

# Measure the Awareness of Individual Investors on Investment Practice in Land Investments

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**Abstract:** As India's economy as a whole has become more technologically advanced, so too has the land industry. Demand for commercial real property to construct homes and factories has increased as a consequence of rising business opportunities and the movement of workers to these sectors. Real estate projects are affected by demand from individuals, hotels, and the entertainment sector. The focus of this study is on the factors that drive, inform, and reward individual land investors. The research method is descriptive, and it's used to look at many different aspects of real estate investing.

**Keywords** Land Investment, Individual Investors, Investment, Property

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## Introduction

If the right to hold investment property requires the purchase of shares in a cooperative organization or corporation, the cost of those shares must be included in the carrying value of the investment property. To promote environmentally responsible methods of property financing is one of the primary goals of the UNEP FI Property Working Group (PWG). The PWG hopes to increase understanding of RPI in the world of finance and investing by spreading the word about what it is and why it's important. To that end, the purpose of this short paper is to provide some clarity on the many ways that RPI may take and how they connect to the more established types of RI practices observed in the equity market. This article will concentrate only on direct investment in commercial and retail property. Responsible property professionals will (a) have a better grasp of how their work compares to responsible equity professionals, and (b) have a clearer understanding of why, although having comparable aims, they tend to emphasize some methods and activities above others.

## Literature Review

**Himanshu et.al (2021)** The effects of Covid19 on the markets have been significant. Investors are making adjustments to their portfolios as a result of altered risk and return expectations. The purpose of this article is to investigate how Covid19 has influenced investors' preferences for allocating capital across various asset classes. The research looks at how people felt about different financial opportunities before and during the time of high uncertainty brought on by the COVID19 outbreak. Individual investors in Delhi and Mumbai provided the data. The findings reveal that investors have begun redistributing their holdings in response to the current financial turmoil related to COVID19. As a result of disappointing returns from high-risk investments, many people are shifting their portfolios to be more cautious. Yet, not all investors face the same circumstances while making the switch from high-risk to low-risk investments.

**Prof. Dr.M. Jayanthi et.al (2021)** The importance of India's land sector has increased as a result of the country's general trend toward greater technological sophistication. Demand for commercial real property for both residential and industrial development has increased as a consequence of rising business opportunities and labor migration. The tourism, hospitality, and leisure sectors all have an effect on property growth. Examining what drives people to invest and what they know about how profitable that is is the focus of this study. Descriptive research is used to examine the many facets of real estate speculation. This research looked at the demographics of land investors, their reasons for investing in real estate, and the returns they saw on their purchases. A questionnaire was utilized to collect information from 100 total samples for this study. The regression coefficient, chi-square, factor analysis, and other descriptive and inferential statistics were used. It was determined that private investors had sufficient knowledge, drive, and success in the land market.

**Kumari D.A.T (2020)** The ability to handle one's finances wisely and sensibly depends on one's level of financial literacy. Increasing people's knowledge of personal finance is helping the country's economy expand. In light of these changes, it is essential to evaluate whether or not the next generation of investors, economic influencers, and shapers, including in large part of students, has a solid grasp of basic financial principles. This research looks at how college students in Sri Lanka's western area respond to financial education while making investment choices. Two hundred students took part in the research from four different public institutions in Sri Lanka's western division. Financial literacy was measured in this research by testing students on their product knowledge, product access, money management, investment understanding, and financial abilities. This research set out to answer the question, "How does a student's degree of financial literacy affect their financial attitudes, choices, and behaviors?" The results showed that the students' investing choices improved dramatically after they increased their financial literacy. Financial abilities were also highlighted as the most important aspect of financial literacy. Undergraduates rank financial product knowledge as the factor that has the least impact on their choice to invest. Lastly, In order to help young people in Sri Lanka make better investment choices, the study's author suggests a few changes that financial institutions and policymakers may adopt to promote financial literacy.

**B Vidhya et.al (2018)** The Indian stock market is among the largest in the world. As of February 2018, it has 16,993,616 active demat account holders who transacted equities through the platform. When an investor purchases stock in a firm, they effectively become a part owner of that business. Investments grow in value with a firm, with the first boost coming from an Initial Public Offering (IPO). The secondary market for this will include its listing on a stock exchange. Depending on the rate of return, the investor will determine how long to keep holding the stock. Several academic investigations have arrived at the same conclusion: the Indian stock market is very unstable, sensitive, reactive to news, and susceptible to unexpected shocks. The market's momentum and activity will change immediately, but the market is resilient and will bounce back quickly. The investor takes on substantial risk in the pursuit of substantial reward. Investors are wary of the stock market since its path is uncertain and they don't know enough about the things that increase their chances of success. In most cases, the relationship between risk and reward is linear. Investors have different risk tolerances and

return expectations. The goal of this study is to analyze the investor's familiarity with stock trading and the investor's technical expertise on how to overcome risk factors while trading in a live market.

