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INVESTMENT BEHAVIOR OF SELECT INVESTORS IN ANDHRA PRADESH

Dr. Vanam Muralidhar
Associate Professor, Department of Management, Sri Balaji PG College (MBA),Anantapuramu.

Abstract
Capital market constitutes a very vital segment of the Indian economy. It is needless to say that the capital market along with the financial institutions finances economic growth. They channelize savings to investment and thereby decouple these two activities. As results, savers and investors are not constrained by their individual abilities, but the economy's ability to invest and save respectively, which inevitably enhances savings and investment in the economy, the capital market promotes economic growth. The financial markets and financial institutions are two competing mechanisms to channel savings to investment. The financial market score over financial institutions in the allocation efficiency, as they allocate savings to those investments, which have potential to yield higher returns. This inevitably leads to higher returns to savers on their savings and higher productivity on investments to enterprises. Hence to the extent economic growth depends on the rate of return on investments, capital market promotes economic growth.In this backdrop, the present paper highlighted that the importance of the capital markets in developing countries like India and how rural households have been participating in capital markets and their perception in backdrop areas of Rayalaseema in Andhra Pradesh State.

Keywords: Investment, Behaviour, Capital Market, Finance.

Introduction
The capital market enables all individuals, irrespective of their means, to share the increased wealth provided by competitive enterprises. The capital market allows individuals who cannot vary an activity in its entirety within their resources to invest whatever is individually possible and preferred in that activity carried on by an enterprise. Conversely, individuals who cannot begin an enterprise they like to attract enough investment from others to make a start and continue to progress and prosper. In either case, individuals who contribute to the investment share the fruits.

The capital market facilitates people to do more with their savings than they would otherwise. It also allows people to do more with their ideas and talents than would otherwise be possible. The people's savings are matched with the best ideas and talents in the economy. To put it formally, the capital market provides a linkage between the savings and the preferred investments across the corporate entities, time and space. It mobilizes savings and channelizes them through securities into preferred enterprises.

The capital market also provides a market place for purchase and sale of securities and thereby ensures transferability of securities, which is the basis for the joint stock enterprise system. Theliquidity available to investors does not inconvenience the enterprises that originally issued the securities to raise funds. The existence of capital market makes it possible to satisfy simultaneously the needs of the enterprises for capital and of investors for liquidity.

Capital Market and Economic Growth
A well functioning capital market is conducive to sustained economic growth. There have been a number of studies, starting from World Bankd and IMF to various scholars, which have established robust relationship not only one way, but also the both ways, between the development in the capital

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market and the economic growth. An important study by Ross Levine and SareZervos (1996) finds that the stock market development is statistically highly significant in forecasting future growth of per capita GDP.

The capital market fosters economic growth to the extent that it – (a) augments the quantities of real savings and capital formation from any given level of national income, (b) increases net capital inflow from abroad, (c) raises the productivity of investment by improving the allocation of inevitable funds, and (d) reduces the cost of capital.

The capital market facilitates the internationalization of an economy by linking it with the rest of the world. This linkage assists through the inflow of capital in the form of portfolio investment. Moreover, a strong domestic stock market performance forms the basis for well performing domestic corporate to raise capital in the international market. This implies that the domestic economy is opened up to international competitive pressure, which helps to raise efficiency. It is also very likely that existence of a domestic capital market will deter capital outflow by providing attractive investment opportunities within domestic economy.

Review of literature

A study by Dr Suresh Parla (2026), published in the International Research Journal of Modernisation in Engineering Technology and Science, points out the importance of financial literacy as a foundation for investment behaviour. The study states that financial knowledge is a crucial factor for retail investors to make rational decisions. The research emphasized the importance of financial knowledge in terms of its impact on information asymmetry and confidence levels.

Agnes Goeyana and Maria AsumptaEviMarlina (2024) carried out a study published by Jurnal Aplikasi Akuntansi. In their study, they discussed the importance of financial literacy, its impact, behavioral biases such as Fear of Missing Out (FOMO), and its impact on Generation Z's decisions. The study emphasized the importance of financial literacy, its impact, behavioral finance theory, and its impact on Generation Z's decisions.

