**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. **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. **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. **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.

**CHAPTER-2**

**REVIEW OF LITERATURE**

**Brahma Bhatt, P.S. RaghuKumari& Sharmira Malekar (2012)** has conducted a study on the investor behaviour on investment avenues in Mumbai with a sample of 100 respondents. The study revealed that people invest in stock market as compared to any other avenues, even though they face huge losses. It was also evident from the study that investor prefers savings and safety but at the same time they want higher interest at low risk in shorter span. They study also concluded that most of the respondents possess higher educational qualification and opt for two or more sources of information to make investment decision. It also stated that most of the respondents discuss with their family and friend before making investment and the respondents decisions are based on their own initiative. Female respondents are attracted towards gold than any other avenues.

**VarshaVirani** undertook a study on saving and investment pattern of school teacher in Rajkot city, Gujarat with a sample of 100 schoolteachers and concluded that most of the teachers prefer Bank Fixed deposit and government securities as their investment option. High interest rates as well as safety have been considered as the main criteria for investment. It also revealed that high rate of return and tax benefit has influenced the investment decision of the respondents. There was a lack of awareness about equity and mutual fund as avenues of investment. It also revealed that most of the teachers are saving their money for children’s education, marriage and to fulfill the other goals of life.

**Murithi Suriya, Narayanan and Arivazhagan (2012)** , in their study reveal that female investors dominate the investment market in India. According to their survey, majority of the investors are found to be considering two or more sources of information to make investment decisions. Most of the investors discuss with their family and friends before making an investment decision.

**Yogesh and Charily(2012),**  analyzed that due to low returns the conventional investment options like Post Office Saving Schemes, Public Provident Funds are not preferred by the investors. However, investment on gold is preferred by female investors.

**Kaushal and Kinjal (2012)**, discussed that due to less risk all income group and category of investor prefer to invest in bank deposits as well as post office deposits. Whereas investment in equity shares, mutual funds, insurance, commodities and real estate are preferred by higher income group with higher education.

**Palanivel and Chandra Kumar (2013)**, identified the low and middle-income group of investors and irrespective of them give preference to invest in insurance and bank deposit.

**R Sreepriya& P Gurusamy (2013)** studied the investment pattern of salaries people in the district of Coimbatore with a sample of 150 respondents and concluded that majority of the respondents are educated up to college level and they are aware of the investment avenues. It was also concluded that most of the respondents prefers long term investment and bank deposits was the most preferred investment. They have not faced any problem on their investments. The study also emphasized that the there was a significant relationship between education qualification and fulfilment level of the respondents.

**B.N. Panda&J.K. Panda (2013)** carried out a comparative study on the relevance of demographic factors in investment decisions with respondents from education sector. A convenient sample of 175 respondents from Bhubaneshwar was selected. The study revealed that demographic variable such as age, gender; education and occupation have no significant relations with the period of investments made by the investor. It also disclosed that there is significant relationship exist between the demographic factors such as gender, education, occupation, annual income and savings with the sources of awareness with the analysis of investment avenues. Investor’s choice was equally distributed between physical assets and financial assets. It also conveyed that no significant relation exists with the demographic variables of age and family size.

**Uma Maheshwari and Ashok Kumar (2014 )**, suggested that majority of investors preferred to invest in Fixed deposit with banks followed by gold, units of UTI, fixed deposit of non-government companies, mutual funds, equity shares and debenture for safety and liquidity. The above literature shows the important contribution on investors perception towards’ various investment avenues.

**CHAPTER-3**

**PROFILE OF THE STUDY**

**NON-RESIDENT INDIAN**

Non-Resident Indian is abbreviated by NRI. The person of Indian Origin (PIO) who is residing outside India permanently is called as NRI. In another way, NRI is an Indian citizen migrated to another country. The reason for residing outside India can be education, employment, vocation and any other acceptable reasons defined under the laws. The Non- Resident Indians are act as transducer of financial resources to India, especially Kerala economy. NRIs originated from Kerala are popularly known as NRKs. NRKs are one of the strong pillars of Kerala Model Development.

“A person resident outside India who is either a citizen of India or a person of Indian origin” (NRI definition- Foreign Exchange Management Act (FEMA), 1999).

In terms of Regulation 2 of FEMA Notification No. 13dated May 3, 200, Non-Resident Indian (NRI) means a person resident outside India who is a citizen of India. Person of Indian Origin (PIO) means a citizen of any country other than Bangladesh or Pakistan who had (a) at any time held Indian passport or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 or (c) the person is a spouse of an Indian citizen or a person referred to in (a) or (b), (RBI- master circular No.8/July 2013).

