

Perception of Investors towards the Investment Pattern on Different Investment Avenues-An Empirical Review

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Abstract--- In India, usually all investment avenues professed risky by the investors. Investment refers to the employment of funds on assets with the aim of achieving additional income or growth in value over a given period of time. The main features of investments are security of principal amount, liquidity, income stability, approval and easy transferability. Investment avenues are available such as shares, bank, companies, gold and silver, real estate, life insurance, postal savings and so on. Today investors have various attractive avenues of investment with different features matching their needs, not only in India even in the global market also. The study examine the investors investment pattern towards stock market on various investment objectives based on the socio economic variable and selective investment profile factors viz., like liquidity, quick gain, capital appreciation, safety and dividends on various class investors based on income, profession, education status, age, sex, marital status, type of investor, category of investors, type of market operation and etc.. The data was collected through questionnaire method. For this a questionnaire was prepared and supplied to 243 respondents. Element has been examined using sample analysis by percentage method, Chi-square test, Correlation Analysis. The information collected was processed, coded and tabulated. From this inference were drawn. Based on the inference, suggestions and recommendations and conclusion were given.

Keywords--- Investors Perception, Investment Avenues and Pattern, Decision Making and Risk, Investment Avenues.

I. Investment

Investment is the commitment of present period and also the expectation of returns or the benefits for such commitments in future. There is always some risk involved in respect of return and principle amount invested. The financial system has more dynamic than the real system as it has always reacted to the needs of the economy to help to complete its goals. In the present financial system, there are so many investment avenues to choose, today in financial market it has involved for anyone to decide about these avenues. Some of these investment avenues offer attractive returns but with high risks, some propose lower returns with very low risks.

It is observed from the present value of the investment made by different types of investments that the value has depleted from their original investment value. There is a generic problem with reference to the behavior and strategy of the investors while investing in different products. It is a common observation that the most of the short term investors who frequently interact with the market lose their investment. Hence there is a need to study the generic problem associated with the investment pattern of different types of investors in equity and derivative market.

Objectives of the Study

- To study the investment pattern of different class of investors in stock market.
- To identify the different types of investors.
- To explore the different avenues for investments.

II. Review of Literature

Arti G, Julee, Sunita S (2011) look at that female investor tend to display with women today are assembly a better share of the choice over whether to invest in stocks, bonds or real estate. In place, the differences in the investment decision-making process between female and male investors. The findings of this study are higher level of awareness for males than females for different investment avenues and Female investors tend to display less confidence in their investment decisions and hence have lower satisfaction levels.

Pandian A, Thangadurai (2013) attempted to show the key of various investment avenues explored the total liquidity, income stability, a variety of investment avenues are available as share, bank, companies, gold and silver, real estate, life insurance and postal. The study will help the firm in understanding the expectations, future needs and requirements and complaints of the consumers. The study had been dedicated mainly towards the promotion of product or concept in the Chennai Market. The researcher used the Descriptive type of research design in his study. For the purpose of Analysis and Interpretation the researcher used the following statistical tools namely Simple Percentage Analysis, Chi-Square Test, Karl Pearson's Correlation and One-way Anova. Based on the Analysis and Interpretation the researcher arrived out with the major findings in her study and Suggestions are given in such a way so that the customers can attain the wealth maximization. Therefore, all the investors invested their money to get more return. Investors cannot avoid risk but they can cut down the risk by investing their money. The researchers conclude that most of the investors prefer bank deposit followed by gold investment.

Patil S, Nandawar K (2014) found that the studies based on personal interviews with salaried people, using a structured questionnaire actually, the present study identified the preferred investment avenues such as bank, Gold, Real estate, post services, mutual funds & so on among the person investors using self-assessment test. The researcher has analyzed that salaried employees measured the safety as well as good return on investment on regular basis. Respondents are aware about the investment avenues available in India except female investors.

Mishra R (2015) explained that this study aimed to investigate perception of investor towards mutual funds, the main objective is to explore the factors which affects the investors perception towards mutual fund and it examined difference of perception of large and small investors based on explored factors. Difference of view about mutual fund analyzed with the help of 't' test. Small investors focused on tax returns and savings but large investors expect future return. Thus, mutual fund companies must give due significance to these size for their survival and growth in Indian context.

Awais M, et.al (2016) explored that the factors which influence the decision-making process of investors, investment decision making is a very crucial process which is influenced by many factors. According to their research, the decisions of the investors depend upon the degree of the risk factors. A determinant of investment decisions needs special consideration to be understood by investors. This paper helps to determine those variables helps in decision making process. Finally, they found that the increased level of knowledge about financial information and the increased ability of analysing that information, investor could improve the capacity jump into risky investments for earning high returns by managing investment efficiently.