A study published in the Business Economics and Management Research Journal aimed to investigate the relationship between financial literacy, FOMO, and financial risk tolerance, especially in Generation Z members. The study surveyed 446 university students, finding that risk tolerance plays a significant role in mediating the relationship between financial literacy and investment decisions. Although financial literacy was not directly linked with reduced FOMO, financial literacy was linked with increased risk tolerance, which in turn led to stable investment behavior. 4. Integrated Theoretical Perspectives Based on the insights provided by the Financial Literacy Theory, the Behavioral Finance Theory, the Prospect Theory, and the Risk Tolerance

Theory, the recent literature has suggested a hierarchical model of the financial decision process. The cognitive foundation of the decision process is provided by financial literacy, while the affective foundation of the decision process is provided by risk tolerance. The moderating effect is provided by the behavioral finance theory, which controls for the presence of biases in the decision process. The recent literature has found that retail investors with financial knowledge and risk tolerance make rational financial decisions.

Significance of the Study

It is very clear from the review of literature made in the preceding paragraphs that not many studies have been undertaken exclusively to study the perceptions, preferences, and behaviour of the small and

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household investors, a very crucial area in the formulation of policies and procedures for the orderly growth and development of securities markets in any nation. Most of the studies reviewed above have mainly covered the aspects at macro level, like the ownership patterns in the capital market, occupation-wise break up of paid up value of share holdings of individuals, ownership pattern of shares/ debentures, geographical distribution of share ownership in India. There are only a few studies covering the issue of investor perceptions and behaviour at micro/regional level. Especially in the context of decline in the participation of small and household investors in the primary market operations, withdrawal of investors from the capital market, diversion of household savings into safer investment avenues like bank deposits, real estate, and unproductive assets like gold and silver, it becomes all the more important to study and analyze the investor awareness, perceptions and preferences of various investment avenues available to them in the securities markets. This may help the policy makers in evolving the suitable strategies to get small and household investors once again in large numbers into the capital market operations. Hence, the present investigation is an attempt in that direction. The issues investigated in the present study include awareness of investment avenues, investment pattern, the most preferred objectives of investors, and investment evaluation.

As stated in the preceding paragraphs, individual household investors constitute a vital segment of the Indian investment market. Better understanding of the perceptions, preferences, and behaviour of these investors is very vital for policy formulation on development and regulation of the securities market to ensure the promotion and protection of interests of the individual household investors. The study aims to study the needs, concerns, and problems of the small investors in the given socio-economic backdrop. The present research work also provides a foundation of facts relating investors' behaviour towards various types of securities and assessment of investment risks.

Most of the investors generally have limited information about the developments in the securities market. Information about the financial performance of the companies and data of share market available to investor is also limited. The information available from newspapers, television and internet, media some times may not be sufficient for investment decision making. All these problems made them rely on share brokers, fund managers and experts to invest in securities. Investors desiring to invest in stocks require a lot of preparation and homework. It is very important for them to know their risk appetite and investment objectives for better decision-making.

Hence, the present study is an attempt to know the investment pattern of investors. The study is made to examine investor's awareness of investment avenues, investment objectives of investors and the evaluation of investment by the investors.

Objectives of the Study
The basic objective of the present research work is to study the investment culture among the people of a backward region and to evolve suitable programmes of investor awareness and education. The specific objectives of the study are as follows:

1. To study the concept of capital markets and its importance.
2. To study the investors objectives, perceptions and the resultant behaviour of investors.

Methodology of the Study
The present study is mainly based on primary data and is behavioural in nature. However, the secondary data will also be made use of wherever it is necessary. The primary data will be collected through a structured schedule. The schedule will be designed keeping in view the objectives of the study and it will be pre-tested by means of a pilot study. The relevant secondary data will be collected from the

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reports, books, journals, magazines, periodicals, dailies, and websites. The data and the information collected with the help of the schedule will be processed and analyzed by using SPSS software.