Later RBI has extended the above definition by adding student’s migration also to the term NRI and accordingly students studying abroad also eligible for foreign investment, NRE, FCNR account etc.

**NRIs – IMPACT ON KERALA**

There is manifold and far-reaching impact in the Kerala socio-economic scenario owing to large scale migration to foreign countries. The most important positive aspect of migration is the substantial reduction in the unemployment rate in Kerala. The social tension in 1980s was about 40 percent of employable persons are unemployed. This problem has been solving at large extent as foreign migration rate progressing. Most of the remittances received in Kerala were invested in building new houses, building complexes etc. which demanded greater number of manual labourers as the educated youth of Kerala were reluctant to engage in such work. A notable consequence of migration was the introduction of Vocational and Skill developing courses in Kerala. In order to migrate for better job, lot of unemployed youth joined in these courses. Fire and safety, paramedical, computerized accounting, office automation, lift operation, refrigeration, catering courses etc offered vast job opportunities for Kerala youth abroad. NRis remittances make a substantial contribution to the annual income of most house hold in Kerala. The remittance of NRIs contributes about one third portion of net state domestic product (NSDP) of Kerala. Out of total per capita income of Kerala about 25 per cent share originated from foreign remittances. Foreign migration is not freed from negative impacts in Kerala. Lack of proper structural framework for handling remittances resulted in lot of socio-economic lacunas in Kerala. The remarkable point is unproductive and dead investment of NRIs fund. Construction of huge size homes, purchase of luxurious cars and similar items are considered are dead investments since it will not generate future earning or income. Concentration of economic power in some people, household disparity in socio economic status, less opportunities to accommodate returning NRIs is became evil impact of migration.

**NON-RESIDENT INIAN UNDER INCOME TAX ACT**

Income Tax Act has not directly defined NRI. Section 6 contains criteria of who is considered as Resident in India and provides that anyone who doesn’t meet these criteria is Non-Resident. Liability to pay tax in India does not depend on the nationality or domicile of the tax payer but on his residential status. The status of a person as a resident or non-resident depends on his period of stay in India. The period of stay is counted in number if days for each financial year beginning from 1st April to 31st March.

**INVESTMENT**

Investment refers to acquisition of some assets. It means the use of funds for productive purpose for securing some objectives like income, appreciation of capital gains, or for further production of goods and services with the objective of securing profits. The pace of economic development of a country depends on savings and investment because they are the basis of capital formation.

In generally speaking, investment can be considered as the application of money or kinds with the expectation of future benefits which is more than applied assets. The traditional expectation from investment is either to earn future income or to attain capital appreciation of assets. In the era of financial innovation, the purposes of investments are diversified. At present apart from earning future income and capital appreciation on assets, the platforms of investment are used to minimize and hedge risk, to ensure liquidity, to market making, to cover with life and property protection etc.

“Purchase of financial assets that produces a yield that is proportional to the risk assumes over some time.” (Investment definition- F. Amling)

Each and every individual save even though the saving is not very large. The house hold sector does the major savings in India and contributes to the bulk of total savings that flow into financial assets which may take any of the forms of currency, deposits with banks and companies, PF, insurance corporate shares and bonds etc.

In the view point of Economists, investment is treated as the utilization of resources for the purpose of increase income or output of production in future. So, money deposited in to banks and financial institutions or amount spend for purchasing land, building and machineries by expecting generation of future earnings etc., are considered as the example of investment Although there is a general broad definition to the term investment, it carries slightly different meanings for different industrial sectors. But in financial terminology, the investment refers to the buying of a financial product or any valued item with the anticipation that positive returns will be received in the future.

The two important elements of an investment are time and risk. In certain risk-free investments like government bonds, only time element is important. In certain other investment types, say for example derivatives, the risk element if the dominant aspect. In yet other investments (like equity shares), both time and risk are important. But over a long time frame the risk gets neutralised and that works in favour of risk-return trade off of these investments.

**IMPORTANCE OF INVESTMENT**

Through investing, one can secure their financial future and realize their dreams. Following are a few benefits of investing that highlight why investing is important.

* **Earn returns**

Through investing, one can earn higher returns than saving. There are different investment vehicles that can fetch investors high returns in favourable market conditions. By investing, one can make their money work for them.

* **Reach financial goals**

Through investing, one can accumulate wealth. This will help them fulfil their financial goals and also secure their future. Investing with a goal in mind will not only motivate investors to invest regularly but also help in achieving the goal.

