Investment Avenues and Investors Behaviour Towards Investment in Lic in Nagpur City

Yogesh B. Dhoke[1*], Shweta Rokde[2], Nikhil Bangde[3]

[1*]   S. B. Jain Institute of Technology, Management and Research, Maharashtra, India; e-mail : yogeshdhoke@sbjit.edu.in

[2]   R.T.M. Nagpur University, Nagpur, India.

[3]   S. B. Jain Institute of Technology, Management and Research, Maharashtra, India.

ABSTRACT

Life is full roller coaster and twist and turns. Insurance policies are safeguard against uncertainties of life. Human life is a most important property and for keeping this properly financially safe with minimum risk, life insurance is the tool which provides financial protection to the person and his family at the time of uncertain risk or damage. Life insurance provides both safety and protection to individual and also encourages savings among people. LIC plays a crucial role in the wellbeing of human being by assisting insurance to millions of peoples. In this paper we tried to identify investor attitude towards different investment product of the LIC from Nagpur region. The primary object of the study is to analyze the variety of investment options of the investors and to study the customer's attitude on investing in life insurance companies. The second objective of this research are analyzing the factors influencing the investor for investing in insurance.

Keywords: LIC, Uncertainties of Life, Financial Protection, Nagpur region, Investment Option

SAMRIDDHI : A Journal of Physical Sciences, Engineering and Technology, (2022); DOI : 10.18090/samriddhi.v14spli01.14

INTRODUCTION

This study is related with the behavior of investors who always looks for better and less risky investment options. In todays market scenario everyday market economics changes and investor gets some happy moments and sometime they get shock [1-3]. Investor always wants that they get more return with less risk or loss, but this is not possible always [4-7]. So every investor tries to get better investment options. In India, life is projected by a monolithic institution called the Life Insurance Corporation of India (LIC) [7]

LIC is called an investment tool due to following reason; i) it gives protection against risk of early death, ii) it can be used as a security/ mortgage for taking loans and advances from banks, iii) it provides tax benefit iv) it is a measure of protection at the time of death because it gives provision for estate duty and v) it results in a sum of money received at the end of a particular number of years.

LITERATURE REVIEW

❖ Nidhi Bansal and Nazia Hassan (2019) have verified the reasons of savings, and behavior of investors in the area of Delhi/NCR. It also explains different causes of savings, awareness level and investment pattern of people in Delhi/NCR with a sample size of 126 people which was randomly selected. The study was purely based on primary sources of data and data has been analyzed by using correlation and regression test, with the help of statistical

software SPSS. Author has also found that perception of security, duration, awareness level of investors and source of opinion of investors are the significant predictors of investment behaviour of investors [1].

❖ Sanket L. Charkha & Dr. Jagdeesh R. Lanjekar (2018) have studied the various sources of investments and there factors which are required while selecting the investment type and for the study they took total sample size of 60 salaried employees of various organisation including private and public sector working in Pune city. After conducting survey and analysis of the same, they found that people having more income have more knowledge about various investment avenues and then they prefer accordingly maintaining diversified portfolio [2].

❖ N.Geetha & Dr M. Ramesh (2011) in their study have observed the various factor affecting on any individuals' investment by taking 150 peoples responses. They included in their study one of the investment option in LIC and questioned on why people invest in LIC. Finally they concluded that income level affect any person's investment [3].

RESEARCH METHODOLOGY

Objectives

❖ To study and analyse the impact of a several factors on customers investment decision in LIC.

❖ To study the attitude of investors towards investment in LIC.

Hypothesi

1. Null hypothesis:- There is no significant relationship between investment & income.

   Alternate hypothesis:- There is significant relationship between investment & income.

2. Null hypothesis:- There is no significant relationship between investor's attitude & investment.

   Alternate hypothesis:- There is significant relationship between investment and investors attitude.

Data Collection

In this research primary and secondary both type of data have been used. The structured questionnaire has been prepared for collecting primary data. The questionnaire was given to the customers of the various policy holders of LIC.

The sample size used for the study is 100. The various published data from newspapers, internet, magazines and LIC reports have been used for gathering secondary data. The data is collected during the calendar year of 2021.

Tools Used

The primary data gathered with the help of survey questionnaire from Nagpur region only. Data is analyzed with the help of ME-Excel.

