

## A STUDY ON THE INVESTMENT PREFERENCES IN THE BUSINESS CAPITAL OF NAGALAND

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### ABSTRACT

*In today's world, mere earning money may make our present comfortable but does not ensure future security for us. In the rapidly changing world of economy, earnings often failed to make both ends meet; again inflation played an important role to make nonchalant economic condition. Even savings did not help until properly channelized and transformed into investment. In the light of the above mentioned, the present paper had made an attempt to find out the modes of investment preferred by people in Nagaland, by collecting data from 500 respondents of the region and knowing the factors which mould their mind for such preferences.*

**KEYWORDS:** *Investment, Financial Market, Investment avenues*

### I. INTRODUCTION

In this global economic world, all kinds of endeavour are made to earn and save money to make the present smooth and future secure. To get rid of dilapidate financial condition and to make a secure future, plans have to be made not only to save money but also to create money and hence the essence of investment comes into being in the modern competitive world. The word "*investment*" can be defined in many ways according to different theories and principles. Generally, investment is the application of money for earning more money. Investment also means savings or savings made through delayed consumption. According to economics, investment is the utilization of resources in order to increase income or production output in the future. According to finance, the practice of investment refers to the buying of a financial product or any valued item with anticipation that positive returns will be received in the future. According to business theories, investment is that activity in which a manufacturer buys a physical asset, for example, stock or production equipment, in expectation that this will help the business to prosper in the long run. Many individuals find investments to be fascinating because they can participate in the decision making process and see the results of their choices but not all investments are profitable, as there is always an element of risk. Future is uncertain, and one must determine the quantum of risk that he/she can bear since higher return is associated with accepting more risk. There are different modes of investment and all does not participate directly towards investment. When one is opening a Savings Bank Account or a Provident Fund or a Pension Scheme, one is connecting with the financial market but not in a direct way. On the other hand, when an individual is buying securities of different companies, he/she is coming under the canopy of direct investment. But irrespective of the mode, the individual should start the investment procedure by specifying investment goals and after goals being established, the individual should think about the favourable investment vehicle or instrument. Today the field of investment is even more dynamic than it was only a decade ago as more and more financial markets are linking up, any changes taking place in one market has got its impact on an overall basis. Thus the paper tries to find

the preferred mode of investment and the factors contributing to such preferences amongst people in Nagaland with special reference to the business capital, Dimapur.

## II. PROFILE OF DIMAPUR

Nagaland is a hill state located in the extreme north eastern region of India with Kohima as its capital. The state shares common boundaries with Myanmar in the East, state of Assam in the West; Arunachal Pradesh and a part of Assam in the North with Manipur in the south ([www.nagalandonline.in/about/Profile/index.html](http://www.nagalandonline.in/about/Profile/index.html)). Dimapur which is the business capital of Nagaland was inaugurated as the eighth district of Nagaland in December, 1997. Earlier it was a sub-division under Kohima district. It is bounded by Kohima district on the south and east, Karbi Anglong district of Assam on the West, the Karbi Anglong and stretch of Golaghat District of Assam, in the west and the north (<http://dimapur.nic.in/Profile.htm>). Dimapur is the commercial hub of the state and the magnet around which the economic and developmental activities of the district are centred; it is one of the fastest developing townships of the North East. It is an important rail head and also has an airport and so the town is a gateway to Nagaland and Manipur state. Dimapur has a heterogeneous mix of people from all over India, and for which it is also known as "mini India." Besides the dominant Naga tribe who comprises about 50% of the city's population, other prominent groups include Bengalis, Assamese, Nepalese, Biharis, Marwaris, Punjabis and also Tamils and Keralites (<http://dimapur.nic.in/Profile.htm>). In the last two decades, Tibetan traders have also settled in the city. As per 2011 census, Dimapur has total population of 282088 which is the highest as compared to other districts in Nagaland and has a literacy rate of 85.44% (<https://www.nagaland.gov.in>). Being the most populous and commercialized, Dimapur has a large number of financial and educational institutions.