* **Beat inflation**

Inflation has the power to eat up one’s savings and reduce their purchasing power. In other words, the worth of one rupee will be less than what it is after a year. This is mainly due to inflation. To beat the rising costs, one has to ensure their money grows. This can only happen through investing.

* **Financial discipline**

The market has so many investment routes, and one of them is systematic investing. By investing regularly, one doesn’t just fulfil their goals, and they are also inculcating a practice. One will be financially disciplined by investing regularly. Moreover, it will also help them keep a check on their expenses.

**CHARACTERISTICS OF INVESTMENTS**

1. **Return:** All investments are characterized by the expectation of a return. In fact, investments are made with the primary objective of deriving a return. The return may be received in the form of yield plus capital appreciation. The difference between the sale price & the purchase price is capital appreciation. The dividend or interest received from the investment is the yield. Different types of investments promise different rates of return. The return from an investment depends upon the nature of investment, the maturity period & a host of other factors.
2. **Risk:** Risk is inherent in any investment. The risk may relate to loss of capital, delay in repayment of capital, nonpayment of interest, or variability of returns. While some investments like government securities & bank deposits are almost risk less, others are more risky. The risk of an investment depends on the following factors.

* The longer the maturity period, the longer is the risk.
* The lower the credit worthiness of the borrower, the higher is the risk.

The risk varies with the nature of investment. Investments in ownership securities like equity shares carry higher risk compared to investments in debt instrument like debentures & bonds.

1. **Safety:** The safety of an investment implies the certainty of return of capital without loss of money or time. Safety is another features which an investors desire for his investments. Every investor expects to get back his capital on maturity without loss & without delay.
2. **Liquidity:** An investment, which is easily saleable, or marketable without loss of money & without loss of time is said to possess liquidity. Some investments like company deposits, bank deposits, P.O. deposits, NSC, NSS etc. are not marketable. Some investment instrument like preference shares & debentures are marketable, but there are no buyers in many cases & hence their liquidity is negligible. Equity shares of companies listed on stock exchanges are easily marketable through the stock exchanges. An investor generally prefers liquidity for his investment, safety of his funds, a good return with minimum risk or minimization of risk & maximization of return.

**INVESTMENT BEHAVIOR OF NRIs**

Investment behaviours are defined as how the investors judge, predict, analyse and review the procedures for decision making, which includes investment psychology, information gathering, defining and understanding, research and analysis. The whole process is “Investment Behaviour” (Slovic, 1972; Alfredo and Vicente, 2010).

Investment behaviour concept considers investment as a rational and logical decision-making process in which the investors trying to choose a portfolio of securities or and assets. If investor is rational, he will be able to form a rational and correct expectation about investible assets, future return, value appreciation and probable risk pattern. They obtain relevant and adequate information relating to investment options and its determinants in order to take efficient investment decision. Some people make investment decision on inadequate and incorrect information and such investment may move into wrong shoes.

Behaviour of investors are influenced by the complexity, structure, transparency and perceived performance of various investment alternatives. The important factors influencing investment behaviour are;

* Type and nature of asset or securities
* Basis of acquisition
* Length of commitment
* Sources and frequency of income
* Quantity of risk associated
* Stability and regularity of return
* Psychological attitude and perceptions
* Education and experience
* Personality traits of investors like risk aversion, risk propensity rate, extroversion and introversion, locus of control etc.,
* Investment regulation by govt. and its agencies
* Reason or objectives of investment etc

Investment behaviour and attitude are likely to be affected by innovative practices and instruments in the investment environment. A wide variety of opportunities for the consumption and investment are available to those who have disposable income and savings. Investment venues are ample and they are growing in number and variety. The financial innovation and engineering brought us a lot of innovative and attractive investment options for catering the need of different type of individual and institutional investors. Now the investors are enjoying flexibility and freedom of investment as a result of financial globalization and liberalization.

Investment behavior of NRIs can be influenced by various factors, and it's important to consider economic, cultural, and regulatory aspects. Here are some key points to understand NRI investment behavior:

**Regulatory Environment:**

NRIs need to adhere to the foreign exchange regulations of both their home country and the host country where they are investing. Understanding these regulations is crucial in shaping their investment decisions.

**Risk Appetite:**

Like any other investors, NRIs vary in their risk tolerance. Some may prefer conservative investments, while others might be more inclined towards higher-risk, higher-return options.

**Economic Conditions:**

Economic conditions, both in the home country and the host country, can significantly impact investment decisions. NRIs may choose to invest in a particular country based on its economic stability, growth prospects, and other relevant factors.