Sampling Design
As the universe of the study is entire Rayalaseema Region, an attempt is made to stratify the region into strata. The stratification is done on the basis of geographical and administrative factors. The Rayalaseema Region constitutes four districts namely Anantapuramu, Chittoor, Kurnool and YSR Kadapa district. In order to collect primary data for the purpose of the study, multi-stage sampling technique is adopted. At the first stage Anantapuramu district were selected. In the second stage three highly business areas like Hindupur, Tadipatri and Dharmavaramrevenue divisions were chosen for the study. In the final stage, from each of the revenue division, a modest a sample 50 investors/respondents were selected on the purposive basis for the study.

Table 1: Role of Consultants And External Agents

S. No	Type of consultants	Number of Respondents	Percentage to total
1	Brokers	02	1.45
2	Stock Exchange members	04	2.54
3	Agents	14	9.63
4	Representatives of organizations	04	2.36
5	Not applicable	126	84.02
	Total	150	100

Source: Field survey

It can be noted from the data presented in table 1 that 126 out of 150, i.e., 84 per cent of the respondents expressed that they did not take any advice from any consultant/agent/broker while making the investments. In other words, the role of investment consultants, stock brokers, agents of saving organizations in the investment decision of small investors is absolutely minimal and negligible.

The every basic nature of the investors is likely to determine the investor expectations about the future income and savings, likely changes in them, and the resultant behavior of the investors. The data concerning the basic nature of the investors selected as sample for the purpose of the present study is furnished in table 2.

Table 2: Basic Nature of Sample Investors

S. No	Nature	Number of Respondents	Percentage to total
1	Cautious	40	26.91
2	Objective	52	34.91
3	Optimistic	37	24.00
4	Competitive	21	14.18
	Total	150	100

Source: Field survey

The data of table 2 reveals that nearly 35 per cent of the sample investors identified their nature as objective, while nearly 27 per cent were stated to be cautious and 24 per cent are said to be optimistic. Therefore, the investors chosen for the purpose of the study may be identified as objective, cautious, and optimistic in their approach to the investments. This nature of the sample investors is bound to influence and shape the behavior of the investors as far as the expectations of future income and savings are concerned.

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Table 3: Expected Change In Income In Future

S. No	Extent of change	Number of Respondents	Percentage to total
1	A moderate increase	71	46.91
2	A substantial increase	52	34.91
3	A decrease	07	4.91
4	No change	20	13.27
	Total	150	100

Source: Field survey

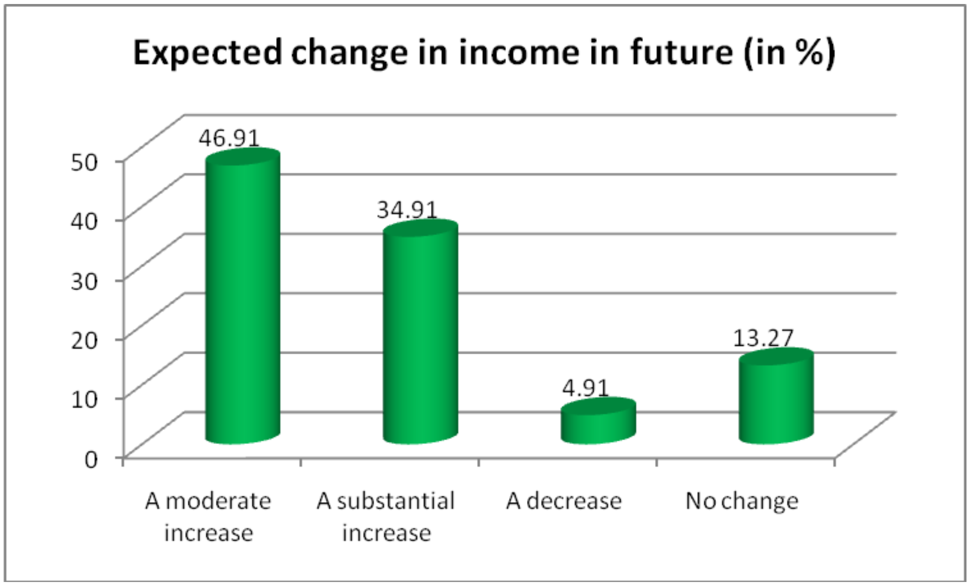

Fig.

