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## **A STUDY ON INVESTOR BEHAVIOR AMONG NRIS OF GUJARAT**

Bhavik U. Swadia

S.M.Patel Institute of Commerce

Ahmedabad



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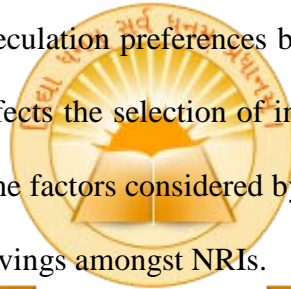
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### **ABSTRACT**

The key objective of this research was to examine the investment behaviour of the NRIs of Gujarat state. The foundation behind picking this research theme is the premise that the NRIs have increased attention of the policy makers, economists & the market researchers, as still there leftovers a considerable untouched prospective of the nation. The research study has been directed to answer few significant questions related to the investor behaviour of the NRIs of Gujarat state and their investment pattern, to know the numerous goals of investment of the NRIs of Gujarat state and to recognise whether there has been any growth in their savings and the explanations for the same. It is not only the income if the key factor of the NRI that has an instant bearing on the speculation preferences but also the other reasons of NRIs to which the head of the household belongs that effects the selection of investment avenue. Hence this research paper has also been focused towards discovery the factors considered by the NRIs while doing investment, reasons for investment of NRIs and objective of savings amongst NRIs.



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**Keywords:** NRIs, Gujarat, Investment pattern, Investment



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## INTRODUCTION

Non-resident Indians are really the wealth of our nation and the strength of Gujarat. The number of persons going abroad for employment in search of better opportunities has shown a remarkable increase since independence. The effect of this migration is felt in every aspect of the economy and the society in Gujarat.

The prosperity and economic growth of the state have a correlation with the remittances from non-resident Gujarati's. During the first decade of the 21st century, the cash remittances received by Gujarat households from abroad showed a tremendous growth. The contributions and supports from the NRIs to our national and state economy are very high. Remittances from NRIs of Gujarat have emerged as the most dynamic single factor that contributes to the economy of the state.

Indian financial industry is considered as one of the strongest financial sectors among the world markets. Many industry experts may give various reasons for such Indian financial industry reputation, but there is only one answer which no one can deny, is the effective control and governance of the country's supreme monetary authority the "RESERVE BANK OF INDIA" (RBI).

Financial sector in India has experienced a better environment to grow with the presence of higher competition. The financial system in India is regulated by independent regulators in the field of banking, insurance, and mortgage and capital market. Government of India plays a significant role in controlling the financial market in India.

Ministry of Finance, Government of India controls the financial sector in India. Every year the finance ministry presents the annual budget on 28th February. The Reserve Bank of India is an apex institution in controlling banking system in the country. Its monetary policy acts as a major weapon in India's financial market.



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## **RESEARCH METHODOLOGY**

The research design is the conceptual structure within which research is conducted. It constitutes the blueprint for the collection, measurement and analysis of data.

### Descriptive research

This study is descriptive in nature where the data is collected through well-structured questionnaire and from the information taken from the NRIs.

## RESEARCH OBJECTIVE

1. To identify the objective of savings amongst NRIs
2. To identify the reasons for investment of NRIs
3. To identify the elements considered while doing investment

## SAMPLING DESIGN/TECHNIQUES

Sampling is the process of selecting a sufficient number of elements from the population, so that a study of the sample and an understanding of its properties or characteristics would make it possible for us to generalize such properties or characteristics to the population elements.

Sampling design is to clearly define set of objects, technically called the universe to be studied. The sampling design used in this study is judgment sampling. Sampling technique used is Simple judgment sampling.

### Population:

Population for this research is set as NRIs of Gujarat state

### Sample size:



The research was conducted in Gujarat state with 248 respondents.

### DATA COLLECTION METHODS

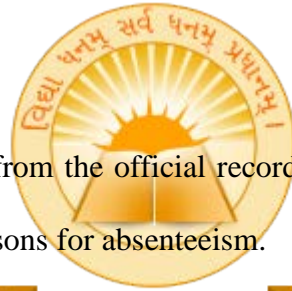
Collection of data includes both primary and secondary data. The researcher has collected both of the above data. The data collected constitutes both primary and secondary data.