**Cultural Factors:**

Cultural preferences and values may influence investment choices. For instance, some NRIs may have a preference for investments in sectors that align with their cultural or ethical values.

**Investment Knowledge and Education:**

The level of financial literacy and investment knowledge among NRIs can affect their investment choices. Those with a better understanding of financial markets may opt for a diverse range of investment options.

**Tax Implications:**

NRIs must be aware of the tax implications of their investments in both the home and host countries. Tax treaties between countries can also impact how income is taxed.

**Currency Exchange Rates:**

Fluctuations in currency exchange rates can impact the returns on investments, especially for NRIs who earn in one currency and invest in another.

**Real Estate Investments:**

NRIs often show interest in real estate investments in their home country for emotional and practical reasons. Real estate can be seen as a long-term, stable investment option.

**Government Policies:**

Changes in government policies, both in the home and host countries, can have a significant impact on investment decisions. NRIs need to stay informed about policy changes that may affect their investments.

**DIFFERENCE BETWEEN NRE AND NRO ACCOUNTS**

The differences between NRE and NRO accounts are outlined below in the following account features.

* **Repatriation:** Repatriation is defined as sending or bringing money back to the foreign country. You can easily repatriate funds from an NRE account including the interest earned in that account. However, RBI has made some restrictions on NRO accounts.  You can remit only up to USD 1 million in a financial year (April to March). In addition, you will need a chartered accountant to complete the paperwork for you.
* **Taxation Laws:**NRE accounts are tax exempted. Therefore, income taxes, wealth taxes, and gift taxes do not apply in India. Interest earned from these accounts is also exempt from taxes. But as per Indian Income tax laws, NRO accounts are taxable; income taxes, wealth taxes, and gift taxes do apply. Interest earned on an NRO account as also subject to taxation. However, reduced tax benefit is availed under Double Taxation Avoidance Agreement (DTAA).
* **Deposit and Withdrawal of Funds:** You can deposit funds from a foreign country (in foreign currency) in both NRE and NRO accounts, but funds originating from India (in Indian rupees) can only be deposited in an NRO account and cannot be deposited in an NRE account. Withdrawals from both NRE and NRO accounts can only be made in INR.
* **Flow of Funds:** In an NRE account, repatriation is allowed outside India in any currency.
* **Transfer:** An NRE account allows you to transfer funds to another NRE account as well as to an NRO account. You can transfer funds from an NRO to another NRO account, but you cannot transfer funds from an NRO account to an NRE account.
* **Joint Accounts:** Two NRIs can open both an NRE joint account or an NRO joint account. However, you cannot open an NRE joint account with a resident Indian. This facility is available only with an NRO joint account.
* **Motive or Purpose:** An NRE account helps you transfer funds to India earned abroad and maintain them. While NRO accounts helps maintain regular flow of income earned in the form of rent, pensions, or dividends from India.
* **Effect of Exchange Rate Fluctuations:** NRE accounts are exposed to two kinds of exchange loss, namely day-to-day fluctuations in the value of INR and conversion loss. NRO accounts are not at such risk.

Non-Resident External or NRE Account refers to funds deposited with a financial institution that allows for the efficient conversion and transfer of Indian and foreign currency both within and outside of India. The NRE Account can only be opened in India by an NRI or Non-Resident Indian or by an Indian national who has lived outside of India for a period of no less than 180 days in the previous year. A Non-Resident External or NRE Account is typically opened using foreign currency and allows account holders to convert foreign currency into Indian rupees at the prevailing exchange rate on the date of conversion. An NRE Account also only allows for transfers in foreign currency, and the amount in this type of account is able to be freely repatriated to India. Also, the account holder is free to send funds out of India. The NRE Account is re-designated as a resident account upon the holder‘s return to India, with foreign currency in the account then transferred to a Resident Foreign Currency or RFC account.