Table 3 catalogues the anticipated changes in income in next few years as a result of investments made by the sample investors. It is found that most of the investors are optimistic about the likely changes in the future income. It can be seen from the data that 47 per cent of the investors are confident that their incomes increase moderately, while 35 per cent of the investors stated that their incomes increase substantially in the next few years. However, a small percentage (i.e., 5 per cent) of them has anticipated a decline in their future incomes while the remaining of them saw no change in their future income. In other words, almost 81 per cent of the sample investors are expecting a moderate to substantial increase in their incomes in the next few years, which indicate the positive and optimistic nature of the investors.

Saving

With a view to analyse the effect of savings pattern on investments of the investors, the savings pattern of the sample investors is studied. The information showing the savings patterned the sample investors is furnished in table 4. It may be noted from the information given in table 4.13 that most of the respondents are able to save out of their annual incomes ranging between 10 to 30 per cent of the annual incomes. Only a few of the respondents, i.e., a little over 3 per cent the total respondents were not able to save from their incomes. It can be noted that 39.63 per cent of the total respondents are able to save at present to the extent of 10-20 per cent of their annual incomes. While 23.27 per cent of them are savings between 21 to 30 per cent, and 8 per cent of them are saving over 30 per cent of their annual incomes. It is therefore, concluded that most of the sample investors are able to save substantially out of their annual incomes and is in a position to make investments.

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Table 4: Percentage of Savings By The Investors

S. No	Percentage of annual income	Number of Respondents	Percentage to total
1	01-10 per cent	40	26.72
2	10-20 per cent	59	39.63
3	21-30 per cent	35	23.27
4	No savings	16	10.38
	Total	150	100

Source: Field survey

It is often stated that the small and household investors do not bother much about the monitoring of their investments once they were made and ignore to review the performance of investments already made. To verify whether this observation is true, an attempt has been made through an enquiry in to this aspect of investor behavior. To assess the focus of attention of the investors after investments have been made, the sample investors are asked to indicate the steps they normally resort to while monitoring the performance of their investments. Their responses are tabulated and presented in table 5.

Table 5: Investment Monitoring By The Investors

S. No	Focus of Attention	Number of Respondents	Percentage To Total
1	The individual instruments that are doing poorly	16	10.90
2	The recent results of my over all portfolio of investment	30	20.00
3	The longer term progress of my investment portfolio	30	20.00
4	The individual instruments that are doing very well	74	49.10
	Total	150	100

Source: Field survey

It is noted from the results shown in table 5 that a majority of the respondents investors, i.e., 51 per cent are focusing their attention on the individual instruments that are already doing very well ignoring those which are not doing well. Further, 26 per cent of them stated that they focused their attention on the long-term progress of their investment portfolio. It is also interesting to note that only 11 per cent of them expressed that their attention on the assets, which are doing poorly and the remaining were silent in monitoring these assets.

Table 5 furnishes the information indicating the investment activity of the respondent's investors in the past one year. It may be seen from the table that 46 per cent of the total respondents actively participated in the investment activity by resorting to both buying and selling of investments in the past one year, whereas the remaining respondents have remained either as only buyers or only sellers. Nearly 39 per cent of the remaining respondents took part in the investment activity as buyers and 9 per cent of them as sellers.

Table 6: Investment Activity Of The Sample –Investors

S. No	Nature of Activity	Number of Respondents	Percentage To Total
1	Both bought and sold	69	46.00
2	Only bought	58	38.91
3	Only sold	13	8.91

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4	No deal	10	6.18
	Total	150	100