III. Research Methodology

Research Area	-	Finance
Research Unit	-	Capital market
Research Design	-	Descriptive Research Design
Data Sources	-	Primary Data
Survey Method	-	Questionnaire
Type of Questions Used	-	Dichotomous, Multiple Choice and Ranking Questions
Sampling Technique	-	Convenience Sampling Technique
Sample Unit / Respondents Group	-	Equity investors of Chennai city
Sample Size	-	243
Statistical Tools Used	-	Percentage, Chi-Square and Correlation Analysis.

IV. Data Analysis and Interpretation

The table shows that 84 per cent of the respondent are male and 16 per cent of them are female. The table it is inferred that 33 per cent of the respondents are in the age group of 20-30, 28 per cent of the respondents are in the age group of 31-40, 17 per cent of the respondents are in the age group of 51-60 years, 16 per cent of the respondents are in the age group of 41-50 and 7 per cent of the respondents are in the age group of 61 and above. 48 per cent of the respondents are Under Graduate, 37 per cent of the respondents are Post Graduate, 6 per cent of the respondents are Diploma, 6 per cent of the respondents are School level only and 3 per cent of the respondents are Professionals. 56 per cent of the respondents are private employees, 14 per cent of the respondents are government employees, 15 per cent of the respondents are business man, 9 per cent of the respondents are retired, 5 per cent of the respondents are unemployed. 37 per cent of the respondents have Rs. 1-2 lakhs as their annual income, 24 per

cent of the respondents getting less than one lakhs as their annual income, 23 per cent of the respondents earning Rs. 2-3 lakhs, 16 per cent of the respondents getting Rs. 3-5 lakhs as their annual income.

Table 1: Demographic Factors

S.No	Particular	No. of Respondents	Percentage (%)
1	Gender	Male	84
2		Female	16
3	Age	20-30	33
4		31-40	28
5		41-50	16
6		51-60	17
7		61 and Above	7
8		School Level	6
9	Education Qualification	Diploma	6
10		Under Graduate	48
11		Post Graduate	37
12		Professional	3
13		Business	15
14	Occupation	Government	14
15		Private	56
16		Retired	9
17		Unemployed	5
18	Annual Income (in Rs)40	Less than 1 lakh	24
19		1-2 lakhs	37
20		2-3 lakhs	23
21		3-5 lakhs	16

Table 2: Classification of Respondent based on their Annual Investment

AMOUNT	NO.OF RESPONDENTS	PERCENTAGE
< 10000	55	23
10001-20000	74	30
20001-30000	33	14
30001-50000	38	16
>50000	43	18
Total	243	100

Source: Primary data

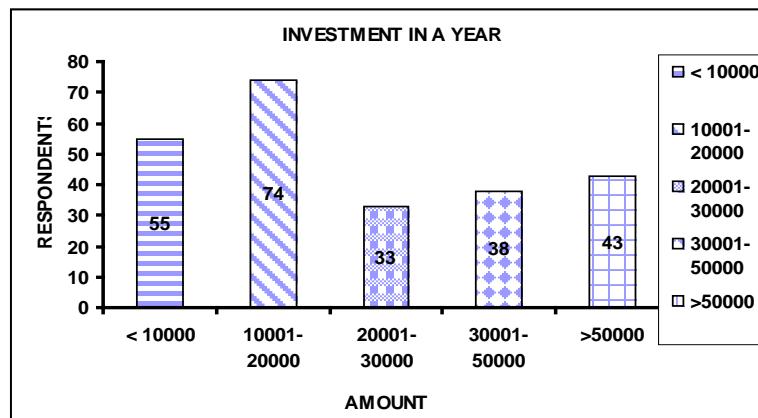


Chart 2: Classification of Respondent based on Their Annual Investment

Interpretation

From the table, 23 percent of investors invest less than Rs.10, 000, 30 percent of investors invest Rs. 10,001-20,000,14 percent of investors invest Rs.20,001-30,000,16 percent of investors invest Rs.30,001-50,000, and 18 percent of investors invest more than Rs.50,000 in a year.