**NRI'S ROLE IN ECONOMIC DEVELOPMENT OF INDIA**

In the age of economy slowdown, India is passing through a bad phase and its monetary condition is severely affected. Inflation rate is high and people are unable to manage their daily life. In this context Indian government has great expectations from millions of Non-resident Indians to resolve the crisis through making investments in India. NRIs generate earnings is estimated to be $250 billion and is one third of the GDP of India. This clearly indicates that they can contribute a lot to Indian economy and enhance its fiscal growth. With the net worth of the NRI baby boomer generation increasing, marvellous opportunities are provided for them by the government.  This actually had begun since the year 2000, when a high level Indian Diaspora committee headed by Dr. L.M. Singhvi, was established to tap the NRIs resources and to discover the possibilities of their investments in India. Since then India is reaching out more NRIs for their attention to support in the India’s developmental activities. There are numerous opportunities provided by the government to the NRIs to invest in India. The Reserve Bank of India has directed the Indian banks to attract NRI deposits and there are numerous short and long term investment plan option for them. Besides, NRIs are encouraged to establish business and educational institution in India. As a result of all this there is greater involvement of NRIs in India. Even though NRI’s contribution is not visible but they are helping their country through varied activities in India. Many reports reveal that NRI’s are major source of Direct Foreign Investment, market development (outsourcing), technology transfer, charity, tourism, political contributions and more substantial flows of knowledge, in India. The NRIs have came forward with several non-governmental organizations in India helping in array of developmental, educational and social projects. It has been observed that large number of NRIs is actively taking part in several welfare programs in India. They have registered many NGOs to encourage education, health care and developmental activities such as water management, rural development and self-help programs etc.

   Indo-Caribbeans, Indo-Fijians and other communities have contributed a lot in social service in India. Many of them have come forward to support their schools and colleges where they studied in India. Some have also launched schools and colleges in their ancestral villages and towns. They are also assisting in social and environmental problems in India. Good news is there are many NRI’s who are returning to India and most of them are highly qualified and experienced persons.  If their professional knowledge and monetary resources are joined together, it will be beneficial for the country’s development. Professor Amartya Sen, Nobel prize winner in economic is one such NRI, who is contributing his knowledge for the development of India. NRIs can play significant role in shaping India’s monetary, social and economic conditions.  Indian government should encourage them for making investments and involve them in other developmental activities in India. NRIs contributions in the development of India cannot be ignore

**CHAPTER-4**

**DATA ANALYSIS AND INTERPRETATION**

**Table 4.1**

**Age**

|  |  |  |
| --- | --- | --- |
| **PARTICULARS** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| 18-25 | 9 | 18 |
| 25-30 | 23 | 46 |
| 30-40 | 10 | 20 |
| 40-50 | 8 | 16 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.1**

**Age**

**INTERPRETATION**

Table No.4.1 shows that 18% of the respondents are from the age group of 18 to 25 years. 46% of the respondents belongs to the age group of 25 to 30 years. 20% of the respondents belongs to the age group of 30 to 40 years. 16% of the respondents are from the age group of 40 to 50 years.

**Table 4.2**

**Gender**

|  |  |  |
| --- | --- | --- |
| **PARTICULARS** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Male | 21 | 42 |
| Female | 29 | 58 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.2**

**Gender**

**INTERPRETATION**

Table no.4.2 shows that 42% of them are male. Another 58% of the respondents are female.

**Table 4.3**

**Educational qualification**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONSES** | **PERCENTAGE** |
| Diploma | 12 | 24 |
| Under graduate | 20 | 40 |
| Post graduate | 10 | 20 |
| Other | 8 | 16 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.3**

**Educational qualification**

**INTERPRETATION**

Table No.4.3 shows that 24% of the respondents have diploma. 40% of the respondents are under graduate. 20% of the respondents are post graduates. 16% of the respondents have other educational qualification.

**Table 4.4**

**Place of Employment/Business**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Gulf | 36 | 72 |
| Other | 14 | 28 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.4**

**Place of Employment/Business**

**INTERPRETATION**

Table No.4.4 shows that 28% of them are from other places. 72% of the respondents are from gulf.

**Table 4.5**

**How long you are an NRI**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Less than 5 years | 6 | 12 |
| 5 to 10 years | 18 | 36 |
| 10 to 15 years | 20 | 40 |
| Above 15 years | 6 | 12 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.5**

**How long you are an NRI**

**INTERPRETATION**

Table No.4.5 shows that 12% of the respondents are NRI from less than 5 years. 36% of the respondents are NRI from last 5 to 10 years. 40% of the respondents are NRI from last 10 to 15 years. 12% of the respondents are NRI from above 15 years.

**Table 4.6**

**Annual income**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Less than 2 lakhs | 10 | 20 |
| 2 to 4 lakhs | 24 | 48 |
| 4 to 6 lakhs | 11 | 22 |
| More than 6 lakhs | 5 | 10 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.6**

**Annual income**

**INTERPRETATION**

Table No.4.6 shows that 20% of the respondents have an annual income of less than 2 lakhs. 48% of the respondents have an annual income of 2 to 4 lakhs. 22% of the respondents have an annual income of 4 to 6 lakhs. 10% of the respondents have an annual income of more than 6 lakhs.

