



A STUDY ON INVESTMENT PERCEPTION OF NRIs OF GUJARAT

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ABSTRACT

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. This research is exploratory in nature and is meant for learning new insights into the "investment behaviour of NRI of selected districts of Gujarat state, India". Numerous concerns related to key aspects of the study will be debated in detail with experts, researcher and other eminent personalities with years of experience in the field of investment and finance, portfolio management and banking to have an idea about the topic before collecting the information. The information and ideas obtained from discussions will be utilized for the formulation of a framework for this study.

KEYWORDS : NRI, Gujarat, investment, India

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.

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Gujarat the westernmost state of the Indian union was formulated on May 1, 1960. Since then its progress in various fields has been remarkable. With 1, 96,024 sq. kms of the area, and 1600 kms of costal area, it now accommodates nearly 60 million people. Gujarat is also considered as a growth engine of India. The development experience witnessed by Gujarat for the last few decades often called the Gujarat model of development. The model has attracted the attention of social scientists, planners and administrators across the world, including the international development agencies. The attraction of this modern is its uniqueness, and it is in sharp contrast to the conventional development models followed by the developed countries of the world. The Vibrant Gujarat Summit has become an example of visionary approach of the State Government to investment promotion and advancement of economic and social development for many states. The event provides enormous prospects to the State to display its strengths, progressive stand, initiatives taken to improve governance, investor friendly climate and art and culture of Gujarat.

REVIEW OF LITERATURE

A. Lalitha and M. Surekha in their article "Retail Investor in Indian Capital Market : Profile, Pattern of Investment and Profitability" published in The Indian journal of commerce, July-September 2008 concluded that the retail investor is here to stay and the capital markets may well emerge as strong contenders for traditional investment avenues like bank/post office deposits. They also focused on investor's education and investment decision of retail investors.

Joseph Anbarasu D, Clifford Paul S and Annette B in their article "An Empirical Study on Some Demographic Characteristics of Investors and its Impact on Pattern of their Savings and Risk Coverage Through Insurance Schemes" published in The IUP Journal of Risk & Insurance, January 2011 concluded that Subsequent to watching how one gathering of speculators learned significantly more in experiential settings, the creator presents that these financial specialists may persuade evidence that experiential financial specialist instruction is unrivalled. Flagging uplifting news for the venture consultative industry, the procuring, utilize, and maintenance of counsels by these same better-instructed financial specialists is steady. This gathering additionally communicated positive perspectives of how all around served they are by the business general. While the ultra-affluent ostensibly may have less demanding

access to unrivalled counsellors, the creator trusts that updating financial specialist instruction will profit all speculators, not only the wealthiest.

Kar Pratip, Natarajan I and Singh J P in their research paper “Survey of Indian Investors” published in SEBI-NCAER in June 2000 concluded that the households investment in shares, debentures and mutual funds was below 10% and the equity investor households portfolio was of relatively small value and undiversified. Advance they found that one arrangement of families, despite their lower salary and lower entrance level of buyer durables, were in the securities showcase, while another arrangement of family unit with higher pay and higher infiltration level of purchaser durables did not have interest in securities advertise.

Kathryn M. McCarthy in her article “Engaging Investment Advisors for a Family Foundation” published in The Journal of Wealth Management, 2001. In this article, the author addresses the multi-faceted question of hiring investment talent for a foundation. She starts with a review of possible goals for an investment program and the kinds of assistance required to meet those goals. She continues with a description of what to expect from an investment advisor, including both investment services and periodic reporting, as well as ongoing communication. She concludes with a discussion of the circumstances under which an in-house advisor should be considered and the processes for finding, selecting, and working with an outside professional.

M. Zathik Ali in his article “Impact of The Budget on The Savings of The Small Investors” published in SOUTHERN ECONOMIST, June 15, 2000 concluded that, “It is the duty of government to safeguard the interest of the small investors who have no spokesmen to expose their problems”. Most of the small savers depend upon the interest accruing from their small investments for their living. Suitable changes must be made in the new budget so that the interests of the small investors are protected.

RESEARCH OBJECTIVE

1. To analyse the influence of Government schemes and programs on NRIs investment behaviour.
2. To study the issues and challenges faced by NRIs while making investment decision.
3. To examine the preferences of NRIs towards leading investment schemes.

RESEARCH DESIGN

This research is exploratory in nature and is meant for learning new insights into the “investment behaviour of NRI of selected districts of Gujarat state, India”. Numerous concerns related to key aspects of the study will be debated in detail with experts, researcher and other eminent personalities with years of experience in the field of investment and finance, portfolio management and banking to have an idea about the topic before collecting the information. The information and ideas obtained from discussions will be utilized for the formulation of a framework for this study.

METHODS OF DATA COLLECTION

The data has been 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 has been utilised.

PRIMARY DATA

The primary data has been collected through questionnaire, prepared to study the investment behaviour of NRIs of Gujarat. Data collected through interview, online questionnaire form.