## III. STATEMENT OF PROBLEM

North East region of our country is rich in culture and tradition. It is known for its warm hospitality and breath taking scenic beauty but when it comes to economic development, the region is lacking behind as compared to other parts of the country. When it comes to investment, it is seen that the entire region of eight states have only one stock exchange located in Guwahati, Assam and so it can be understood that there is lack of financial and investment literacy and Nagaland, being a part of north east is no exception.

This study is conducted so as to find out the awareness level of investors in Dimapur regarding different investment modes and through this study an attempt has been made to bring in light the various avenues of investments selected by investors.

## IV. LITERATURE REVIEW

**Khparde and Bhute (2014)** in their paper have stated that the perception of investors differs around on the basis of different factors like age, income, experience of investing, investment objectives and individual social needs. Their study involves the presentation of investor's perception towards the impact of macroeconomic performance on stock market behavior. They have studied and analyzed the perception on the basis of individual factors with respect to different macroeconomic variables seems to be bothering the stock market behavior.

**Vyas (2012)** has stated that financial markets are becoming more extensive with wide-ranging financial products trying innovations in designing mutual funds portfolio but these changes need unification in correspondence with investor's expectations. His research paper has focused attention on the number of factors that highlights investors' perception about mutual funds. It was found that mutual funds were not that much known to investors, still investor rely upon bank and post office deposits, most of the investor used to invest in mutual fund for not more than 3 years and they used to quit from the fund which were not giving desired results.

**Saini et al (2011)** have analyzed mutual fund investments in relation to investor's behavior. Investors' opinion and perception has been studied relating to various issues like type of mutual fund scheme, main objective behind investing in mutual fund scheme, role of financial advisors and brokers,

investors' opinion relating to factors that attract them to invest in mutual funds, sources of information, deficiencies in the services provided by the mutual fund managers, challenges before the Indian mutual fund industry etc.

**Sharma & Agrawal (2015)** have stated that an Indian investor generally goes for such kind of information, which do not provide hedge against inflation and often have negative real returns and mutual funds have come, as a much needed help to such investor. Success of mutual funds is essentially the result of the combined efforts of competent fund managers and alert investors. The study has taken an initiative to know preference of mutual funds investors and performance evaluation of the preferred schemes by the investors.

**K.P. & Kumar (2014)** has stated that in all types of financial investments there is variability in the actual and expected returns due to risk and hence risk perception of investors is an important factor that influences the investment decisions. In the paper, the factors influencing the risk perception of investors are identified viz, unpredictability of returns, knowledge about the financial assets, chance for incurring loss, diversification of portfolios, and dependence on professional investment advice. The investors were provided with nine statements relating to risk, to measure their perception towards risk. They have studied the relation between risk perception of the investors in the Kerala State and their investment decisions in mutual funds is analysed.

## V. OBJECTIVES

The study is conducted with the following objective:

