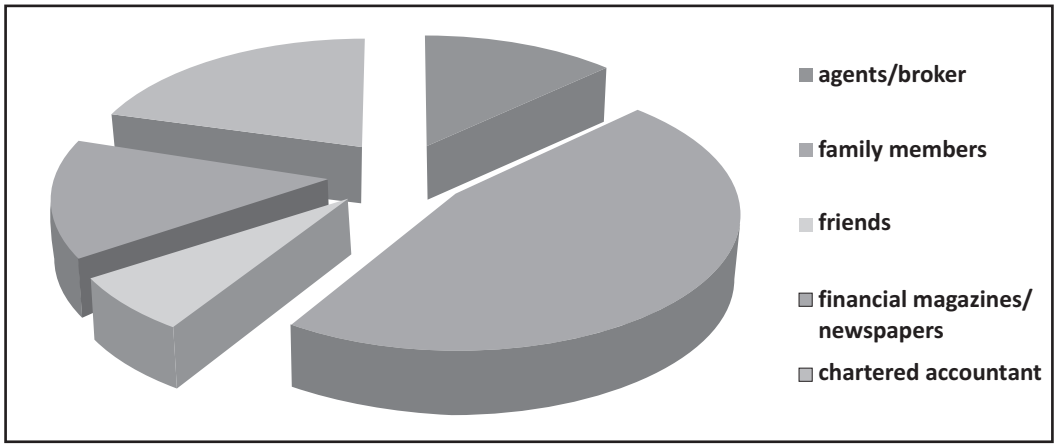

Table 7: While Taking The Investment Decision, Who Does The Investor Consult The Most ?

Consultant	No. Of Investors Preferred	Preference In %age
Agents/broker	16	12.50%
Family Members	56	46.66%
Friends	8	6.66%
Financial Magazines/ Newspapers	17	14.16%
Chartered Accountant	25	20.33%

Figure 2: Preference Of The Investors' With Regard To Time Horizon

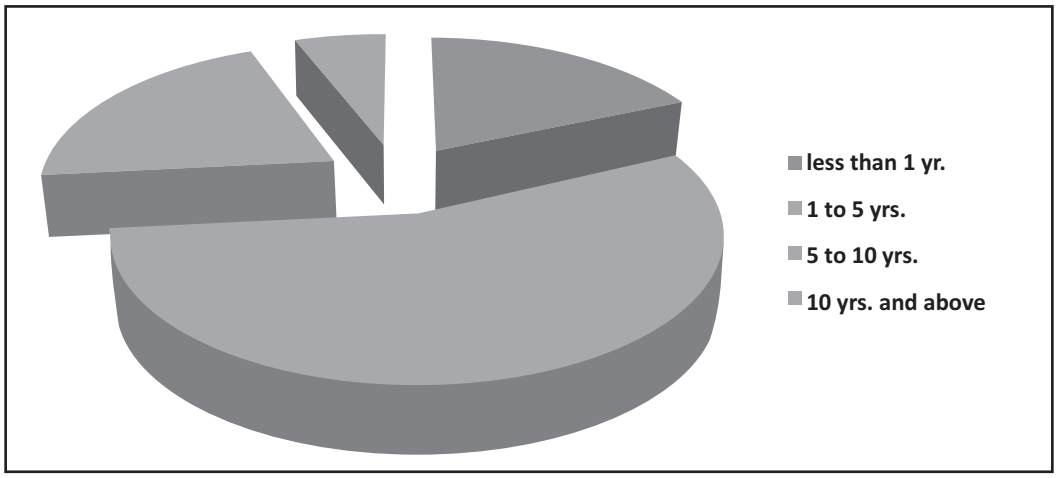

Table 8: Preference Of The Investors' With Regard To Time Horizon

Time Horizon Of Investment	No. Of Preference	Preference In %age
Less Than 1 Yr.	22	18.33%
1 To 5 Yrs	66	55.00%
5 To 10 Yrs.	25	21.67%
10 Yrs. And Above	7	5.00%

Figure 3: Preference Of The Investors' With Regard To Their Reason For Investments

