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DETERMINANTS OF PORTFOLIO INVESTMENT BEHAVIOR OF HOUSEHOLDS IN PUTTALAM DISTRICT

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ABSTRACT

Financial stability has always been a major consideration of every person. Those who have their own families would definitely work hard just to provide well for the family. Their hard earned money is usually spent on basic needs and other important expenses in the household. But for those who want to secure their financial standing in the future, they would have to make the necessary investments. Relying alone on salaries would not suffice. And although it is good to have saving accounts in the banks, it is highly preferred to invest the money since the rate of return is much higher. People can invest in both real assets and financial assets. An investment collection can be called as a Portfolio. This study is to find out the "Determinants of portfolio investment behavior of households in Puttalam district".

For the study purpose the researcher has identified what are the areas where most of the people are clustered around and the researcher has taken a sample 200 households who are residing in Puttalam district. And the researcher has identified three variables that can affect the portfolio investment behavior of households. They are Demographical variables, Financial status variables and Psychological variables. Data are collected according to the variables and it has done via questionnaires and interviews.

The researcher has analyzed the gathered data using statistical methods. Crosstabulation and Chi-square is used to analyze data since most of the data are categorical data.

As per the analysis, there is an association between demographical, financial status, and the portfolio investment behavior of households in Puttalam district. And also there is an impact of psychological variables on portfolio investment behavior of households in Puttalam district.

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