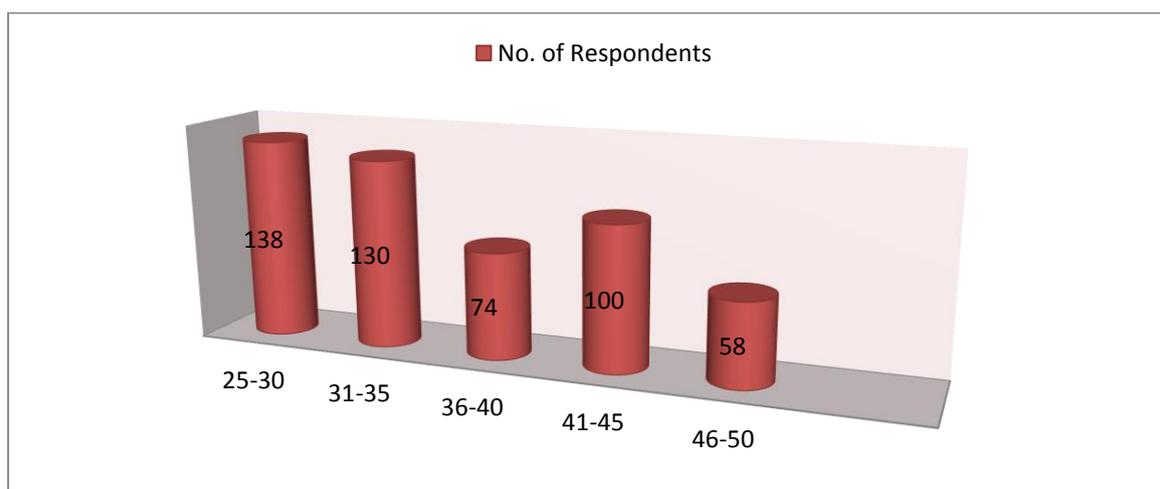
- I. To study the demographic profile of the people in Dimapur by studying the sample.
- II. To find out the preferred mode of investment of people in Dimapur.

## VI. METHODOLOGY

The present study is exploratory in nature and is based on primary data while are collected from the residents of Dimapur. The sample consisted of 500 residents of Dimapur engaged in different sectors but with the common qualification of being graduates in different disciplines. Based on previous research in related areas, a questionnaire has been designed which has been administered to the sample for data collection and the collected data was analyzed with the help of tables and graphs.

## VII. DISCUSSION

### Demographic Profile of respondents

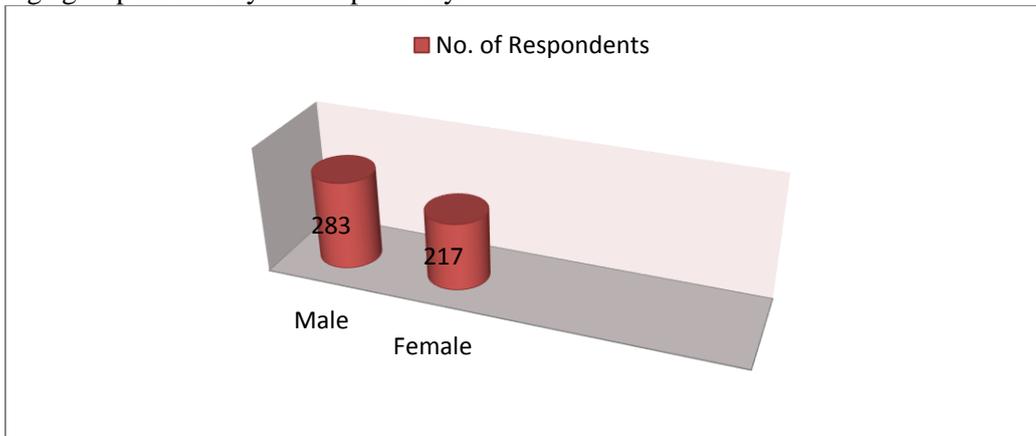


**Figure 1:** Age profile of respondents (Source: Table 1)

**Table1:** Age profile of respondents

Age Group	No. of Respondents
25-30	138
31-35	130
36-40	74
41-45	100
46-50	58

These days for getting a suitable job at least graduation is necessary and by the time an individual completes his/her graduation and gets a job, almost he/she attains minimum 23/24 years and so as displayed in the above graph, minimum age group is considered 25-30. It is seen that 28% of the respondents belong to the age group of 25-30 years followed by 26% in age group of 31-35 years and 20% in age group of 41-45 years respectively.