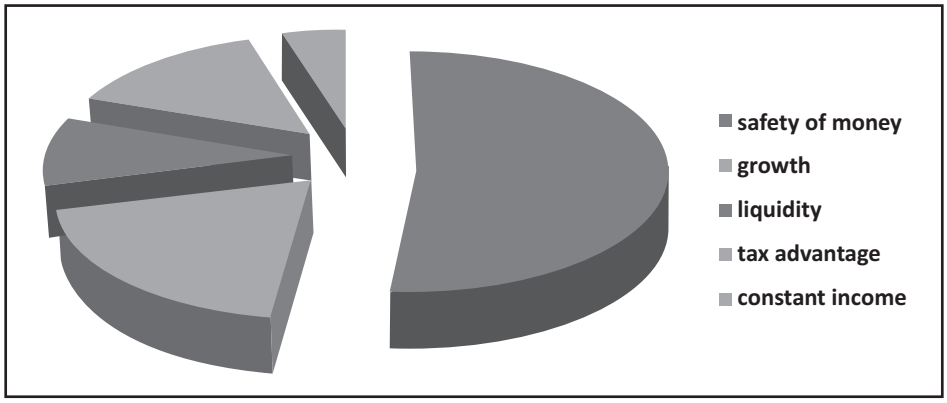

Table 9: Preference Of The Investors' With Regard To Their Reason For Investments

Reason Of Investment	No. Of Preferences	Preferences (%age)
Safety Of Money	63	52
Growth	23	19
Liquidity	11	9
Tax Advantage	18	15
Constant Income	6	5

people in Jammu region are conservative in nature and want that their money should be safe. They are not much concerned for the growth of the money or liquidity. This information can be used by the portfolio managers for knowing the preferences of the investors in regard to their reason of saving or investment.

Figure 4: Preference Of The Investors' With Regard To The %Age Of Income They Feel Is Sufficient To Save For Future Requirements

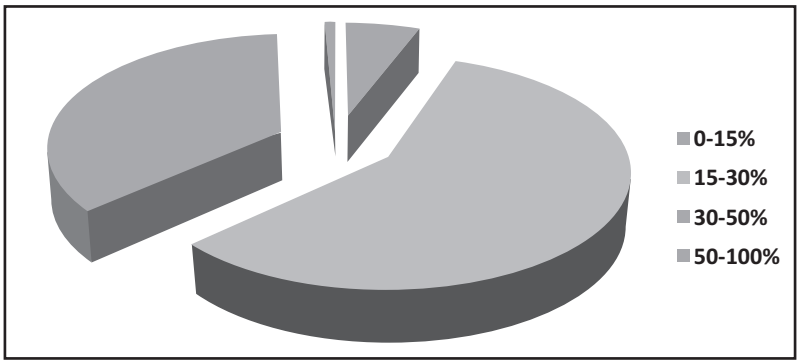

Table 10: Preference Of The Investors' With Regard To The %Age Of Income They Feel Is Sufficient To Save For Future Requirements

% Of Income To Be Saved	No. Of Preferences	Preferences(%age)
0-15%	7	6
15-30%	69	57
30-50%	43	36
50-100%	1	1

From the results revealed in the Table 10, it is clear that most of the investors want to save 30-50% of their income for future requirements.

Table 11: Association Of Income With The Respect To The Percentage Of Income They Saved**

Count						
		Income				Total
		₹ 4 Lakh And Above	Less Than ₹ 1 Lakh	₹ 1 Lakh To ₹ 2.5 Lakh	₹ 2.5 Lakh To ₹ 4 Lakh	
Amount Of Saving	Less Than 30%	7	14	34	21	76
	More Than 30%	5	9	18	12	44
Total		12	23	52	33	120
Chi-square Test For Income						
Chi Square Value						0.284834
Df						3
Asymp. Sig. (2-sided)						0.962855

Percentage of saving classes 0-15% and15-30% , 30-50% have been merged into less than 30% and more then 30% because of the limitation of chi- square application that 0 cannot appear in any cell and also, no more than 20% of the cells should have a value less than 5

Grouping variable income * significant at 5% level of significance **Respondents

From the Table 11, it is revealed that there is no significant difference between the investors of different income groups in regard to the percentage of savings they think is appropriate. The Table 12 brings out that there is no significant difference between the investors of different age groups in regard to the percentage of savings they think is appropriate.

The Table 13 shows that there is no significant difference between the investors of different gender in regard to the percentage of savings they think is appropriate.

Table 14 reveals that there is no significant difference between the investors of different occupation in regard to the percentage of savings they think is appropriate.

The Chi-square test in the Table 15 reveals that there is no significant difference between the investors of different gender in regard to the percentage of savings they think is appropriate.

