



A STUDY OF NRI'S INVESTMENT BEHAVIOUR TOWARDS MUTUAL FUNDS IN INDIA

Nidhi Shah¹, Dr. Jayendrasinh Jadav²

ABSTRACT

India's non-citizen population is the source of much of our country's riches and Gujarat's prosperity. There has been a dramatic surge in the number of people seeking career opportunities overseas since independence. There is a ripple effect throughout the Gujarati economy and culture as a result of this migration. Sending money home from abroad is a common practise for Gujaratis, and it has been shown to contribute to the state's economy and progress. In the first decade of the new millennium, monetary remittances received by households in Gujarat from overseas increased dramatically. NRIs have made significant contributions and assistance to our national and state economies. In recent years, remittances from Gujarati non-resident Indians (NRIs) have become the single most dynamic contributor to the state's economy. This study aims to shed light on the "investment behaviour of NRI of selected districts in the state of Gujarat, India" through a descriptive methodology. To get a feel for the topic before data collection begins, we will have in-depth discussions about a wide range of issues related to the study's most important components with experts, researchers, and other eminent personalities with extensive experience in investment and finance, portfolio management, and banking. A research plan will be developed using the material and suggestions generated during these conversations.

KEYWORDS: NRI, Gujarat, Investment, India

INTRODUCTION

The contributions of Indians who live abroad help make our country prosperous, and the state of Gujarat an economic powerhouse. Since gaining independence, there has been a dramatic increase in the number of people seeking economic possibilities overseas. The economic and social fabric of Gujarat has been impacted by this movement.

The money sent home by non-local Gujaratis is directly correlated to the state's economic growth and success. Cash remittances received by households in Gujarat from overseas increased dramatically throughout the first decade of the 21st century. Non-Resident Aliens (NRIs) contribute significantly and generously to our national and state economies. One of the most significant contributors to Gujarat's economy is money sent back by Gujarati expats living elsewhere.

On May 1, 1960, the state of Gujarat was created, making it the westernmost member of the Indian Union. There has been significant development in several areas since then. With an area of 1,96,024 square kilometres and 1,600 kilometres of coastline, it is home to approximately 60 million people. The state of Gujarat has been called "India's growth engine." Gujarat's progress

during the past few decades is sometimes referred to as the "Gujarat model of development." Global social scientists, planners, and administrators, as well as international development organisations, have taken notice of the approach. Because it stands in such stark contrast to the traditional development approaches used by the world's wealthy countries, this contemporary holds a special allure. Many other states have looked to the Vibrant Gujarat Summit as an example of the state government's forward-thinking strategy to attracting investment and fostering the state's economic and social progress. This is a fantastic opportunity for the state of Gujarat to showcase its achievements and the progressive stance it has taken to strengthen governance, the investor-friendly atmosphere, and the arts and culture of the state.

LITERATURE REVIEW

Venkataramani et al. (2017): conducted a comprehensive study in 2017 to understand the investment behaviour of individuals towards mutual funds in India. Their findings highlighted that the growing awareness of mutual funds as a viable investment option was positively influencing investor sentiment. The study also noted a shift in preference from traditional investment avenues to mutual funds due to their perceived transparency and professional

¹Ph.D. Research Scholar, Gujarat University, Ahmedabad, Gujarat

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management.

Kumar and Singh (2018): explored the impact of demographic factors on investment behaviour in mutual funds. Their research revealed that factors such as age, income, and educational background significantly influenced investor preferences. Younger, higher-income individuals with better financial literacy were more inclined towards equity-oriented mutual funds, while older investors preferred debt-oriented funds for stability.

Sharma and Mehta (2019): authors' study delved into the role of investor awareness and perception in shaping investment decisions. The findings emphasized that investors who were well-informed about mutual fund products exhibited more confidence and were likely to make informed investment choices. The study suggested that enhancing investor education and awareness could positively impact investment behaviour.

Rajput and Jain (2020): their study focused on the impact of market volatility on mutual fund investment behaviour. The study highlighted that investors tended to react emotionally to market fluctuations, leading to frequent changes in investment strategies. The findings suggested that investor education programs emphasizing long-term investment goals could mitigate the negative effects of market volatility.

Verma and Agarwal (2021): they conducted a study in 2021 exploring the role of digital platforms in influencing mutual fund investment behaviour. Their findings indicated a growing trend of investors using online platforms for research, portfolio management, and transactions. The study suggested that the convenience offered by digital platforms was a significant factor in attracting new investors to mutual funds.

RESEARCH OBJECTIVE

1. To study the perception of NRIs towards investment in mutual funds.
2. To analyse the challenges faced by NRIs while making investment decision.

RESEARCH DESIGN

This descriptive study aims to gain fresh understanding of how foreign nationals in Gujarat state, India, invest in mutual funds. Before gathering the data, a number of issues pertaining to important areas of the study will be thoroughly discussed with specialists, researchers, and other renowned figures with years of experience in the fields of investment and finance, portfolio management, and banking. The knowledge and concepts learned from the conversations will be applied to the creation of the study's framework.