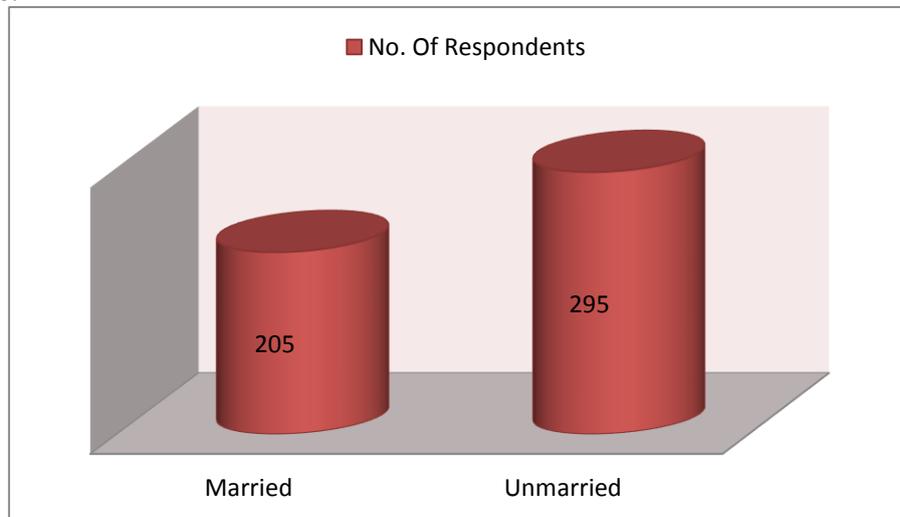


**Figure 2:** Gender of respondents (Source: Table 2)

**Table 2:** Gender of Respondents

Gender	No. of Respondents
Male	283
Female	217

Graph 2 shows that maximum respondents are male and as compared to the total respondents only 43% are female.

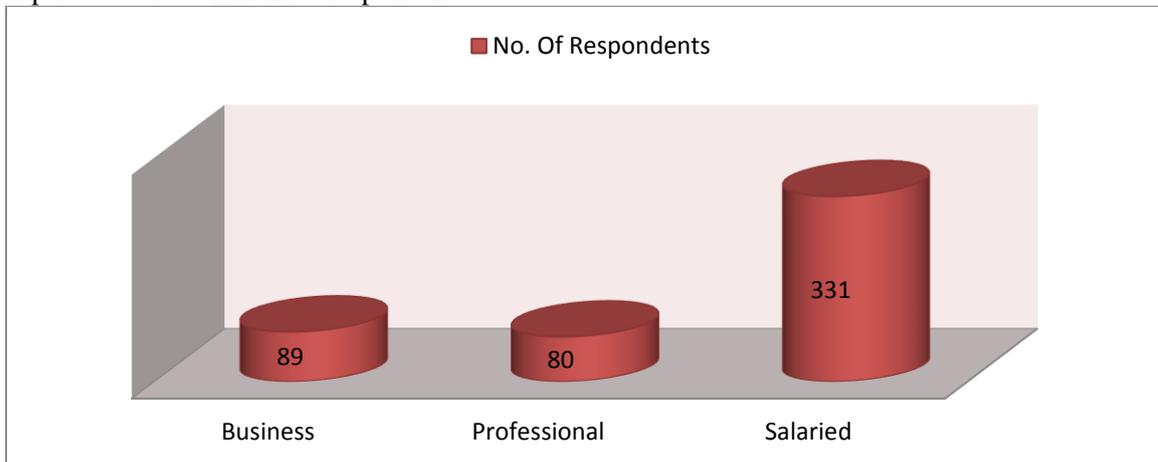


**Figure 3:** Marital status of respondents (Source: Table 3)

**Table 3:** Marital Status of Respondents

Marital Status	No. of Respondents
Married	205
Unmarried	295

It is seen in graph 3 that majority are unmarried i.e., 59% of the total respondents are unmarried as compared to 41% of married respondents.