Table 3: Classification of Respondents based on their Investment Decision through References

OPINION	NO.OF RESPONDENTS	PERCENTAGE
Fundamental	81	33
Technical	59	24
Broker	28	12
Friends &Relatives	51	21
Media	24	10
Total	243	100

Source: Primary data

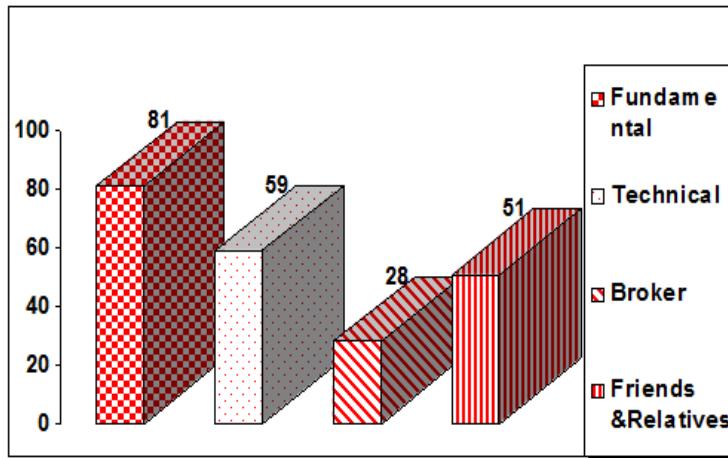


Chart 3: Classification of Respondents based on their Investment Decision through References

Interpretation

From the table, 33 percent of investors make their investment decisions based on fundamental analysis, 24 percent based on technical analysis, 12 percent on broker's advice and 21 percent based on their friends and relative's suggestions.

Table 4: Classification based on the Expectation of Total Return from Their Investment

EXPECTATION	NO.OF RESPONDENTS	PERCENTAGE
< 5%	31	13
6-10%	47	19
11-15%	56	23
> 15%	109	45
Total	243	100

Source: Primary data

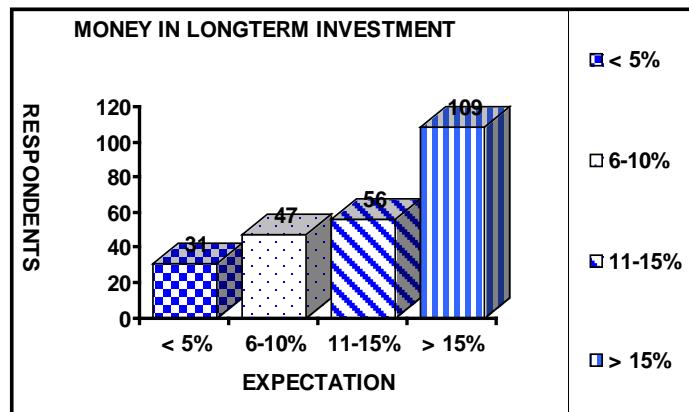


Chart 4: Classification based on the Expectation of Total Return from their Investment

Interpretation

From the table, 13 percent of investors expect less than 5% of total return, 19 percent of investors expect 6-10%, 23 percent of investors expect 11-15% and 45 percent of investors expect more than 15% of total return from their investment over long term.

Table 5: Classification of Respondents based on their investment Towards Safest Returns

OPINION	NO.OF RESPONDENTS	PERCENTAGE
Primary Market	29	12
Mutual Funds	43	18
Government Bonds	32	13
Bank Deposit	122	50
Insurance Linked products	17	7
Total	243	100

Source: Primary data

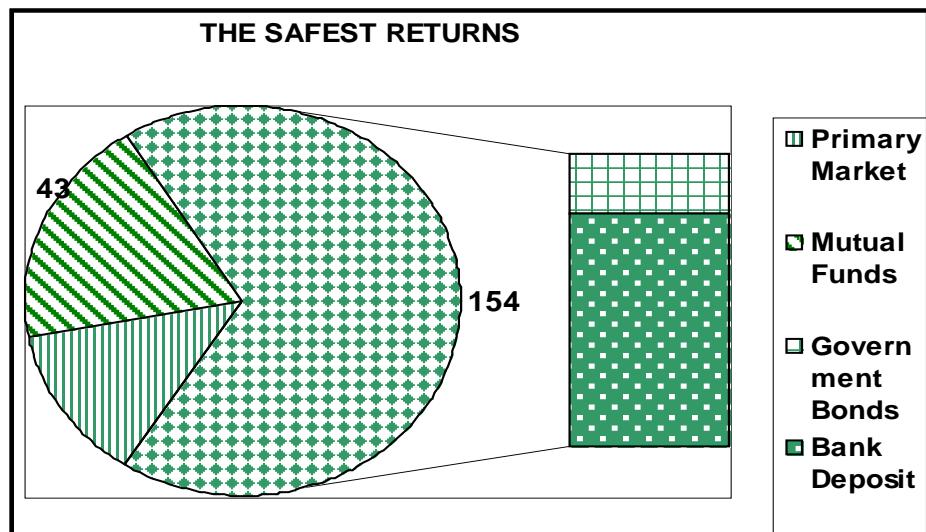


Chart 5: Classification of Respondents based on their Investment towards Safest Returns

Interpretation

From the table, 12 percent of investors have the opinion that primary markets investments are the safest form of yielding returns, 18 percent of investors have the opinion as mutual funds, 13 percent of investors as government bonds, 50 percent of investors said as bank deposit and 7 percent of investors have the opinion that insurance linked products are the safest form of yielding returns.