**Table 4.7**

**Source of knowledge on various investment avenues**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Friends | 15 | 30 |
| TV advertisements | 13 | 26 |
| Newspaper | 8 | 16 |
| Agent | 10 | 20 |
| Online | 4 | 8 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.7**

**Source of knowledge on various investment avenues**

**INTERPRETATION**

Table No.4.7 shows that 30% of the respondents got information about investment avenues from their friends. 26% of the respondents got information about investment avenues from TV advertisements. 16% of the respondents got it from newspaper. 20% of the respondents got information from agents and 8% of the respondents got information about investment avenues from online.

**Table 4.8**

**Factors you consider before making investments**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Risk | 15 | 30 |
| Tax benefits | 5 | 10 |
| Security | 20 | 40 |
| Return on investment | 10 | 20 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.8**

**Factors you consider before making investments**

**INTERPRETATION**

Table No.4.8 shows that 30% of the respondents consider risk before making investments. 10% of the respondents consider return on investment before making investments. 40% of the respondents consider security of their investment before making investments while 20% of the respondents consider return on investment before making investments.

**Table 4.9**

**In which area have you made your investment**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Real estate | 2 | 4 |
| Mutual fund | 8 | 16 |
| Life insurance | 13 | 26 |
| Bank deposits | 20 | 40 |
| Post office savings scheme | 7 | 14 |
| Other | 0 | 0 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.9**

**In which area have you made your investment**

**INTERPRETATION**

Table No.4.9 shows that 4% of the respondents invest in real estate. 16% invested in mutual funds. 26% of the respondents made investment in life insurance. 40% of the respondents made investment in bank deposits and 14% of the respondents invest in post office savings scheme.

**Table 4.10**

**Ever invested in gold, chit funds**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Always | 9 | 18 |
| Sometimes | 20 | 40 |
| Rarely | 18 | 36 |
| Never | 3 | 6 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.10**

**Ever invested in gold, chit funds**

**INTERPRETATION**

Table No.4.10 shows that 18% of the respondents always invested in gold, chit funds. 40% of the respondents sometimes invested in gold, chit funds. 36% of the respondents rarely invested in gold, chit funds. 6% of the respondents never invested in gold, chit funds.

**Table 4.11**

**Percentage of your income do you invest**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Less than 15% | 15 | 30 |
| 15 to 30% | 20 | 50 |
| 31 to 50% | 10 | 20 |
| 50% and above | 5 | 10 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.11**

**Percentage of your income do you invest**

**INTERPRETATION**

Table No.4.11shows that 30% of the respondents invest less than 15% of their income. 50% of the respondents said that they invest 15 to 30% of their income. 20% of the respondents invest 31 to 50% of their income. 10% of the respondents invest 50% and above of their income.

**Table 4.12**

**Duration of investment**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Less than 1 year | 4 | 8 |
| 1 to 2 years | 3 | 6 |
| 2 to 5 years | 22 | 44 |
| 5 to 10 years | 10 | 20 |
| More than 10 years | 11 | 22 |
| **Total** | **50** | **100** |

Source: Primary Data

**Figure 4.12**

**Duration of investment**

**INTERPRETATION**

Table No.4.12shows that 8% of them prefer to invest for less than 1 year and 6% of them prefer to invest for 1 to 2 years. 44% of the respondents prefer to invest for 2 to 5 years. 20% of them prefer to invest for 5 to 10 years. 22% of them prefer to invest for more than 10 years.

**Table 4.13**

**Ever invested your money in share market**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Yes | 28 | 56 |
| No | 15 | 30 |
| Maybe | 7 | 14 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.13**

**Ever invested your money in share market**

**INTERPRETATION**

Table No.4.13 shows that 56% of the respondents invested their money in share market. 30% never invested in share market. 14% of the respondents maybe invested in share market.

**Table 4.14**

**Purpose behind investment**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Earning returns | 16 | 32 |
| Minimize tax burden | 4 | 8 |
| Wealth creation | 25 | 50 |
| Save for retirement | 5 | 10 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.14**

**Purpose behind investment**

**INTERPRETATION**

Table No.4.14 shows that 32% of the respondents invested their money for earning return. 8% of the respondents invest their money for minimize tax burden. 50% of the respondents invested their money for wealth creation. 10% for save for retirement.