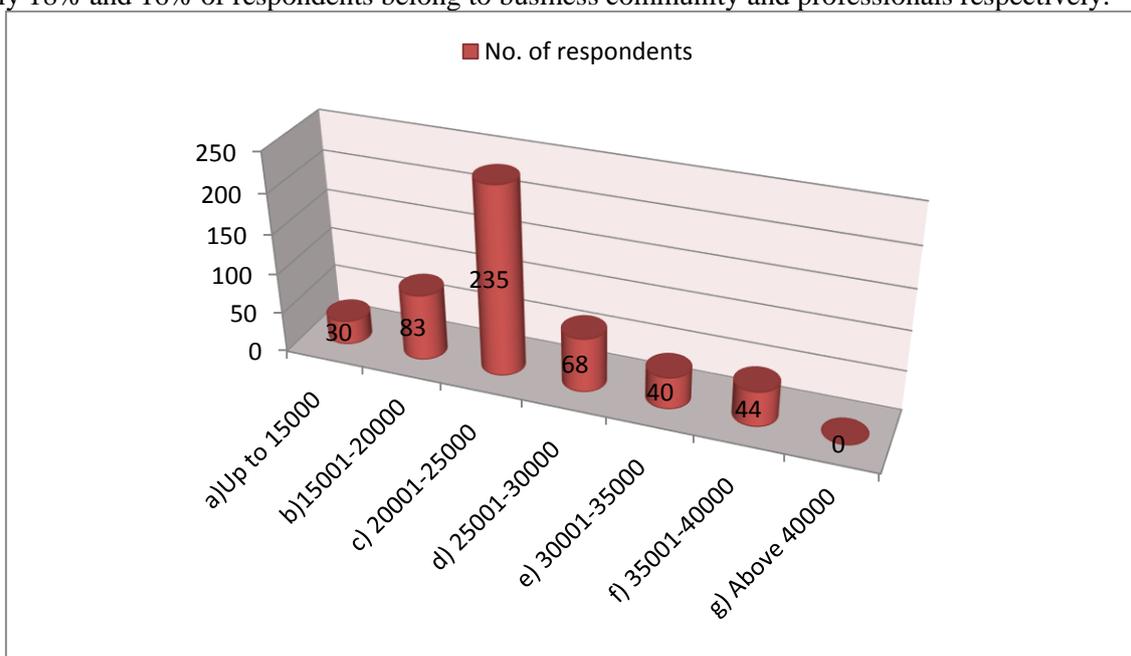


**Figure 4:** Occupation of respondents (Source: Table 4)

**Table 4:** Occupation of Respondents

Occupation	No. of Respondents
Business	89
Professional	80
Salaried	331

The above graph reveals that 66% of the respondents belong to the category of salaried people while only 18% and 16% of respondents belong to business community and professionals respectively.



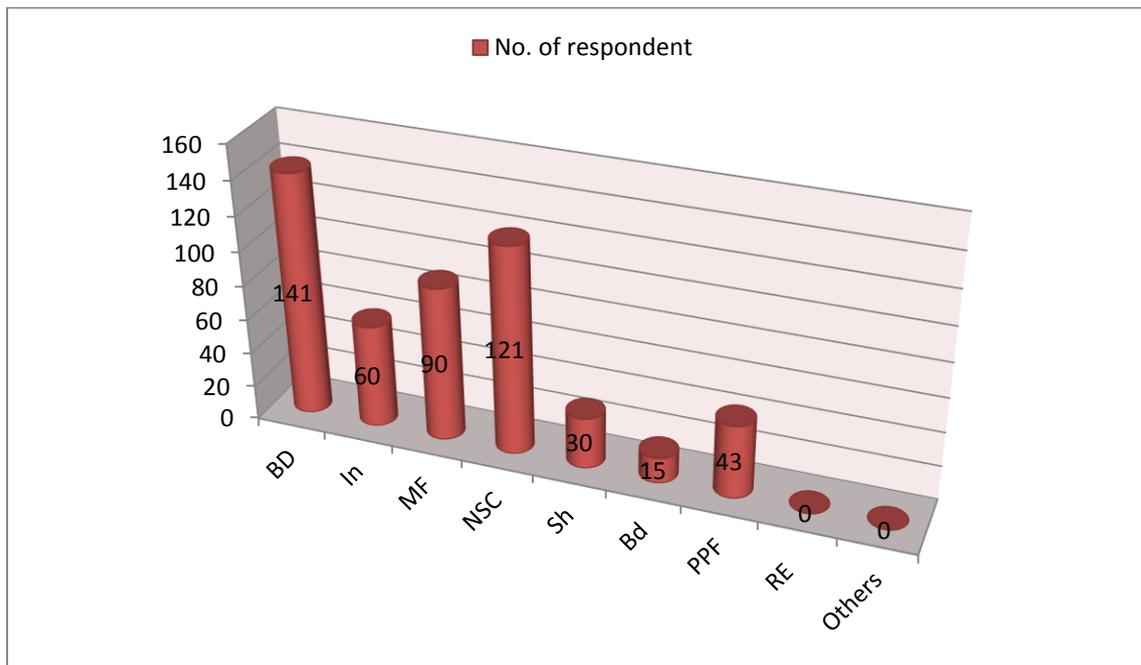
**Figure 5:** Monthly income of respondents (Source: Table 5)

