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An Empirical Analysis of Tribal Investors' Behaviour - A Study of Selected States in North East India

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Abstract
This study tries to understand the behaviour and perception of the tribal investors in the North Eastern India. This study tried to find out using several non- parametric test and factor analysis what are the investment avenues the population in the study responded to and the behaviour. From the study we understood the behaviour of the tribal investors of north east part of India in respect of selected states. The results of the Mann Whitney test in respect show that investment in respect of the Gold, Real Estate and Post office saving are significant across gender in the study. This indicates that these are more important in terms of investment in respect of decision of investment. In terms of significance for self-decision real estate, banking and post office saving are the clear winners and this is quite obvious given the demographic spread of age group and income level and the sector of employment. Earlier studies have shown that government employees at the higher age group are generally risk averse and tend to invest in stable low return assets. Post office savings show as the only significant investment avenue in term of annual income of the tribal investors.
Keywords*: North East India, investors perception, Behaviour of Investors, Investment decisions*

1. Introduction
The North East India is a distinct identity in respect of both geographical identity and spatial design. Comprising of seven states often called the seven sister of the north east of India; it is covered by the Eastern Himalayas to the extent of two third of its land mass and the rest as flood plains and extended plateau region. The locations of the North Eastern states are distinct as it is divided from main land India by Bangladesh, thereby creating a general access barrier. Besides, the North Eastern States namely Assam, Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Tripura, Nagaland and the new addition Sikkim are having international boundaries with Bangladesh, Nepal, China, Bhutan and Myanmar. This gives the territory some distinct identity in terms of race, culture, religion and language [1]. Despite the fact that this territory is reach in natural resources and reserves and mostly is thinly populated. The majority of the population in these states are tribal. The states have an average higher education level and by and large have performed better than the rest of the country in terms of Human Index. The look east policy of the Government of India (GOI) and special preferences given to the NE states, it has now become essential to study the level of financial process inclusion in context of access, availability and attitude of the investors in these states. In this context, it was deemed necessary to study the Behaviour of the Investors in these states in respect to selected investment avenues and their reaction towards stock market investment [2-4].

2. Literature Review
Chawla (2014) set the theme for financial system by giving a concise definition of transfer of fund from available saving to the required areas to facilitate investment. It was much later that studies started to identify the financial avenues to understand the linkage between financial system, inclusion and avenues of investments. Individuals participate in investment decision since it gives a sense of

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independence in them. Several studies by Dutta (1998), Gosh and Mittal (2010) and Malhotra (2010) have shown that investment is not necessarily a manifestation of profit and loss for the individuals but a sense of knowledge and pride in earning other than their own trade. Subsequent studies have shown that salaried and business class people invest in less risk avenues such as mutual funds [Sujit and Amrit (2001)]. A study by Pati and Shome (2011) shows how banking as a preferred saving is shifting over a period of time. Panda and Tripathy (2002) are concerned over the safety of their investment more than the profit and earning at the end of the day. Avenues of investment have been studied by many Indian authors. Of this Ranganathan (2006), Mittal et al (2007) and Gupta and Jain (2008) show that investors chose various types of investors avenues depending upon their need and risk perception. It has been observed that, investment avenues such as pension fund, mutual funds, insurance and stock market are fast gaining popularity among the investors. Krishnamoorthi (2009) and Joshepet all (2011) argued that investors with better education and knowledge tend to win the market and are better investments. Contrary to this Sarita (2011) show that investors irrespective of their demographic variance prefer to have safety and liquidity over return and there is hardly any difference between the educated and non-educated in this respect of the investment. Parihar et al (2009) shows that the investors keep liquidity as their first pointer for investment followed by affordability, flexibility and transparency and are independent about their decision taking. Dutta (1998) shows that retail investors in the stock market are independent operators [7,8]. Several studies by Wang (2011), Alexander and Nigo (1998), Gupta and Jain (2008) to point out that investors are risk averse and have a pecking order of their investments. Jones and Nigo (1998), Joseph et al (2011) and Lee et al (2013) shows that the investors choose the banking, mutual funds, insurance, Gold and government backed investment for protecting their liquidity and reduce the risk in the investment. In this study, we have taken the above mentioned aspects for analysis and discussed [12-17].