Table 12: Association Of Age With Respect To The Percentage Of Income They Saved**

Count						
		Age				Total
		20-30	31-44	45-54	55 And Above	
Amount Of Saving	Less Than 30%	20	12	35	9	76
	More Than 30%	13	12	15	4	44
Total		33	24	50	13	120
Chi-square Test For Age And Percentage Of Saving						
Chi- Square Value						3.094657
Df						3
Asymp. Sig. (2-sided)						0.37726

Percentage of saving classes 0-15% and15-30% , 30-50% have been merged into less than 30% and more than 30% because of the limitation of chi- square application that 0 cannot appear in any cell and also no more than 20% of the cells should have value less than 5
Grouping variable age* significant at 5% level of significance **Respondents

Table 13: Association Of Gender With Respect To The Percentage Of Income They Saved**

Count				
		Gender		Total
		Female	Male	
Amount Of Saving	Less Than 30%	34	42	76
	More Than 30%	15	29	44
Total		49	71	120
Chi-square Test For Gender				
Chi- Square Value				1.307256
Df				1
Asymp. Sig. (2-sided)				0.252892

Percentage of saving classes 0-15% and15-30% , 30-50% have been merged into less than 30% and more than 30% because of the limitation of chi- square application that 0 cannot appear in any cell and also no more than 20% of the cells should have value less than 5
Grouping variable gender* significant at 5% level of significance **Respondents

Table 14: Association Of Occupation With Respect To The Percentage Of Income They Saved**

Count					
		Occupation			Total
		Business	Others	Service	
Amount Of Saving	Less Than 30%	17	15	44	76
	More Than 30%	11	11	22	44
Total		28	26	66	120
Chi-square Test For Occupation					
Chi Square Value					0.754772
Df					2
Asymp. Sig. (2-sided)					0.685652

Other occupation classes such as professionals, students are merged by others and 0-15% and15-30% , 30-50% have been merged into less than 30% and more then 30% because of the limitation of chi- square application that 0 cannot appear in any cell and also no more than 20% of the cells should have a value less than 5.
Grouping variable occupation* significant at 5% level of significance **Respondents

Table 15: Association Of Education With Respect To The Percentage Of Income They Saved**

Count						
		Education				Total
		Graduate	Higher Secondary	Post Graduate	Professional	
Amount Of Saving	Less Than 30%	39	9	15	13	76
	More Than 30%	15	7	15	7	44
Total		**54**	**16**	**30**	**20**	**120**
Chi-square Test For Education						
Chi Square Value						4.503589
Df						3
Asymp. Sig. (2-sided)						0.21197

Percentage of saving classes 0-15% and15-30% , 30-50% have been merged into less than 30% and more than 30% because of the limitation of chi- square application that 0 cannot appear in any cell and also no more than 20% of the cells should have value less than 5
Grouping variable education* significant at 5% level of significance **Respondents

Table 16: Association Of Age With Respect To The Appropriate Investment Period

Count					
		Age			Total
		20-30	31-44	45 And Above	
Investment Period	Less Than I Yr.	4	8	10	22
	1 To 5 Yrs	21	8	37	66
	More Than 5 Years	8	8	16	32
Total		**33**	**24**	**63**	**120**
Chi-square Test For Age					
Chi Square Value					7.014299
Df					4
Asymp. Sig. (2-sided)					0.135135

Investment period was 5 to 10 yrs and10 yrs and above ; age groups 45-54 years and 55 and above yrs. have been merged into more than 5 years and 45 and above yrs. resp. because of the limitation of chi- square application that 0 cannot appear in any cell and also no more than 20% of the cells should have value less than 5
Grouping variable age* significant at 5% level of significance

The relationship between age and appropriate investment period is insignificant or there is no relationship between them (Refer to Table 16).

Table 17: Association Of Gender With Respect To The Appropriate Investment Period

Count				
		Gender		Total
		Female	Male	
Investment Period	Less Than I Yr.	8	14	22
	1 To 5 Yrs	26	40	66
	More Than 5 Years	15	17	32
Total		**49**	**71**	**120**
Chi-square Test For Gender				
Chi Square Value				0.721994
Df				2
Asymp. Sig. (2-sided)				0.696981

Investment period 5 to 10 yrs and10 yrs and above have been merged into more than 5 years because of the limitation of chi- square application that 0 cannot appear in any cell and also no more than 20% of the cells should have value less than 5 .Grouping variable gender* significant at 5% level of significance

The relationship between gender and appropriate investment period is insignificant or there is no relationship between them (refer to Table 17).

Table 18: Association Of Income With Respect To The Appropriate Investment Period

Count					
		Income			Total
		Less Than ₹ 1 Lakh	₹ 1 Lakh To ₹ 2.5 Lakh	More Than ₹ 2.5 Lakh	
Investment Period	Less Than I Yr.	5	16	1	22
	1 To 5 Yrs	12	27	27	66
	More Than 5 Years	6	9	17	32
Total		23	52	45	120
Chi-square Test For Income					
Chi Square Value					15.02491
Df					4
Asymp. Sig. (2-sided)					0.00465*

Investment period 5 to 10 yrs and10 yrs and above; income groups ₹ 2.5 lakh to ₹4 lakh and above ₹ 4 lakh have been merged into more than 5 years and above ₹ 2.5 lakh resp. because of the limitation of chi- square application that 0 cannot appear in any cell and also no more than 20% of the cells should have value less than 5
Grouping variable income* significant at 5% level of significance

Table 18 shows that there is no relationship between education and appropriate investment period.