**Table 5:** Monthly Income of the Respondents

Monthly Income	No. of Respondents
a) Up to 15000	25
b) 15001-20000	85
c) 20001-25000	225
d) 25001-30000	65
e) 30001-35000	65
f) 35001-40000	35
g) Above 40000	Nil

The above graph shows that 47% of the respondents fall under the monthly income category of 20001 to 25000, followed by 17% in the category of 15001 to 20000. It is seen that not a single respondent comes under the income category of above 40000.

**Investment preferences**



**Figure 6:** Investment avenues preferred by respondents (Source: Table 6)

**Table 6:** Investment avenues preferred

Investment Avenue	No. of Respondents
Bank deposits (BD)	141
Insurance (In)	60
Mutual Fund (MF)	90
National Savings Certificate (NSC)	121
Shares (Sh)	30
Bonds (Bd)	15
Public provident Fund (PPF)	43
Real Estate (RE)	Nil
Others, Please specify	Nil

The above graph shows that out of 500 respondents, majority i.e. 28% of the respondents invest in Bank Deposits, followed by 24% of respondents investing in National Savings Certificate (NSC). From the graph it is seen that only 18% of the respondents are Mutual Fund investors, while a mere 6% and 3% are investing in shares and bonds. When it comes to Real Estate investment, it is seen that not a single respondents has invested in this sector.

## VIII. CONCLUSION AND FUTURE SCOPE

In today's world where lots of news channels are devoted to satisfy the investment hunger of investors, where even banks are encouraging their customers to connect with the financial market, where websites are created to give investment idea to seekers; the study shows a redundant and dismal picture.

It is seen that majority of the respondents are happy with having *bank deposits* and it is not that the respondents are illiterate, all are graduates and thus know that today's money value and tomorrow's value will not be same especially due to high inflation but still the inclination towards financial market is very low. Few or a little fraction of the respondents is investing in insurance sector and mutual funds and still fewer are share and bond investors. Property is becoming a hot topic in financial world but not a single respondent have invested in real estate. Knowing how to secure one's financial well-being is one of the most important things one needs to learn in today's world but one does not have to be a genius to do it. One just need to know a few basics, form a plan, and be ready to stick to it. There is no guarantee that one can make money from investments that he/she makes. But if one gets the facts about saving and investing and follow through with an intelligent plan, one will be able to gain financial security over the years and enjoy the benefits of creating money.

The present paper has made a study on investment preferences in Dimapur and as such its scope is restricted. In future studies can be done by considering the investment preferences of the entire state of Nagaland.

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## AUTHORS BIOGRAPHIES

**Tapashi Dasgupta** has completed her Masters in Commerce from Assam University in 2011 and at present is working as a Faculty Associate at ICAI University, Nagaland. Her areas of interest are marketing and finance. Though new in the teaching field, she has written research papers and attended state level, national and international seminars. Currently she is also a Research Scholar at the Diphu campus of Assam University.

