



# **A Study on the Investment Preferences of Corporate Security Investors in Chennai City**

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## **ABSTRACT**

This study seeks to determine the investment choices of corporate security investors in Chennai city. The variety of Investment opportunities present for an individual in India are in plenty such as Investment in Stock market, Depositing in Bonds and Debentures, Investing in Real Estate, Depositing in Postal Savings Scheme, Investing in Mutual Funds Scheme, Depositing in Banks and other Financial Institutions and Investing in Valuable metals . The major reasons for investments are good return and fixed income, capital gain and current income, future security of the investments and liquidity and capital appreciation. The investors invest in their preferences depending on their Risk level. The Investors aim to reduce their risks by Investing and Selecting the Right Portfolio. The sample size for study comprised of 154 respondents. The sampling technique used was convenient sampling. The research is Descriptive in nature. The statistical tools used for analysis include T-Test and ANOVA analysis. From the study the satisfaction levels of investors, their preferences their objectives for investment have been identified and analyzed. The study also suggests that in order for the corporate security investors to have a sustainable growth in investment a diversified portfolio is essential. The study also suggests more governance of investments by government through various policies.

**Keywords:** Online stock trading, corporate security investors, investment preferences, risk.

## **INTRODUCTION**

Investing is a financial pursuit engaged in by those who have savings at their disposal, effectively transforming those savings into investments. This process entails the allocation By allocating funds with the primary goal of generating extra income or increasing asset value. A defining characteristic of investments is their inherent potential for rewards. Investors commit their saved resources with the optimistic expectation of reaping future benefits. In this endeavor, various financial products serve as avenues for investment, affording investors the financial security they seek. The act of saving, practiced by individuals for diverse reasons, plays a pivotal role in our economic landscape. Savings and investments are crucial, not only for yielding favorable returns to investors but also for bolstering the nation's economic well-being.

Financial institutions and services play a pivotal role in encouraging savings and channeling them into productive ventures, thereby nurturing the growth of investment markets. India boasts a diverse array of such institutions, encompassing Mutual funds, development banks, commercial banks, life insurance companies, and investment firms, investment banks, and mortgage lenders. The range of financial services offered is extensive, covering venture capital, factoring and forfeiting, leasing, hire purchase and consumer finance, housing finance, merchant banking, and portfolio management.

Among these, investment bankers act as intermediaries in the securities market, procuring bonds and stocks from companies for resale to investors. India is home to a multitude of financial institutions, both under central and state government purviews, alongside rural bodies, all of which have played an instrumental role in promoting Savings and investments.

Institutions like the Life Insurance Corporation and Unit Trust of India offer an extensive array of savings schemes, often complemented by tax incentives. Further strengthening the financial landscape are development banks like the Industrial Development Bank of India (IDBI), At the state level, there are institutions like State Financial Corporations and the National Bank of Agriculture and Rural Development (NABARD) cater to the needs of rural and agricultural sectors. While traditional financial products were historically offered by banks and the postal department, recent years have witnessed the



introduction of a diverse array of financial products, including mutual funds, shares, derivatives, debentures, and bonds. Since 1991, the private corporate sector has seen substantial growth, leading to the emergence of numerous new financial institutions. Private financing agencies have ventured into the realm of Insurance companies, mutual funds, venture capitalists, and leasing companies. Additionally, foreign banks have been permitted to operate in India. Consequently, a plethora of various institutions and services currently play an active role in directing funds toward productive endeavors. Currently, the most renowned and widely preferred investment options include the stock market, bank deposits, gold, real estate, post-office savings, and mutual funds.

### **Investment Preferences**

The majority of investors tend to be cautious about taking risks, yet they anticipate maximizing their returns from their investments. Every investment demands a thorough analysis, as risk is an inherent component of all investment ventures. A wide spectrum of investment options exists in the market, such as bank deposits and post office savings, which, while relatively safe, typically yield lower returns. These options often come with various incentives to sweeten the deal. In contrast, secretive sector investments encompass equity and preference shares, debentures, and public deposits with companies, offering the allure of high returns but accompanied by elevated risk. Ultimately, it falls upon the investor to make critical investment decisions. Indian investors grapple with a challenging predicament: striking a balance between achieving favorable returns, ensuring safety and security, maintaining liquidity, affordability, and, most importantly, navigating the inherent risks associated with investments. Government securities provide a risk-free avenue, assuring investor security, but they deliver comparatively lower returns and may not align with the objective of capital appreciation.

On the other hand, private sector securities present an enticing prospect, albeit one laced with risk. Blue-chip companies, for instance, offer exceptionally high rates of return and often reward their shareholders with bonus shares. Real estate and gold hold the distinct advantage of being able to counteract the effects of inflation, as their historically substantial price increases have shown.