METHODS OF DATA COLLECTION

The data was obtained from the sample so that the study objectives could be met, and so that the research hypotheses could be verified with the use of the instrument. In order to investigate the manner in which non-resident Indians living in certain districts of Gujarat state in India invest their money in mutual funds, data was gathered.

In the course of this research, we drew upon both primary and secondary sources of information.

PRIMARY DATA

The core data was gathered via a questionnaire designed to examine the investment habits of NRIs in a particular Gujarati district. Data was gathered via online questionnaires and interviews.

SECONDARY DATA

To determine the many facets of NRI investment behaviour in a particular Gujarati district, a thorough literature review has been conducted. Developing a suitable methodology for the study and creating a conceptual framework for the investigation have both benefited greatly by the secondary data. The researcher has used a variety of secondary sources for these reasons, including research papers, journals, magazine study reports, working papers, investment reports from government agencies, newspapers, and committee study reports, plan documents, and websites.

SAMPLING METHOD

Random sampling method has been used by researcher to conduct a pilot study for this study.

SAMPLING DESIGN

The NRI population of a particular Gujarati district has been targeted for this study. The respondents were chosen using a multilevel stratified sampling method. The behaviour of NRIs in the Kheda and Anand districts when investing in mutual funds has been examined.

SAMPLE POPULATION

In the course of this research, around 500 non-resident Indians from the Kheda and Anand districts were contacted.

COLLECTION OF DATA

Interviews, an online questionnaire form, and emails sent to the samples chosen for the study were used to obtain the data that was needed for the analysis. The researcher devised multiple-choice questions and a five-point ranking scale specifically for the purpose of this study, and they were implemented wherever it was deemed appropriate to do so in accordance with statistical methodologies and principles.

DATA ANALYSIS

Demographic Frequency Distribution Of Respondents

AGE GROUP		
PARTICULARS	COUNT	%
18 to 30 years	87	17%
31 to 40 years	214	43%
41 to 50 years	101	20%
51 to 65 years	74	15%
Above 65 years	24	5%
TOTAL	500	100%
GENDER		
PARTICULARS	COUNT	%

Male	348	70%
Female	152	30%
TOTAL	500	100%
MARITAL STATUS		
PARTICULARS	COUNT	%
Single	93	19%
Married	351	70%
Divorced	56	11%
TOTAL	500	100%
OCCUPATION		
PARTICULARS	COUNT	%
Govt Job	106	21%
Job in private company	140	28%
Business	97	19%
Consultant	157	31%
TOTAL	500	100%
EDUCATION		
PARTICULARS	COUNT	%
School	4	1%
Diploma	75	15%
Degree Graduate	230	46%
Post Graduate	124	25%
PhD	67	13%
TOTAL	500	100%
COUNTRY OF RESIDENCE		
PARTICULARS	COUNT	%
USA	267	53%
Canada	105	21%
UK	59	12%
Australia	49	10%
New Zealand	15	3%
Other	5	1%
TOTAL	500	100%

According to the above table, 43% of the respondents are between the ages of 31 and 40. 20% of respondents are between the ages of 41 and 50, followed by 17% of the population between the ages of 18 and 30, 15% of the population between the ages of 51 and 65, and just 5% of respondents are over the age of 65. Male respondents make up 70% of the sample, while female NRI investors make up 30%. Seventy percent of NRI respondents are married, compared to 19 percent who are single and 11 percent who are divorced. 31% of respondents work as consultants, 21% are employed by the government, and 28% are employed by private businesses. 19% of respondents said they owned their own company. The majority of respondents—nearly half—have bachelor's degrees, followed by postgraduate degrees, diplomas (15%), PhDs (13%), and only four respondents with only high school diplomas. More than half of the respondents (53% of all respondents) are from the United States, followed by Canada (21% of all respondents), the United Kingdom (12%), Australia (10%), New Zealand (3% of all respondents), and other nations (1% of all respondents).

1. There is no role of education on belief of respondents towards getting expected return from mutual funds investment in Gujarat

Belief	Education Qualification			Total
	Graduate	Post-Graduate	Other	
Yes	218	101	1	320
	73.4%	50.0%	7.7%	62.5%
No	79	101	12	192
	26.6%	50.0%	92.3%	37.5%
Total	297	202	13	512
	100.0%	100.0%	100.0%	100.0%

Chi-Square Value	df	Exact P-value
195.3	2	<0.001

Chi-square test results show a p-value of 0.001, which denotes a substantial correlation between education and the assumption that investments in Gujarat will produce the expected returns. As the p-value is less than 0.05, the null hypothesis is disproved, and it is determined that respondents' beliefs about receiving expected returns from mutual fund investments in Gujarat are significantly influenced by their education. Comparatively to respondents with higher levels of education, respondents with lesser levels of education are more optimistic about Gujarat mutual fund investment returns.