**Jyoti Kumari (2017)** The capital market in India has had a rocky growth and limited penetration despite the country's GDP growing from \$414 billion in 2001 to \$2263.52 billion in 2016. Whereas 17.7% of Americans, 16.4% of Britons, and 9.4% of Chinese citizens all have Demat accounts (a proxy for direct stock market involvement), just 1.7% of Indians do so. Demat accounts have increased in India, but the proportion of active accounts has not grown at the same rate. The National Stock Exchange of India (NSE) and the Bombay Stock Exchange are the only two national exchanges left in India, down from 16 before the turn of the decade (BSE). Even more impressive is the fact that National Stock Exchange's proportion of global stock market turnover has skyrocketed from 61.53% in 2001-02 to 92.52% in 2014-2015. Mumbai, Delhi, Kolkata, Ahmadabad, and Chennai continue to account for about 80% of NSE turnover in India. More over half (55%) of all NSE turnover occurs in Mumbai, while the second-largest contributor, Delhi, has a 14.97% share of the market. A city like Ranchi's impact in this scenario would not be hard to determine. Yet, with India boasting one of the world's highest savings rates, cities like Ranchi have room to grow their roles in the country's financial system. The scope of the research is limited to Ranchi-based individual investors (India). Besides regular trading accounts, most brokerages now offer Depository Participant (DP) accounts. Nonetheless, some businesses, like banks, provide the option of a DP account to its customers. As a result, non-brokerage retail investors in the Indian stock market have been included in the analysis, along with the broker-dealer retail investors who are the primary focus of the study. Each investor's risk tolerance score was calculated based on their overall behavior, and they were then grouped into three distinct groups: people with a high tolerance for risk, people with a moderate tolerance, and those with a low tolerance for risk. Research on the motivations of those who don't invest in the stock market has also been conducted, with the goal of increasing the frequency with which retail investors participate in the Indian stock market.

## Methods

Individual land investment motivations and outcomes are the focus of this study. The district of Namakkal in Tamil Nadu is where this study is being conducted. The majority of people living in this area are individual investors trying to purchase property. Hence, 100 individual investors were recruited from different parts of the area to participate in this research. A questionnaire is used in a field survey to gather information. This study has a descriptive research strategy as its foundation. Probability sampling methods, and most especially simple random sampling, are employed for data collection. The poll is broken down into four parts: (1) demographic information; (2) information on how individuals are using technology; (3) an analysis of what drives people to invest in land; and (4) questions on making and realizing a return from land investments. Before starting to collect data, a pilot test was conducted to make sure the questionnaire was comprehensive, understandable, and dependable.

**Data Analysis****Analysis of Demographic Profile**

Demographic profile of land investors is presented in table 1

**Table – 1: Analysis of Demographic Profile**

Characteristics	Distribution	Frequency	Percentage
Gender	Male	79	79%
	Female	21	21%
Age	Less than 30 years	13	13%
	31–40 years	36	36%
	41– 55 years	39	39%
	56 years & above	12	12%
Educational Qualification	Illiterate	11	11%
	Up to HSC	35	35%
	Degree/Diploma	33	33%
	PG/Professional	21	21%
Monthly Income	Less than Rs. 50,000	18	18%
	Rs. 50,000 - 100,000	22	22%
	Rs. 100,001 - 200,000	23	23%
	More than Rs. 200,000	37	37%
Occupation	Government service	39	39%
	Private employee	15	15%
	Business	22	22%
	Others	24	24%
Residential Area	Rural	58	58%
	Urban	42	42%
Family type	Nuclear family	64	64%
	Joint family	36	36%
Awareness on Land	Low	23	23%
	Medium	48	48%
	High	29	29%

The results of our demographic profile of land buyers are shown in Table 1. Researchers have determined that just 21% of rural business owners are women, whereas 79% are men. Investors in real estate tend to be older than the average American, with 13% of buyers being 56 years or older and 39% of buyers between the ages of 41 and 55. There are 11% people who cannot read or write, 35% who have finished high school, 33% who have attended college, and 21% who have completed graduate school. 18% of rural business owners make less than Rs. 50,000 per month, 27% make between Rs. 50,000 and 100,000, 23% make between Rs. 100,000 and 200,000, and 16% make more than Rs. 200,000 per month. Investors in real estate work in the public sector (39%), the private sector (15%), the entrepreneurial sector (22%) or some other sort of company (24%). According to where people live, 42% live in cities while 58% live in rural areas. When broken down by family structure, we find that 64 percent live in nuclear

families and 36 percent in blended ones. Among investors, 23% have a limited understanding of land investments, 48% have a moderate understanding, and 29% have a comprehensive understanding.