**Table 4.15**

**Level of satisfaction on investment made**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Highly satisfied | 10 | 20 |
| Satisfied | 30 | 60 |
| Unsatisfied | 6 | 12 |
| Highly unsatisfied | 4 | 8 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.15**

**Level of satisfaction on investment made**

**INTERPRETATION**

Table No.4.15 shows that 20% of the respondents highly satisfied and 60% of the respondents satisfied with their investment. 12% of the respondents unsatisfied with it. 8% of the respondents highly unsatisfied with their investment.

**Table 4.16**

**Which of the following describes your attitude towards investment risks**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Conservative | 42 | 84 |
| Moderate | 5 | 10 |
| Situational | 2 | 4 |
| Aggressive | 1 | 2 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.16**

**Which of the following describes your attitude towards investment risks**

**INTERPRETATION**

Table No.4.16 shows that 84% of the respondents said that they are conservative towards investment risks. 10% of them said that they are moderate while 4% of them are situational. 2% of the respondents said that they are aggressive.

**Table 4.17**

**From which option will you get the best returns**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Shares | 12 | 24 |
| Insurance | 9 | 18 |
| Real estate | 6 | 12 |
| Banks | 8 | 16 |
| Post office saving scheme | 5 | 10 |
| Mutual fund | 8 | 16 |
| Other | 2 | 4 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.17**

**From which option will you get the best returns**

**INTERPRETATION**

Table No.4.17shows that 24% of the respondents opined that they get the best returns form shares. 18% said from insurance, 12% from real estate, 16% of the respondents opined that they get the best returns from banks. 10% from post office saving scheme and 16% said that they get the best return from mutual fund. 4% of the respondents said that they get it from other sources.

**Table 4.18**

**Get tax exemption for any of the investment made**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Yes | 36 | 72 |
| No | 10 | 20 |
| Maybe | 4 | 8 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.18**

**Get tax exemption for any of the investment made**

**INTERPRETATION**

Table No.4.18 shows that 72% of the respondents got tax exemption for their investment. 20% never got tax exemption for their investment. 8% said that the respondents maybe got tax exemption for their investment.

**Table 4.19**

**Opinion about existing investment avenues**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Sufficient | 20 | 40 |
| Adequate | 12 | 24 |
| More adequate | 14 | 28 |
| Not sufficient | 4 | 8 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.19**

**Opinion about existing investment avenues**

**INTERPRETATION**

Table No.4.19 shows that 40% of the respondents opined that there is no improvement needed in Zara’s customer service. 24% said faster response should be needed while 30% respondents opined that Zara should improve return process. 8% said that more knowledge is needed.

**Table 4.20**

**How often do you monitor your investment**

|  |  |  |
| --- | --- | --- |
| **RESPONSES** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Daily | 1 | 2 |
| Weekly | 3 | 6 |
| Monthly | 36 | 72 |
| Occasionally | 10 | 20 |
| **TOTAL** | **50** | **100** |

Source: Primary Data

**Figure 4.20**

**How often do you monitor your investment**

**INTERPRETATION**

Table No.4.20 shows that 2% of the respondents monitor their investment daily. 6% of the respondents monitor their investment weekly. 72% of the respondents monitor their investment monthly. 20% of the respondents monitor their investment occasionally.

**CHAPTER-5**

**FINDINGS ,SUGGESTIONS AND CONCLUSION**

**5.1 FINDINGS**

* 46% of the respondents belongs to the age group of 25 to 30 years.
* 58% of the respondents are female.
* 40% of the respondents are under graduate.
* 72% of the respondents are from gulf.
* 40% of the respondents are NRI from last 10 to 15 years.
* 48% of the respondents have an annual income of 2 to 4 lakhs.
* 30% of the respondents got information about investment avenues from their friends.
* 40% of the respondents consider security of their investment before making investments.
* 40% of the respondents made investment in bank deposits.
* 40% of the respondents sometimes invested in gold, chit funds.
* 50% of the respondents said that they invest 15 to 30% of their income.
* 44% of the respondents prefer to invest for 2 to 5 years.
* 56% of the respondents invested their money in share market.
* 50% of the respondents invested their money for wealth creation.
* 60% of the respondents satisfied with their investment.
* 84% of the respondents said that they are conservative towards investment risks.
* 24% of the respondents opined that they get the best returns form shares.
* 72% of the respondents got tax exemption for their investment.
* 40% of the respondents opined that there is no improvement needed in Zara’s customer service.
* 72% of the respondents monitor their investment monthly.