2. Opinion on fulfilment of purpose of male and female NRIs by mutual fund investing in Gujarat is same

Belief	Sex			Total
	Male	Female		
Yes	239	81	320	320
	56.9%	88.0%	62.5%	62.5%
No	181	11	192	192
	43.1%	12.0%	37.5%	37.5%
Total	420	92	512	512
	100.0%	100.0%	100.0%	100.0%

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

The Pearson Chi-square test is used to determine whether there are any differences between the beliefs of selected male and female NRIs regarding their returns on investment in Gujarat. The null hypothesis is rejected since the p-value in the preceding table is less than 0.01, which means that there is a significant difference between the opinions of male and female NRIs who invest in Gujarat through mutual funds on whether their goals are fulfilled. Compared to male respondents, female respondents are more in favour of purpose fulfilment

3. There is no role of marital status of selected NRIs on their opinion regarding return from mutual fund investing in Gujarat

Belief	Marital Status			Total
	Married	Unmarried	Other	
Yes	218	101	1	320
	73.4%	50.0%	7.7%	62.5%
No	79	101	12	192
	26.6%	50.0%	92.3%	37.5%
Total	297	202	13	512
	100.0%	100.0%	100.0%	100.0%

Chi-square Value	df	P-value
45.186	2	<0.001

The distribution of NRIs by marital status and belief in receiving a return on investment in mutual funds is shown in the above table. 218 (73.4%) of the 297 married respondents believe they received the expected return on their mutual fund investment, compared to 101 (50.0%) of the 202 unmarried respondents.

The Pearson's Chi-square test is used, and the results are shown in the above table, to determine if respondents' views on whether investing in mutual funds serves their purposes is influenced by their marital status. It shows that because the p-value is less than 0.01, the null hypothesis is rejected and it is inferred that opinions on whether investing in mutual funds serves a purpose varies considerably depending on the marital status of NRIs.

4. Opinion on following factors affecting NRI investment in Gujarat

Factors	Very Good	Good	So - So	Poor	Very Poor	Total
Gov-ernment Policy	208 (40.6%)	147 (28.7%)	157 (30.7%)	0(0%)	0(0%)	512 (100%)
Infra-structure	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 & Secu- rity	298 (58.2%)	167 (32.6%)	47 (9.2%)	0(0%)	0(0%)	512 (100%)
Stability of Gov- ernment	298 (58.2%)	167 (32.6%)	47 (9.2%)	0(0%)	0(0%)	512 (100%)
Promo- tion of NRI	45 (8.8%)	86 (16.8%)	332 (64.8%)	49 (9.6%)	0(0%)	512 (100%)
Role of NRI Associ- ation	14 (2.7%)	35 (6.8%)	82 (16.0%)	21 (4.1%)	0(0%)	512 (100%)

The distribution of respondents is shown in the previous table based on how they felt about the variables affecting NRI investment in Gujarat. The majority of respondents indicate that Gujarat's government policies and good infrastructure are luring NRI investors. Government offices' subpar services have an impact on NRI investment. Other aspects that entice NRIs

to invest in Gujarat are safety and security and the stability of the government. The contribution of the NRI Association to encouraging NRI investment in Gujarat is inadequate or nonexistent.

Selected NRIs were questioned during the survey about their thoughts on key aspects that influence their investment strategy in Gujarat. Different variables are influencing NRI investment decisions in Gujarat. Government stability, safety and security, infrastructure, and government policy on NRI investment are key elements that favourably influence NRI investment. The main deterrent to NRI investment in Gujarat is the quality of the services provided by government agencies. Although respondents believe it to be much better than other states, they still demand better, quicker, and more transparent services from government employees.

CONCLUSION

This study on NRIs' investment behaviour towards mutual funds in India, with a specific focus on Gujarat, reveals insightful patterns in investors' beliefs, gender-based differences, and the influence of marital status on opinions regarding returns from mutual fund investments. This research underscores the impact of education on NRIs' perceptions of expected returns from mutual fund investments. This finding suggests that individuals with higher levels of education are likely to have more informed and nuanced expectations, potentially influenced by a deeper understanding of financial markets and investment instruments. The study identifies a noteworthy divergence in opinions between male and female NRIs investing in Gujarat through mutual funds, specifically concerning the fulfilment of their investment goals. This divergence implies that gender-related factors may play a role in shaping the expectations and satisfaction levels of NRI investors. Further exploration into the specific factors contributing to these differences could provide valuable insights for financial institutions aiming to tailor their services to diverse investor profiles. The association between the marital status of NRIs and their opinions on returns from mutual fund investing in Gujarat suggests that personal and family circumstances may influence investment perspectives. Married NRIs may have distinct financial goals and risk tolerance levels compared to their unmarried counterparts. Understanding these differences can aid financial advisors in offering more personalized and effective investment guidance to cater to the diverse needs of the NRI investor base.

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