### Awareness on Technology Accessible for Land Investments

Investors in real estate have their technological literacy evaluated. So, the following hypothesis is tested using a chi-square analysis to determine whether or not there is a relationship between land investor knowledge and the kind of technology.

H<sub>0</sub>: There is no relationship between awareness of individual investors and type of technology.

H<sub>1</sub>: There is relationship between awareness of individual investors and type of technology.

Table 2 summarises the findings.

**Table-2: Awareness on Technology**

Awareness on Technology	Chi-Square	
	$\chi^2$ Value	Sig.
Land surveying technology	16.281	0.001
Online land extracts (patta, chitta and adangal)	15.563	0.001
Use of google map to check land layout	17.347	0.001
Technology used for testing of soil	16.225	0.001
Online verification of encumbrance certificate	14.912	0.001
Checking guideline value in online	12.534	0.001
Registration formalities in online	14.256	0.001

Use of google map to check neighbourhood areas	15.478	0.001
Use of machinery for land levelling	13.692	0.001
Settlement using online banking services	17.306	0.001

The chi-square findings are shown in Table 2, and they show that there is a significant correlation between land investor knowledge and the availability of various forms of technology used in land investments. The calculated results are statistically significant at the 1% level. Hence, the alternative hypothesis is supported. So, the level of knowledge of individual investors is correlated with the kind of technology used. Land investors' level of knowledge has been demonstrated to affect their decisions.

### Motivating Factors in Land

Investment choices in land are influenced by a number of factors. Hence, we look at the drivers of real estate transactions. The purpose of this research was to identify factors that motivate land purchases. In this research, the t-test was used to analyze the calculated mean value from the perspective of land investors. The t-test significance is based on the difference between the actual mean value of land investors and the expected mean value of 3. Hence, the results are shown in table 3.

**Table-3: Motivating Factors in Land**

<b>Variables</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Std. Error Mean</b>	<b>t-value</b>	<b>Sig. (2 tailed)</b>
Prime locations	4.12	1.22	0.53	15.63	.000
Pollution free environment	3.55	1.41	0.27	14.81	.000
Sufficient road facility	3.62	1.85	0.43	16.75	.000
Availability of water facility	4.05	1.51	0.35	19.72	.000
Soil conditions	2.42	1.62	0.27	17.37	.000
Rental motive	3.56	1.74	0.18	10.84	.000
Capital appreciation	4.18	1.81	0.33	24.75	.000
Safety of investment	3.85	1.62	0.24	31.51	.000
Hedge against inflation	2.96	0.98	0.57	-15.73	.000
Regular income	2.91	0.96	0.48	-13.81	.000
Fulfilment of Vaasthu	3.11	1.55	0.45	18.54	.000
Low price	3.76	1.48	0.23	14.35	.000
Proximity to residence	2.85	1.36	0.17	18.32	.000
Easy availability of loan	2.92	1.08	0.38	17.36	.000
Agriculture motivations	2.81	1.56	0.29	13.34	.000

According to Table 3, the average value of land-based drivers is somewhere in the range of \$2.45–\$4.34. As expected, mean values strictly greater than 3 are found for factors including outstanding location, pollution-free environment, sufficient road infrastructure, water availability, rental motive, capital appreciation, investment safety, vaasthu fulfillment, and affordable pricing. Among real estate investors, t-values of 15.63, 14.81, 16.75, 19.72, 10.84, 24.75, 31.51, 18.54, and 14.35 are all considered significant at the 5% level. For those who purchase land for financial reasons, the t-values for inflation protection, steady income, and agricultural purposes are -15.73, -13.81, and -13.34, respectively. It follows that there is no one driving force behind the land investment decision-making process.

## Conclusion

Buying and selling commercial or residential property is tied to land development. Land, retail centers, housing, and commercial buildings are all considered part of the land industry. Several different types of people work in the land sector, from landowners to property developers to builders to agents to buyers and sellers. The modern Indian family tends to be tiny and diverse, requiring more space than was typical in the past. The rising number of single-person households and the expanding business sector have resulted in a surge in demand for both residential and commercial real estate, prompting a flurry of new construction. Several factors related to the knowledge, motivation, and profitability of private investors all play a role in the success of their real estate ventures.

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