Table 6: Cross Tabulation on Comparing Age with Safest form of Yielding Returns

Safest Yield Age	Primary Market	Mutual Funds	Government Bonds	Bank Deposit	Insurance Linked Products
20-30	3	18	12	36	11
31-40	11	15	8	30	3
41-50	6	6	3	23	0
51-60	6	2	6	27	0
61 and above	3	2	3	6	3

Interpretation

From the table, investors who were coming under the age group of 20-30 have the opinion that bank deposits are safest form of yielding returns. Likewise, 30 investors of 31-40 age groups have also the same opinion that bank deposits are safest form of yielding returns.

Table 7: Correlation Analysis

AIM: To determine the relationship between the annual income and amount of investment in a year.

Amount of Investment		< 10,000	10,001-20,000	20,001-30,000	30,001-50,000	Above 50,000	f	fdy	fdy ²	fdydx
dx		-2	-1	0	1	2				
dx ²		4	1	0	1	4				
Less than 1 lakh	dy	dy ²	19	22	12	2	0	55	-110	220
	-2	4								116
1 to 2 lakhs	-1	1	19	23	17	15	0	74	-74	46
2 to 3 lakhs	0	0	0	25	3	5	0	33	0	0
3 to 5 lakhs	1	1	9	12	9	8	0	38	38	38
Above 5 lakhs	2	4	12	9	14	8	0	43	86	172
	f		59	91	55	38	0	$\Sigma f=243$	Σfdy $=-60$	Σfdy^2 $=476$
	fdx		-118	-91	0	38	0	Σfdx $=-171$		
	fdx ²		236	91	0	38	0	Σfdx^2 $=365$		
	fdxdy		48	37	0	5	0			$\Sigma ffdxdy$ $=90$

Inference: There exists a low positive correlation between the annual income and amount of investments of the respondents, the lower stage may be due to the depression in the financial market.

Table 8: Chi – Square Test

Chi – square test of independence between opinions on safest returns and on mutual funds are better options to protect investments than stock market.

Safest forms		Primary	Mutual Funds	Government Bonds	Bank Deposits	Insurance Linked products	Total
Mutual Funds							
Strongly agree	0	18	0	3	2	23	
Agree	15	16	9	42	6	88	
Neither agree nor disagree	8	3	12	35	9	67	
Disagree	6	3	3	30	0	42	
Strongly disagree	0	3	8	12	0	23	
Total	29	43	32	122	17	243	

Calculation

Hypothesis

Null hypothesis H_0 : The attributes are independent. i.e., there is no significant difference between the opinion on safest form of yielding return and opinion on mutual funds are better options to protect investments than stock market.

Alternative hypothesis H_1 : There is significant difference between the opinions.

Calculated Value

The calculated value is 97.8129

Tabulated Value

The table value at 5% level is 26.296.

Hence the calculated value 97.8129 is greater than the table value.

H₀ is rejected and H₁ is accepted.

Inference

There is significant difference between the opinions on safest form of yielding return and on mutual funds are better options to protect investments than stock market.

Suggestions

The investors are fully exploiting the benefits of the stock market, which has the potential of higher return. It is suggested that the investors are to be educated with strategies and risk containment measures. Periodic investor's education programme will help the investors to protect their portfolio irrespective of the market conditions. The proportion of income invested in the stock market is low and the period of investment is also lower. This makes the investor to become panic in the condition like global recession. Investors should be aware of need for timely entry and exit strategies by learning fundamental, technical and information related to markets.

V. Conclusion

Indians are traditionally known for their orientation towards savings and preference for safe investments. Post independent India has been continuously witnessing higher rates of savings. The increase is more pronounced during the recent years. On the investment side, many new instruments have been introduced during the last two decades to attract the public. The results of the study indicate that the investors prefer to invest only in safer avenues. Further analysis of the data indicates dominant role in investments decisions. Among the conventional investment avenues, bank deposits and gold are the most preferred avenues, while insurance schemes and post office instruments are getting increased attention. So, final conclusion on part is that investors of are investing their money with the balance of safety, reliability and return on investment.

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