

# **CHAPTER-1**

## **INTRODUCTION**

An investment is an asset or item acquired with the goal of generating income or appreciation. Appreciation refers to an increase in the value of an asset over time. When an individual purchase good as an investment, the intent is not to consume the good but rather to use it in the future to create wealth. The act of investing has the goal of generating income and increasing value over time. Investment is deploying capital for earning more money through the production of commodities, goods and services. This is business investment; non-business investment is for creating assets of consumption. There can be investment where money is used to earn more money without any interface with the real economy of physical production. An investment can refer to any mechanism used for generating future income. This includes the purchase of bonds, stocks or real estate property, etc.

Additionally, purchasing property that can be used to produce goods can be considered as an investment. In general, any action that is taken in the hopes of raising future revenue can also be considered an investment.

Every person likes to live happily and comfortably, so they try to earn more and more income. They can satisfy their needs by utilising these earnings. If a person has more income, his spending will also be more. It means that there is a direct relationship between earnings and spending. Usually larger part of their income will be utilised to meet their various needs and a small part is alone saved. These savings are sometimes invested in various assets.

Overseas Indians, officially known as Non-Resident Indians (NRIs) or persons of Indian birth, descent or origin who live outside the Republic of India. According to a Ministry of External Affairs report, there are 32 million NRIs and PIOs residing outside India. A person would be considered as a Non-Resident Indian if any of the following condition is not fulfilled:

- He/ She is in India for 182 days or more during the financial year.
- If he/ she is in India for at least 365 days during the 4 previous year preceding that year and at least 60 days in that year.

Non-Resident Indians are really the wealth of our nation and the strength of Kerala.

The number of persons going abroad for employment and 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 Kerala.

The prosperity and growth of the state have a correlation with the remittances from Non-Resident Indians. During the past years, the cash remittances received by the Kerala households showed a tremendous growth. The NRIs have contributed greatly to the industrial promotion and development of the country by making available foreign exchange, technical skills and contacts with international market, etc. NRIs have lot of investment opportunities depending upon their budget and the time frame. With the savings invested in various options available to the people, the money acts as the drives for the growth of the country.

NRIs may broadly be categorised into two: those in the Gulf regions and those in other countries. The majority of the NRIs in the Gulf regions have gone for taking up employment which may not last indefinitely, and have to return to India on the expiry of their employment period and visa.

Regardless of the incentives offered, these NRIs would invest in India. It is for NRIs in other countries for whom the incentives are relevant. Though NRIs in other countries may have various social, political, if not purely patriotic reasons for making investments in India, their investment decisions may also be based on financial reasons.

Though few studies have already being conducted among the NRIs of Kerala, they were mainly for estimating number of persons migrated to different countries, the activity status of migrants, consequences of migration on Kerala society, etc. These studies carried out among NRIs of Kerala were probably of general nature. Several important aspects of investment decision-making among NRIs such as impact of education, place of employment, place of residence, etc on investment is relevant and significant. The present research study titled “A STUDY ON INVESTMENT PERCEPTION OF NRIs OF KANNUR DISTRICT” was undertaken to provide insight into investment decisions and behaviour of the investment of NRIs of Kannur District.

## **1.2 SIGNIFICANCE OF THE STUDY**

Presently, wide range of investment opportunities is offered to investors by many institutions. Hence, investment is not confined to a specific area. But NRIs being outsiders may not be aware of the various avenues. It is also doubtful about the factors that are considered by them to make investments. Hence, the present study titled “A STUDY ON INVESTMENT PERCEPTION OF NRIs OF KANNUR DISTRICT” is an attempt to analyse and evaluate the attitude of NRIs towards investment and to find out the investment behaviour of NRIs of Kannur district towards investment.

## **1.3 STATEMENT OF THE PROBLEM**

The number of NRIs in Kannur district has been increasing at an alarming rate during the past years. This shows that the structural framework is favourable in attracting NRIs in investment. As the NRIs visit their home country only for a short period of time and mostly once in a year, they are not familiar and are not well educated about the various options to which they can make their investments. Their attitude towards investment is guided by many external factors and once they decide to invest, the major problem starts with the lack of proper agency (financial advisor/consultant) to guide the investors according to their preferences. Hence it is important that the NRIs knowledge about the investment options available in India are broadened and thus gaining a positive attitude towards the investment alternatives.

## **1.4 OBJECTIVES OF THE STUDY**

- To examine the investment behaviour of NRIs.
- To analyse the attitude of the investors towards various investment avenues.
- To study the factors which influences the investment decisions of investors.
- To study the influence of educational background of the NRIs on their investment decisions.

## **1.5 SCOPE OF THE STUDY**

The Scope of the study limited to the NRIs of Kannur district who have invested their money in various investment avenues in India. The study is conducted on 50 respondents of Kannur district. This study finds out the investment behaviour of NRIs and will be helpful identify the different investment options available in the market.

## **1.6 RESEARCH METHODOLOGY**

The present study “NRI investment” has been designed as an empirical one based on the survey method. Primary data and secondary data were used for the smooth conduct of the study.

Data for the study were collected from both primary and secondary sources.

### **PRIMARY DATA**

The data which is collected by researcher himself for the first time is primary data. The primary data collected was on the basis of the objective of the study, which is recorded through survey method. Data was collected through distributing questionnaire.

### **SECONDARY DATA**

Secondary data are those data which are already collected by someone or from various books, journals, magazines, etc. It has no bias as it is already published facts and figures collected for some other purpose. Data are also collected from Internet.

### **STATISTICAL TOOLS USED**

Data collected were analysed with the following statistical tools:

- Percentage Method
- Tables
- Charts and graphs

### **SAMPLING DESIGN**

The population of the study is extended within Kannur. The sample consists of 50 people in Kannur.

## **1.6 LIMITATIONS OF THE STUDY**

- The study of many investment opportunities is available in the market. But this study incorporate only limited number of investment avenues.
- The study is confined to small group of NRIs as the sample size was limited.
- As the study is based on information received from questionnaire, there are chances of error.
- Lack of interest on the part of respondents.
- The scope of the study is confined limited to Kannur district

## **1.8 CHAPTER SCHEME**

This project is divided into 5 chapters

- The first chapter gives an overall introduction to the study. It mainly includes introduction, statement of problem, significance of the study, objectives of the study, research methodology and limitation of the study.
- The second chapter deals with review of literature. It includes surveys conducted by experts on investment of the people.
- The third chapter gives detailed theoretical aspects about investment.
- The fourth chapter deals with analysis and interpretation of data. It is summarized with the help of various charts and graphs.
- The fifth chapter gives the findings, suggestions, and conclusions derived from the Study.