



A STUDY ON INVESTMENT PATTERN OF NON-RESIDENT INDIANS

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ABSTRACT

In reality, non-resident Indians are our nation's wealth and the power of Gujarat. Since independence, the number of people moving abroad for jobs in search of better opportunities has seen a significant rise. In every aspect of Gujarat's economy and culture, the presence of this migration is felt. There is a link between the stability and economic development of the state and remittances from non-resident Gujarati. The cash remittances received by Gujarat households from overseas showed tremendous growth during the first decade of the 21st century. The contributions to our national and state economy from the NRIs and their funding are very strong. Remittances from Gujarat's NRIs have emerged as the most complex single factor that contributes to the state's economy. This analysis is exploratory in nature and is intended to gain new insights into the "NRI investment behaviour of selected districts of Gujarat state, India." Experts, analysts and other influential personalities with years of experience in the fields of investment and finance, fund management and banking will address various issues related to key aspects of the study in depth in order to provide an idea about the subject before collecting the details. For the formulation of a structure for this analysis, the knowledge and ideas collected from discussions will be used.

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.

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.

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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 coastal 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 model 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.

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" Joseph Anbarasu D, Clifford Paul S and Annette B published in The IUP Journal of Risk & Insurance, January 2011 concluded that the creator presents that these financial specialists can convince evidence that experiential financial specialist training is unmatched after watching how one gathering of speculators learned substantially more in experiential settings. It is constant to flag uplifting news for the venture advisory industry, the acquisition, use and maintenance of advice by these same better-trained financial specialists. This meeting also expressed optimistic views about how the company general is serving them all around. Although the ultra-affluent might theoretically have less challenging access to unrivalled counsellors, the creator maintains that all speculators, not just the richest, would gain from upgrading financial specialist training.

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 study the impact of the native place on investment behaviour among the NRIs of Gujarat state with reference to Mehsana region.
2. To study the influence of Government schemes and programs on NRIs investment behaviour.
3. To recognize the issues and challenges faced by NRIs while making invest-

ment decision.

- To analyse the preferences of NRIs towards leading investment schemes.

METHODS OF DATA COLLECTION:

The data will be 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 will be utilised.

PRIMARY DATA:

The primary data will be collected through questionnaire, prepared to study the investment behaviour of NRIs of selected district of Gujarat. Data will be collected through interview, online questionnaire form.

SECONDARY DATA:

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

SAMPLING METHOD:

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

Sampling Design:

The NRIs of selected district of Gujarat will be approached as a universe of this study. The respondents will be selected on the basis of multilevel stratified sampling. NRIS of Mehsana district covered to check study the investment behaviour.

Sample Population:

500 around NRIS from Mehsana district approached for this study

Collection of Data:

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

DATA ANALYSIS:

- 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
201.5	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	Exact P-value
51.245	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	Exact P-value
65.44	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

The mean and standard deviation (SD) of the listed ranks are derived from the data collected. As per the table above, "Land" and "Real Estate" followed by "Fixed Deposit (FD)", "Government Schemes", "Share Market (Securities / Equity)" and "Industry / Service Sector" are the most preferred investment options among selected NRIs.

This implies that land and real estate are more common for investment in Gujarat among selected NRIs. NRIs do not favour the stock market and the manufacturing / service sector as investment choices.

The overall outcome of the current study indicates that the role of NRIs in Gujarat's development is important. They are also linked socially and mentally to their motherland. To gain high currency, they live away from their family and motherland. Most NRIs are prepared to spend more in their motherland (Gujarat). They also recommended that the quality of services in government offices be improved. They want some attractive policies / schemes for NRIs in order to invest more in different sectors in Gujarat.

Most respondents said their investments in Gujarat were taken care of by their family members or their peer group members (close friends). The majority of investment decisions are often made by their family members or friends as they better understand the current situation in Gujarat. Land and real estate, followed by fixed deposits, are the most common destination/investment choices for NRIs.

- 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	14 (2.7%)	35 (6.8%)	82 (16.0%)	21 (4.1%)	0(0%)	512 (100%)

The distribution of respondents according to their opinion on the following factors affecting NRI investment in Gujarat is shown in the table above. The majority of respondents suggest that NRIs are being drawn to invest in Gujarat by government policy and strong infrastructure. Investment in NRI is influenced by inadequate services in Govt. Yeah, offices. Other factors attracting NRIs to invest in Gujarat are safety & security and government stability. In attracting NRIs to invest in Gujarat, the position of the NRI Association is low or negligible.

During the analysis, selected NRIs were asked about their views on different factors affecting their Gujarat investment strategy. The option of NRI investment in Gujarat is affected by numerous factors. Stability of the government, safety and protection, infrastructure and government policy on NRI investment are major factors that have a positive effect on NRI investment. Government office facilities are a big negative factor affecting the attraction of NRIs to invest in Gujarat. Although it is much better than other nations, as per the respondents, they still expect government officials to provide better, fast and clear services.

CONCLUSION:

On the basis of this analysis, it can be seen that NRIs play a major role in

Gujarat's growth. They are both socially and mentally linked to their land of origin. For the acquisition of high cash, they live far from their family and home land. The dominant portion of the NRIs would bring more into their home territories (Gujarat). They also recommended that the quality of services in government offices be improved. They need some enticing strategies/plans for NRIs in order to invest more in various segments of Gujarat.

Much of the Gujarat NRI investments are taken care of by their families or their peer group (close friends). As they are more conscious of the current circumstances in Gujarat, their relatives or companions usually make investment decisions. Land and real estate are the most common destination/investment choices for NRIs, followed by fixed deposits, commodities and equity markets.

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