3. Gap in Literature and Statement in Problem

The survey of literature discussed show that despite the fact that studies on behaviour of investors have been carried out there are no proper studies which cover the investors of North- East India. Since, it is one of the most important regions of India having a wide diversity of race, religion and culture, it was deemed fit that a study be conducted to understand the behaviour of the North East India's investors of this respect to investment preference and behaviour of this region [5,6]

Research questions:

- Has gender an influence on the tribal investment decision of the investment avenues amongst the investors of North east India.
- What are the major factors that influence the tribal investments in selecting the investment avenues in the region?

4. Objective of the Study

The following are the objective of the study.

- To understand the effect of demographic factors on the choice of investment by tribal investors
- To identify the tribal investment decision towards investment avenue across gender
- To understand the factors that influences the tribal investors in selecting the various investment avenues

5. Sample Description

The study was conducted by using a structured close ended questionnaire in the state of a. Assam, b. Arunachal Pradesh c. Meghalaya d. Tripura and e. Sikkim. Of these thirteen tribal districts were taken for the study. The total population of the 13 district totals to 1,84,000. By using a normal distribution method of calculation of the sample at 95 percent confidence level the sample size was determined at 384. The distribution of the sample in respect of the states and the districts are given below [9]**.** The data was solicited through researchers operating in various universities of these states. A total of 413 filled in questionnaire was received and of this 26 were not complete in all respect. The complete data in all respect was available for 387. Of this 384 filled in questionnaire were taken to match the sample size predetermined. The data profile is given below in the Table 1.

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Table 1 Distribution of the Sample Across Majorly Tribal Districts of the States in the Study

Sl. No	Name of the States	Name of the District	Number of representative sample across gender and other demographic variables
1	Assam	Kokrajhar	60
		DimaHasao	20
		Chirag	14
		Total	94
2	Arunachal Pradesh	Kara Daadi	30
		Kurung Kuney	30
		East Kamneng	30
		Total	90
3	Meghalaya	West Khasi Hills	50
		East Garo Hills	30
		Total	80
4	Tripura	Dhalal	10
		Udaipur	10
		Belonia	10
		Total	30
5	Sikkim	East Sikkim	70
		West Sikkim	20
		Total	90
6	Grand Total	A+B+C+D+E	384

Source: Computed

The Table 2 of demographic spread shows that the participation of male is 67 percent and female participation is 33 percent. In term of composition of age, the group of 41-50 had participated in large number. The data had more than 60 percent in term of undergraduate and Post graduates. It can be noted as a subtext that the education level in all the North east states is higher in comparison with the other states of the country. Besides, since most of the states are largely Tribal in composition of population, the spatial spread is evenly distributed. The data is highly represented by Government employees since these states have protection for its own population towards state government employment. This has also impacted the higher income level. About 68 percent have agreed that they take their own investment decision.

6. Research Method

The data was sought through a close ended questionnaire as discussed earlier. The question has two parts. Part A. Pertained to demographic profile, Part B had two sets of question [10]. The first pertained to decision of the taking the avenue of the investment in yes and no and the second set was to investors' perception of the investors related to safety, liquidity and returns. The study uses descriptive statistics, Mann Whitney, Kruskal Wallis and one-way ANOVA [18].

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Table 2 Data Profile of Demographic Spread for the Study

Variables	Category	State wise number of data					Total	Percentage
		Sikkim	Meghalaya	Arunachal Pradesh	Assam	Tripura		
Gender	Male	60	50	60	66	20	256	66.66
	Female	30	30	30	28	10	128	33.33
	Others	0	0	0	0	0	0	0
	Total	90	80	90	94	30	384	100
Age	21-30	10	10	20	14	1	55	14.32
	31-40	20	20	10	12	10	72	18.76
	41-50	40	30	40	40	11	161	41.92
	51-60	20	20	20	28	8	96	25.00
	Total	**90**	**80**	**90**	**94**	**30**	384	100
Education	Intermediate	10	10	8	8	7	43	11.19
	UG	30	20	30	35	10	125	32.56
	PG	40	20	30	40	10	140	36.46
	Professional and others	10	30	22	11	3	76	19.79
	Total	**90**	**80**	**90**	**94**	**30**	384	100
Sector	Government	60	50	40	60	13	223	58.08
	Private	5	2	20	4	10	41	10.67
	Self -Employed	20	10	20	20	2	72	18.75
	Retired	5	18	10	10	5	48	12.5
	Total	**90**	**80**	**90**	**94**	**30**	384	100
Annual Income (in rupees)	Upto 3 lakhs	30	10	10	10	10	70	18.22
	3 to 5 lakhs	30	10	20	24	12	96	25.00
	5 to 6 lakhs	30	60	60	60	8	218	56.78
	Total	**90**	**80**	**90**	**94**	**30**	384	100
Self Investment Decision	Y	60	40	70	63	20	253	65.88
	N	30	40	20	31	10	131	34.12
	Total	90	80	90	94	30	384	100