Table-1 : Income of the customer

Income Range	No. of Respondent
Below 10,000	6
10,000- 20,000	16
20,000- 30,000	45
Above 30,000	33

Data source: Primary data

DATA ANALYSIS

The above table1 shows that the 45% are total respondent those who have income between 20,000 to 30,000 whereas 33% respondent have income above the 30,000 per month.

Table-2: Investment of customer

	No. of Respondent
Safety of Principal	39
Low Risk	18
High Risk	26
Maturity	17

Data source: Primary data

The above Table-2 shows that the 39% out of total respondent does their investment by keeping and following safety of principal. 26% respondent said that they prefer for high risk and high return.

Table-3: Calculation of Correlation

INCOME	X	DX (X-X^) X^=25	DX²	INVEST-MENT	Y	DY	DY²	DX*DY
>10000	06	-19	361	Safety of principle	39	14	196	-266
10000-20000	16	-09	81	Low risk	18	-07	49	63
20000-30000	45	20	400	High return	26	1	01	20
<30000	33	08	64	Maturity	17	-08	64	-64
N=4	100/4 =25	=0	=906	n=4	100/4 =25	=0	=340	= 413

Correlation (r)

$$r = \dfrac{n(\Sigma dxdy)''(\Sigma dx)(\Sigma dy)}{``[n\Sigma dx^2 ''(\Sigma dx)^2][n\Sigma dy^2 ''(\Sigma dy)^2]}$$

= 4*413- 0*0 / " 4*906 – (0)^2 * 4*340 – (0)^2

= 1652 / "3624 * 1360

= 1652 / 60.20 *36.88

= 1652 / 2220.176

= 0.7440

Here, calculated value of correlation (r) is positive i.e. 0.7440. It is considered that there is significant relationship between income and investment factors of the consumer. So it is concluded that income affects the investment factor of the customer. Hence null hypothesis is rejected and alternate hypothesis is proved.

Table-4: Investor's Attitude

Investor Attitude	No. of respondent
For Safety	42
For Return	27
For Liquidity	18
Others	13

Data source: Primary data

The above table-4 shows that the 42% out of total respondent does their investment by keeping in mind safety purpose. 27% & 18% respondent goes for return and liquidity purpose respectively in terms of their investment.

Table-5: Observed Frequency

Investor attitude	Invested in LIC	Not invested in LIC	Total
For safety	40	2	42
For return	22	5	27
For liquidity	18	0	18
Others	8	5	13
Total	88	12	100

Data source: Primary data

Table-6: Expected Frequency

Investor attitude	Invested in LIC	Not Invested in LIC	Total
For safety	36.96	5.04	42
For return	23.76	3.24	27
For liquidity	15.84	2.16	18
Others	11.44	1.56	13
Total	88	12	100

Data source: Primary data

The above table 5 & 6 shows that till in the market 42% people trust on LIC for their investment and their main reason behind this is safety of their investment amount. Whereas only 27% & 18% respondent keeps their investment for return and liquidity purpose respectively in terms of their investment.

Table-7: Chi Square Testing

Observed Frequency	Expected Frequency	O-E	(O-E)^2	(O-E)^2/E
40	36.96	3.04	9.2416	0.25433
22	23.76	-1.76	3.0976	0.130370
18	15.84	2.16	4.6656	0.29454
8	11.44	-3.44	11.833	1.03440
2	5.04	-3.04	9.2416	1.83365
5	3.24	1.76	3.0976	0.95604
0	2.16	-2.16	4.6656	2.16
5	1.56	3.44	11.8336	7.5856
			Total	14.248

Degree of Freedom = (column-1) (row-1)

= (2-1) (4-1)

= 3

Significance level of the test = 0.05 = 7.815

Calculated value of chi square = 14.24471

So the calculated value is more than significant value i.e. 14.24471

So here alternate hypothesis is accepted and null hypothesis is rejected. Hence it is concluded that there is significant relationship between investor's attitude and investment of the customer.

CONCLUSION

The above study suggests that the 45% of the total respondent those who have income range between 20,000 to 30,000 invest their amount in various policies of LIC. It means people still have in their mind

concern for safety precaution and therefore they choose LIC as a one of option.

The above study also suggests that approximately half of the total respondents (42%) select their investment option as a LIC and because of safety behaviour in terms of invested amount which they prefer while doing investment.

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