Table 19: Association Of Occupation With Respect To The Appropriate Investment Period

Count					
		Occupation			Total
		Business	Others	Service	
Investment Period	Less Than I Yr.	5	5	12	22
	1 To 5 Yrs	13	13	44	66
	More Than 5 Years	10	8	14	32
Total		28	26	66	120
Chi-square Test For Occupation					
Chi Square Value					2.645044
Df					4
Asymp. Sig. (2-sided)					0.618865

Investment period 5 to 10 yrs and10 yrs and above; occupation groups professionals, students and housewives have been merged into more than 5 years and others because of the limitation of chi- square application that 0 cannot appear in any cell and also no more than 20% of the cells should have value less than 5.
Grouping variable occupation* significant at 5% level of significance

According to the result in the Table 19, the relationship between occupation and appropriate investment period is insignificant or there is no relationship between them.
Table 20 shows that the relationship between education and appropriate investment period is insignificant or there is no relationship between them.

CONCLUSION

There is association of demographic profiles and personality type of the investor with investment choice. The differences among the different genders were found to be significant for provident funds, fixed deposits, and real estate. The females were conservative while investing, whereas males were aggressive. That is why the females would not like to invest in equities, probably because they felt that investment in equities was very risky. The investors in the lower age groups did not prefer post office as an investment option, but the investors in higher age group preferred post office as an investment avenue. Most of the investors preferred to consult their family members for taking investment

decision and invest for 1 to 5 years. Most of the investors invested their money for the safety of money. This shows that people in Jammu region are conservative in nature and want that their money should be safe. They are not that concerned for the growth of the money or liquidity. There is no association of income, age, gender, occupation, education on the percentage of income an investor wants to save for the future requirements.

There is also no association of age, gender, occupation, education with the appropriate investment period, but there is significant relationship of income with the appropriate investment period.

The results of this study could help the wealth managers in the wealth management process and in building a successful wealth management relationship. The analysis of how an investment choice gets affected by the demographic variables could help the financial advisors to give better suggestions to their clients.

Table 20: Association Of Education With Respect To The Appropriate Investment Period

Count						
		Education				Total
		Graduate	Higher Secondary	Post Graduate	Professional	
Investment period	Less Than 5 Yrs.	39	13	21	15	88
	More Than 5 Years	15	3	9	5	32
Total		54	16	30	20	120
Chi-square Test For Education						
Chi Square Value						0.745739
Df						3
Asymp. Sig. (2-sided)						0.862397

Investment period 5 to 10 yrs and10 yrs and above; less than 1 year and 1 to 5 years have been merged into more than 5 years and less than 5 yrs. resp. because of the limitation of chi- square application that 0 cannot appear in any cell and also no more than 20% of the cells should have value less than 5

Grouping variable education* significant at 5% level of significance

BIBLIOGRAPHY

1) Barber, Brad M. & Odean, T. 2001. Boys Will be Boys: Gender, Overconfidence, and Common Stock Investment. *The Quarterly Journal of Economics*. 116(1): pp. 261- 292.

2) Camerer, C. & Lovallo, D. 1999. Overconfidence and Excess Entry: An Experimental Approach. *The American Economic Review. 89(1):* pp. 306-318.

3) Daniel, K., Hirshleifer, D. & Subrahmanyam, A. 1998. Investor Psychology and Security Market Under- and Overreaction. *The Journal of Finance*. 53(6): pp. 1839-1885.

4) Fama, Eugene F. 1998. Market efficiency, long-term returns, and behavioral Finance. *Journal of Financial Economics*. 49: pp. 283-306.

5) Fromlet, H. 2001. Behavioral Finance Theory and Practical Application. *Business Economics.* 36(3): pp. 63-69.

6) Levine D.M., Krehbiel T.C. & Berenson M.L. 2004. Business Statistics - A First Course. New Delhi: Pearson Education Ltd.

7) Odean, T. 1998. Are Investors Reluctant to Realize Their Losses? *The Journal of Finance.* 53(5): pp. 1775-1798.

8) Rabin, M. & Thaler, Richard H. 2001. Anomalies: Risk Aversion. *The Journal of Economic Perspectives*, 15(1): pp. 219-232.

9) Saunders, M., Lewis, P., & Thornhill, A. 2003. *Research Methods for Business Students*. New Delhi: Pearson Education Limited.

10) William G. Zikmund. 2002. *Business Research Methods*. New Delhi: Cengage Learning.