#### Primary data

Primary datum are collected through observation, direct communication with respondent, and finally by distributing questionnaire to the investors using Random sampling technique the NRIs are selected to fill the questionnaire.

#### Secondary Data

Secondary datum is collected from the official record to obtain information's regarding the rate of absenteeism and the various reasons for absenteeism.



### LIMITATIONS OF THE STUDY

Since the study is an individual effort, the investigator would like to point out some unavoidable limitations of the proposed study. They are as follows.

- 1) The primary data required for the study will be collected from sample respondents and therefore, subject to the normal errors inherent to such surveys such as the natural bias in the reporting of data and inadequacy of information. Common limitation of statistical analysis may also effect to the study.
- 2) The findings of the study will be based on the expressed opinions of the respondents, which may have their own limitations. The possibility of lack of information and overlooking of certain facts and developments on the part of respondents cannot be ruled out, although all possible efforts will be made to elicit correct and logical responses from the respondents.



- 3) The study will be carried out with limited number of respondents only. But it is difficult to draw conclusions from sample. Hence although much care has been taken to have a nice representation of population in the sample but then also a sample survey is not as good as a population survey. Hence the limitations of sample survey apply to this research also.

### REVIEW OF LITERATURE

Due to the increasing relevance of international migration, the economic performance of migrants has become an important factor for both immigration and sending countries. In the receiving countries, the economic situation of the foreign born population and the economic and societal integration of immigrant minorities into the host countries' society have become a matter of intense debate among economists and policy makers (Fertig and Schmidt 2002; Zimmermann 2005). At the same time, the economic situation of migrants affects their remittances, which have grown to the largest source of external funding in many emigration countries (World Bank 2006a).

The economic literature on the performance of immigrants concentrates predominantly on the analysis of earnings and employment status (Chiswick 1978; Borjas 1994; Bauer et al. 2005). Only a few studies have examined wealth accumulation patterns of immigrants in their home countries (Amuedo-Dorantes and Pozo 2006), although migrants' savings in their country of origin may represent a substantial or even the major part of their overall financial transfers (Brown 1994).

An investigation of such a long-run indicator of economic well-being may be relevant, because the capacity of immigrants to accumulate wealth in their home countries does not only reflect their economic performance in the host country, but also allows drawing inferences about their future economic situation.

According to the World Bank (2011a), remittances exceeded \$US 233 billion worldwide in 2011. Moreover, recorded remittance flows to developing countries have doubled between 2000 and 2005, indicating a substantial increase in payments of migrants to their families in the source country. The



traditional development literature has largely focused on the size and potential impact of migrants' remittances (Adams 1992; Durand et al. 1996). In addition, a sizeable theoretical and empirical literature has revealed that a variety of motives may induce migrants to send remittances to their countries of origin (Lucas and Stark 1985; Bernheim et al. 1985; Cox 1987; Cox and Rank 1992; Cox et al. 1987; Ilahi and Jafarey 1999; Amuedo-Dorantes and Pozo 2006). Germany, a major immigration country in the European Union, represents an excellent example for the analysis of the importance of migrants' savings in the home country and their remittances. These immigrants were typically very different in education, cultural background and motivation to their high-skilled European counterparts that migrated to the United States after the Second World War.

Despite its importance, only a few studies consider savings as a relevant part of migrants' transfers to their home country.