7. Result and Discussion

7.1 Test of Normality

Since the data was not normally distributed in respect of the gender and decision of yes and no in respect of the investor's decision. it was decided that the study uses non-parametric text. Hence, non-parametric tests, Kruskal - Walls and Mann Whitney test were used for the study. However, in respect of the safety, liquidity and returns the data was normally distributed and hence one-way ANOVA was used for the said segment.

7.2 Mann Whitney Test

The results of the Mann Whitney test show in Table 3 show that investment in respect of the Gold, Real Estate and Post office saving are significant across gender. This indicate that these are more important in terms of investment in respect of decision of investment. It is interesting to note that stock market and Insurance are not important in investment in terms of investment. This may be due to risk

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aversion or might be lack of exposure about these avenues among the tribal population of the states.

Table 3 Results of Mann Whitney Test is respect of decision taken across Gender

Investment Avenue	Mann Whitney	Z	Significance
Stock Market	1007.000	1.326	.0018
Gold	1012.00	3.193	.0001*
Real Estate	1112.00	3.56	.0003*
Insurance	1076.00	6.72	.03082
Banking	1096.00	0.673	.50321
Post Office	928.00	2.619	.0007*

**Significance at 5% level*
Source: Computed

Table 4 Result of Mann Whitney Test in respect of Investment Avenues Across Decision (Yes and No)

Investment Avenue	Mann Whitney	Z	Significance
Stock Market	698.00	2.930	.0002
Gold	873.00	1.538	.0082
Real Estate	730.00	2.713	.0001*
Insurance	822.00	1.982	.0002
Banking	736.00	2.400	.0001*
Post Office	813.00	2.132	0.002*

**Significance at 5% level*
Source: Computed

In terms of significance for self-decision real estate, banking and post office saving are the clear winners and this is quite obvious given the demographic spread of age group and income level and the sector of employment [11]. Earlier studies have shown that government employees at the higher age group are generally risk averse and tend to invest in stable low return assets. Data Profile of demographic spread for the study shows in Table 4.

7.3 Kruskal-Wallis Test

Results in the Table 5 show that gold, banking and post office saving avenues are significant at percent level. This is in confirmation for the other foregone results discussed earlier.

Table 5 Age and Tribal Investor's Perception towards Investment Avenue

Investment Avenue	Chi-Square	Asymp. Sig
Stock Market	22.89	.000
Gold	16.231	.000*
Real Estate	4.090	.128
Insurance	5.262	.072
Banking	13.663	.000*
Post Office	13.723	.001*

**Significance at 5% level*
Source: Computed

Table 6 Annual Income and Tribal Investors Perception towards Investment Avenues

Investment Avenue	Chi-Square	Asymp. Sig
Stock Market	1.638	.368
Gold	3.593	.166
Real Estate	1.949	.362
Insurance	5.757	.0534
Banking	.734	.692
Post Office	1.346	.000*

**Significance at 5% level*
Source: Computed

The result of Table 6 shows a similar conclusion and post office saving show as the only significant investment avenue in term of annual income of the tribal investors.

Conclusion

From the study we understood the behaviour of the tribal investors of north east part of India in respect of selected states. The results of the Mann Whitney test show in respect show that investment in respect of the Gold, Real Estate and Post office saving are significant across gender in the study. This indicate that these are more important in terms of investment in respect of decision of investment. In terms of significance for self-decision real estate, banking and post office saving are the clear winners and this is quite obvious given the demographic spread of age group and income level and the sector of employment. Earlier studies shows that government

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employees at the higher age group are generally risk averse and tend to invest in stable low return assets. The only significant investment avenue in terms of annual income of the tribal investors in the region was the post office saving. The above study leads us to some impressive insights regarding the investment habit of the tribal of the region.

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