Source: Field survey

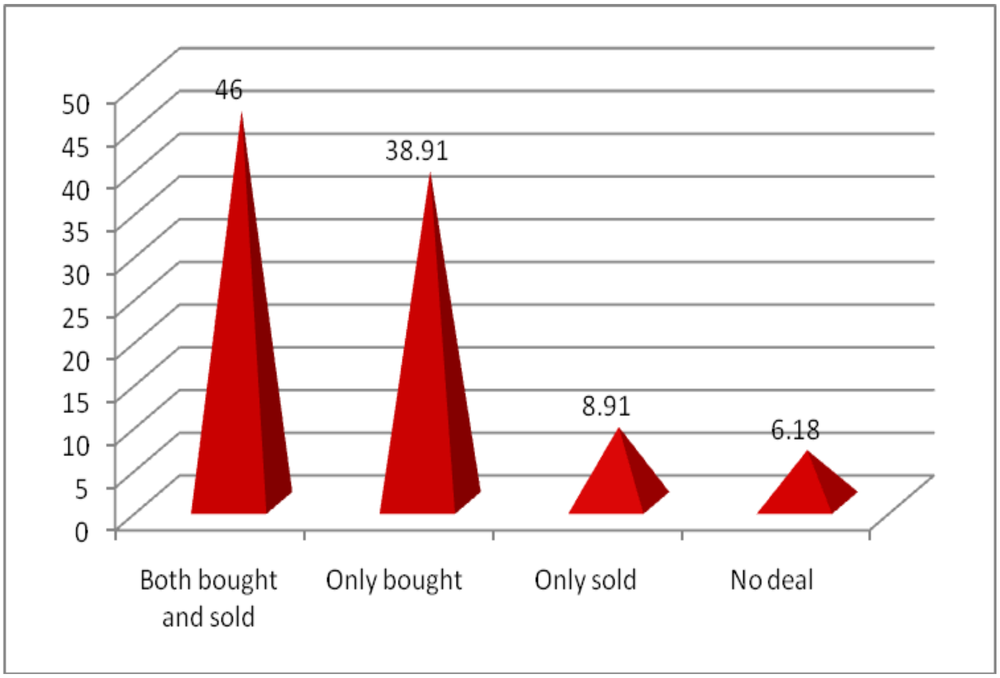

Fig.

To study the extent of net additions/reductions made to the investment holdings of the investors in the past one year, information is collected and presented in table 7.

Table 7: Net Additions/ Net Reductions To The Investment Holdings

Extent of net addition/net reduction	Net addition		Net reduction	
	No. of respondents	Percentage to total	No. of respondents	Percentage to total
Substantial extent	28	18.91	34	6.18
Moderate extent	67	44.91	60	10.91
Negligible extent	16	10.91	44	8.00
No additions/reductions	39	25.27	412	74.91
Total	150	100	150	100

Source: Field survey

It may be noted from the information furnished in table 7 that the large number of the respondents has made net additions to their existing investment holdings in the past one year as compared to the number of respondents making net reduction to their existing investing holdings. The extent of net additions to the investment holdings of the investors ranged from moderate (45 per cent) to the substantial (19 per cent). The net reductions to the investment holdings in the last year by the sample investors ranged between 5 to 10 per cent. These observations on the whole lead us to a conclusion that a majority of the respondents –investors have made moderate to substantial net additions to their existing investment holdings in the last year against net reductions by some of the respondents investors.

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Conclusions

Most of the investors generally have limited information about the developments in the securities market. Information about the financial performance of the companies and data of share market available to investor is also limited. The information available from newspapers, television and internet, media some times may not be sufficient for investment decision making. All these problems made them rely on share brokers, fund managers and experts to invest in securities. Investors desiring to invest in stocks require a lot of preparation and homework. It is very important for them to know their risk appetite and investment objectives for better decision-making. Especially in the context of decline in the participation of small and household investors in the primary market operations, withdrawal of investors from the capital market, diversion of household savings into safer investment avenues like bank deposits, real estate, and unproductive assets like gold and silver, it becomes all the more important to study and analyze the investor awareness, perceptions and preferences of various investment avenues available to them in the securities markets. This may help the policy makers in evolving the suitable strategies to get small and household investors once again in large numbers into the capital market operations. Hence, the present investigation is an attempt in that direction. The issues investigated in the present study include awareness of investment avenues, investment pattern, the most preferred objectives of investors, and investment evaluation.

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