SECONDARY DATA

At the exploratory stage of this study, a detailed survey of literature has been undertaken in order to identify the various aspects of investment behaviour of NRIs of selected district of Gujarat state. The secondary data 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 utilised by scholar.

SAMPLING METHOD

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

SAMPLING DESIGN

The NRIs of selected district of Gujarat approached as a universe of this study. The respondents selected on the basis of multilevel stratified sampling.

SAMPLE POPULATION

500 NRIs have been approached for this study

COLLECTION OF DATA

The data collected by conducting interviews, online questionnaire form, email to the samples selected for the study. Multiple choice questions and five point ranking scale established by the scholar especially for this study in conformity with statistical methods and principles used wherever necessary.

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 study is limited to the NRIs of selected district of Gujarat state
2. The limitations of the analytical tool will be the limitations of the research
3. The findings of the study will be based on the expressed opinions of the respondents, which may have their own limitations
4. The study will be carried out 500 around respondents
5. Chances of error in information collection because many of investors may have not given actual answers to the questionnaire

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
195.3	4	<0.001

Table of chi-square test shows p-value <0.001 which infers significant association between education and belief of getting as per expectation from investment in Gujarat. As p-value is less than 0.05, above null hypothesis is rejected and concluded that there is significant role of education on belief of respondents towards getting expected return from investment in Gujarat. Respondents with lower level education are more confident on investment return from Gujarat as compared to educated respondents.

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

Chi-Square Value	Df	P-value
31.222	1	<0.001

To check difference in belief of selected male and female NRIs regarding their returns on investment in Gujarat, Pearson’s Chi-square test is applied. As given in above table, p-value is less than 0.01 hence above null hypothesis is rejected and concluded that opinion on fulfilment of purpose of male and female NRIs by investing in Gujarat is significantly differ. Female respondents are more agree for fulfilment of purpose as compared to males.

- 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
195.3	4	<0.001

To check influence of education on respondents’ view on fulfilment of purpose by investing in Gujarat, Pearson’s Chi-square test is applied and results are given in above table. It depicts that as p-value is less than 0.01, above null hypothesis is rejected and concluded that opinion on fulfilment of purpose by investing in Gujarat is significantly differ among higher and lower level educated NRIs.

- 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

Mean and standard deviation (SD) of given ranks is obtained from the collected data. As per above table, most preferred investment option among selected NRIs is “Land”

and “Real Estate” followed by “Fixed Deposit (FD)”, “Government Schemes”, “Share market (Securities / Equity)” and “Industry / Service Sector”.

It means that among selected NRIs, land and real estate are more favourite for investment in Gujarat. Equity market and Industry / service sector is not preferred by NRIs as an investment options.

Overall result of present study tells there is important contribution / role of NRIs in development of Gujarat. They are also socially and psychologically attached with their mother land. They are living away from their family and mother land for earning high currency. Majority of the NRIs are willing to invest more in their mother land (Gujarat). They also suggested improving quality of services in government offices. They want some attractive policy / schemes for NRIs so that they are more investing in Gujarat in various sectors.

Majority of the respondents said that their investments in Gujarat are looking after by their family members or their peer group (close friends). Majority of the time decision on investment is also taken by their family members or friends as they know present situation in Gujarat better. Most favourite destination / investment options for NRIs are Land and Real Estate followed by Fixed Deposit.

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	49 (9.6%)	102 (19.9%)	288 (56.2%)	73 (14.3%)	0(0%)	512 (100%)

Above table shows distribution of respondents according to their opinion on following factors affecting NRI investment in Gujarat. Majority of the respondents mean that Government policy and Good Infrastructure are attracting NRIs to invest in Gujarat. NRI investment is affected due to poor services in Govt. Offices. Safety & security, stability of Government are other factors that attract NRIs to invest in Gujarat. Role of NRI Association is poor or negligible in attracting NRIs to invest in Gujarat.

During the study, selected NRIs were asked regarding their opinion on various factors that affect their investment strategy in Gujarat. Different factors are affecting decision

of NRI investment in Gujarat. Major factors that affect NRI investment positively are stability of Government, Safety and Security, Infrastructure and Government policy on NRI investment. Major negative factor which affect attraction of NRIs to invest in Gujarat is services of Government offices. Though as per respondents it is far better than other states but still they expect better, quick and transparent services from Government officials.

CONCLUSION

Based on the present study it can be seen that NRIs playing a major role in development of Gujarat. They are likewise socially and psychologically appended with their home land. They are living far from their family and home land for acquiring high money. Dominant part of the NRIs will put more in their home land (Gujarat). They also suggested improving quality of services in government offices. They need some alluring strategy/plans for NRIs so they are more investing in Gujarat in different segments.

Greater part of the NRIs investment in Gujarat are taking care of by their relatives or their peer group (close friends). Ordinarily decision on investment is taken by their relatives or companions as they are more aware of current circumstance in Gujarat. Most favourite destination / investment options for NRIs are Land and Real Estate followed by Fixed Deposit, Commodities and equity market

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