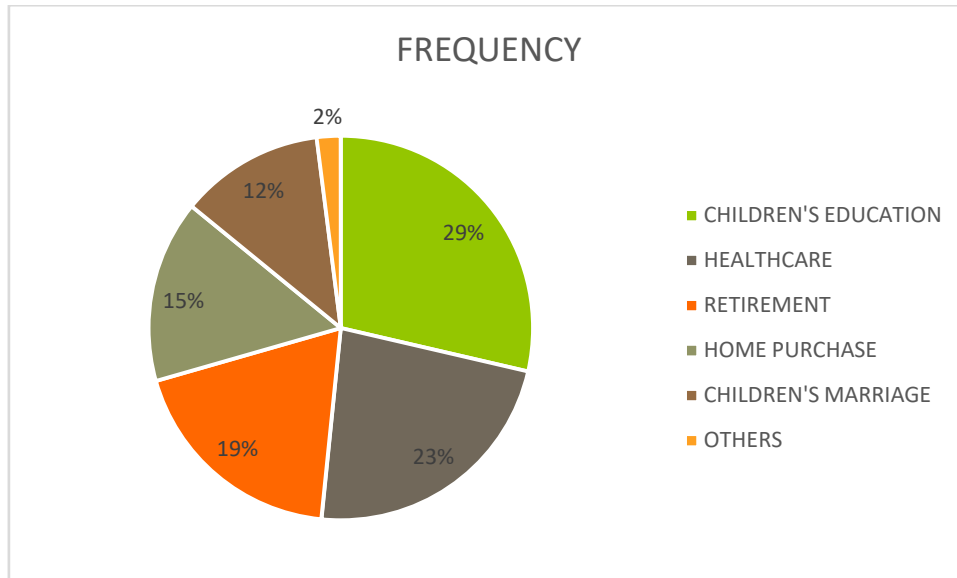


**DATA ANALYSIS**

**SECTION A : OBJECTIVE FOR SAVING**

VARIABLE	FREQUENCY	%
CHILDREN'S EDUCATION	71	29%
HEALTHCARE	57	23%
RETIREMENT	47	19%
HOME PURCHASE	38	15%
CHILDREN'S MARRIAGE	30	12%
OTHERS	5	2%
<b>TOTAL</b>	<b>248</b>	<b>100%</b>



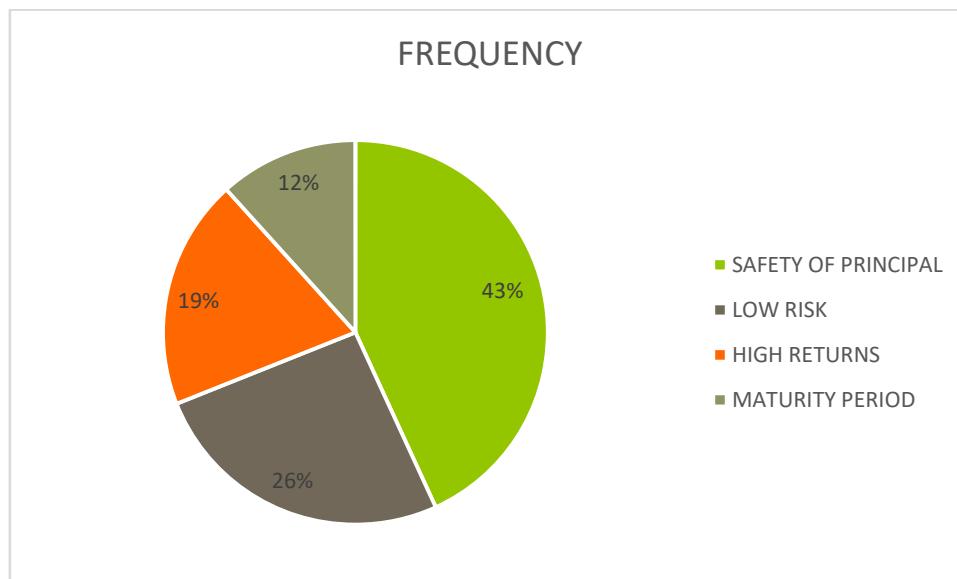


Above tables shows the savings objectives of the sample NRIs, NRIs are given choice to select one or more savings objectives, as there having a chances of one or more answers, weights %has been given for each variables based on the frequency of variable given by the NRIs, the highest weightage % denotes numerous NRIs have that as their main objective. Children's education stood number one position, many NRIs believing in investing money for the future of their children' education is the key objective where NRI would like to save their money. Numerous of the investors are in the age group of 20 to 30 and 30 to 40 as of now they are thinking of saving for their children's marriage. So children's marriage stood at last position in saving objective as per investors' perceptives. After children's education investors are believing to save their money in health care. Indians are always believe in saving some amount of money in their healthcare as medical sector in India is very expensive. Retirement and home purchase are given subsequent ranks after health care.