**5.2 SUGGESTIONS**

* Most of the NRIs are risk averters because of lack of knowledge about the golden rule of investment that higher risk will give more return. Hence bank, financial agencies or consultancies would try to educate the NRIs about the benefits of taking higher risk.
* Government has to conduct awareness programs and also develop and motive NRIs toinvest in their home county, rather than in the country in which they stay.
* The frequency of investment adopted by the NRIs is annually. Because of lack ofawareness about different investment alternatives. They are reluctant to invest their hardearned money in those investment which they do not have sufficient information. Thus byconducting seminars, publishing journals, investors could be made more aware.
* Encourage the NRIs to invest in profitable investment opportunities (like post officeschemes shares, etc…).
* Provide more detailed information to NRIs about investment alternatives because they are not frequent visitors to their home country.
* Government and related agency should frame policy measures and mechanisms to direct NRI remittances to productive investment venues.
* Government should offer incentives and tax benefits to those NRI investors who take part in public infrastructural development activities of the state.
* Government and public Companies/corporations should engineer new securities and instruments which specifically suitable for NRI investors.
* State Government should take measures to bring investment in residential property, real estate and other conventional venues into regulatory frameworks.
* State Government and its agencies should conduct "A village level investment awareness campaign" in order to nurture investment culture in urban as well as rural areas.

**5.3 CONCLUSION**

NRIs navigate the intricacies of cross-border investments, their ability to adapt to changing economic landscapes, stay informed about regulatory shifts, and seek professional financial advice becomes crucial. The dynamic and evolving nature of NRI investment behavior highlights the need for a nuanced, customized, and adaptive approach to wealth creation and preservation.

The various factors identified in study also helped in providing some valuable inputs regarding the investor’s pattern, their preference and priorities. The study reveals that the investor has great preferences for safety and this is proved by their investments in life insurance, gold and bank deposit. The NRI investors are looking for investment alternatives that would help them to earn a steady income back home and also an investment alternative that does not have risk of loss attached to them.

The survey also helped to analyze, the investors awareness about the various investment avenues available to them back home. Through the study it was evident that the investors are not fully aware of the options available to them. Thus through creating awareness and educating the NRIs about the investment alternatives in which they can invest will help the individual as well as the country as a whole to develop.

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**WEBSITES**

* [www.custominsight.com](http://www.custominsight.com)
* [www.livemint.com](http://www.livemint.com)
* [www.nrimatters.com](http://www.nrimatters.com)

**QUESTIONNAIRE**

Name :

Age :

18 - 25

25 - 30

30 - 40

40 - 50

Gender :

Male

Female

Educational qualification :

Diploma

Under graduate

Post graduate

Other:

1. Place of Employment/Business :

Gulf

Other:

1. How long you are an NRI?
2. Less than 5 years
3. 5 to 10 years
4. 10 to 15 years
5. Above 15 years
6. Annual income
7. Less than 2 lakhs
8. to 4 lakhs
9. to 6 lakhs
10. More than 6 lakhs
11. What is your source of knowledge on various investment avenues?
12. Friends
13. Tv advertisements
14. Newspaper
15. Agent
16. Online
17. What are the factors you consider before making investments?
18. Risk
19. Tax benefits
20. Security
21. Return on investment

6. In which area have you made your investment?

1. Real estate
2. Mutual fund
3. Life insurance
4. Bank deposits
5. Post office savings scheme
6. Other:

8.Have you ever invested in gold, chit funds?

1. Always
2. Sometimes
3. Rarely
4. Never

9.What percentage of your income do you invest?

1. Less than 15%
2. 15 to 30%
3. 31 to 50%
4. 50% and above

10.What is your preferred duration of investment?

1. Less than 1 year
2. 1 to 2 years
3. 2 to 5 years
4. 5 to 10 years
5. More than 10 years

11. Have you ever invested your money in share market?

1. Yes
2. No
3. Maybe

12. What is the purpose behind investment?

1. Earning returns
2. Minimize tax burden
3. Wealth creation
4. Save for retirement

13. Level of satisfaction on investment made?

1. Highly satisfied
2. Satisfied
3. Unsatisfied
4. Highly unsatisfied

14. Which of the following describes your attitude towards investment risks?

1. Conservative
2. Moderate
3. Situational
4. Aggressive

15. From which option will you get the best returns?

* 1. Shares
  2. Insurance
  3. Real estate
  4. Banks
  5. Post Office Saving Scheme
  6. Mutual Fund
  7. Other:

16. Do you get tax exemption for any of the investment made?

1. Yes
2. No
3. Maybe

17. Opinion about existing investment avenues?

1. Sufficient
2. Adequate
3. More adequate
4. Not sufficient

18. How often do you monitor your investment?

1. Daily
2. Weekly
3. Monthly
4. Occasionally