**SECTION B : ELEMENTS CONSIDERED PRIOR INVESTMENT**

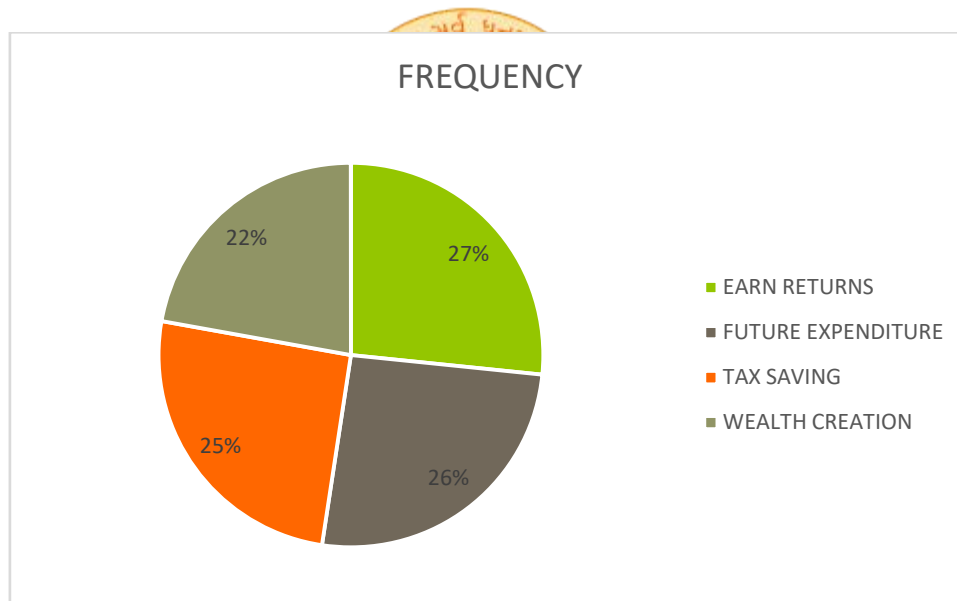
VARIABLE	FREQUENCY	%
SAFETY OF PRINCIPAL	107	43%
LOW RISK	64	26%
HIGH RETURNS	48	19%
MATURITY PERIOD	29	12%
<b>TOTAL</b>	<b>248</b>	<b>100%</b>



When the NRIs are asked about the parameters considering prior investment many of them have voted for safety of principal and low risk. 1<sup>st</sup> rank is given to safety of principal and 2<sup>nd</sup> to low risk. Here there are some contradicting results, some NRIs expect high returns at a very low risk, and this is not possible in practical Indian investment avenues. Investment believes in a proved principle, “higher the risk higher the returns, lower the risk lower the returns”. NRIs need to know about this principle before investing.

**SECTION C : REASON FOR INVESTMENT**

VARIABLE	FREQUENCY	%
EARN RETURNS	66	27%
FUTURE EXPENDITURE	64	26%
TAX SAVING	63	25%
WEALTH CREATION	55	22%
<b>TOTAL</b>	<b>248</b>	<b>100%</b>



Most of the NRIs have very common purposes for investing, they have more than one purpose for investing their money. Salaried people invest for tax savings, and for future expenditure, business people invest for the purpose of earning returns. Almost all the NRIs have all the 4 purposes behind investing their money.



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**CONCLUSION**

Based on the above analytical tables it can be concluded that key objective for savings is the children education, people do saving for their children' future, followed by healthcare, retirement, home purchase, marriage and other. Safety of principle would be most critical factor which is considered most before investment followed by low risk, high returns and maturity period. Returns is the main reason for investment, future expenditure, tax savings and wealth creation. Selection of a perfect investment avenue is a difficult task to any investor. An effort is made to identify the tastes and preferences of a sample of NRIs selected randomly out of a large population.





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