Ultimately, the primary goal of any corporate investors is to construct a diversified portfolio that aligns with their risk tolerance while meeting their expectations regarding returns.

### **REVIEW OF LITERATURE**

The secondary data was sourced from diverse literature reviews, which are summarized below. Previous research has explored the determinants that impact an individual's investment choices, with a primary focus on factors like age, gender, income, occupation, education, and financial literacy. Numerous studies have delved into understanding the investment behaviors of salaried individuals, retail investors, and households.

**Shiji and Jeevitha Priya (2019)** analysed the problems Challenges encountered by investors in online share trading. Majority of the respondents are concurred with the issues of obligation on exchanging, deficient monetary development, impact of legislators, helpless speculation abilities, high market unpredictability, absence of capital ventures, stock market slumps, deficiency of cash because of accidental variables in online trading exchanging.

**Saritha and Lakhsmi (2019)** stated that significant obstacles for the development of online stock exchanging are PC ignorance, helpless foundation, hazard unfavorable disposition of investors and so on. Investors purchase value offers or value based common assets since values are viewed as the most fulfilling, when contrasted with other venture choices whenever held over a long span and furthermore established that deficient accessibility of innovation is the serious issue looked by the online share traders.

**Arshia bansal et al (2018)** stated the issue and prospects of online stock exchanging slow town of himachal Pradesh and established that insufficient innovation and danger of framework disappointment are the serious issues looked by the investors. Hacking is exceptionally normal in the event of online share trading so there is a require to survey the safety framework.

**Sakthivel and Saravanakumar (2018)** explored investors fulfillment Regarding online share trading in the Coimbatore region of Tamil Nadu, the study identified that operational challenges, email connectivity, and a lack of analytical skills are the primary technical issues faced by investors.

**Abdul rahim (2013)** dissected the issues and prospects of online share trading rehearses India and found that the principal advantage determined out of online share trading is more extensive decision followed by better worth and wellspring of



data. Results likewise uncovered that deficient innovation is the serious issues looked by online offer brokers followed by absence of expert administration.

**Manoj (2010)** studied Exploring the key factors that impact investment behavior and how these elements influence risk tolerance and decision-making across different age groups. These individuals may share similarities in some aspects, even residing in the same vicinity, but their financial planning requirements are notably diverse.

**Sultana (2010)** study affirms that the individual investors actually like to put resources into monetary items which give risk free returns. From the exact investigation it was tracked down that independent of sex, the greater part of the investors is found have okay resilience level and numerous others have high danger resistance level as opposed to direct risk resilience level.

### **Statement of the Problem**

Investing is a financial activity practiced by those who possess savings, essentially converting those savings into investments. The overall prosperity of an economy is closely tied to the public's capacity to save and allocate resources into productive assets, ensuring a steady flow of capital. Developing nations like India encounter numerous challenges when it comes to obtaining and distributing capital. Investors allocate their funds with various objectives in mind, including profit, security, appreciation, and income stability. Investment preferences can vary significantly from one person to another, as each individual approaches investing uniquely, guided by their personal circumstances. In pursuit of achieving substantial returns over time, while also managing a certain level of risk, individuals explore and invest in various financial products.

This study endeavors to scrutinize investor inclinations regarding the myriad financial products in the market.

### **Need for the Study**

A range of diverse financial products has emerged to serve as investment avenues, providing investors with the essential financial security. Given the individualized nature of investment preferences, gaining insights into the circumstances that shape investor behavior is crucial. Such insights can empower various institutions, including the government, to develop innovative and entirely new investment options tailored to meet investor needs.

In the context of India, a developing nation where a substantial part of the population holds salaried jobs, this study specifically investigates the investment preferences of investors in Chennai city to gain insights into their investment behavior. The outcomes of this study hold the potential to illuminate investor preferences, aiding both investors and institutions in selecting the most suitable investment paths.

Furthermore, this research can shed light on the behavior of the target market, paving the way for the refinement of strategies aimed at effectively addressing their concerns and needs.

### **Scope of the Study**

- ❖ This study covers the corporate security investors and their preference in investment options.
- ❖ The study focuses on the factors affecting the preferences of corporate security investors in Chennai city on various investment options.
- ❖ This study will be helpful to understand the problems faced by investors relating to the various investment avenues of the corporate security investors residing in Chennai City.
- ❖ The study tries to understand the knowledge level of investors and sources for said acquired knowledge.
- ❖ The sample size is 154 therefore; there is scope for the difference in the factors when the number of respondents increases.

## **OBJECTIVES OF THE STUDY**

### **Primary Objective**

- ❖ To annals the preference of corporate security investors on various investment alternatives in Chennai city.



## **Secondary Objectives**

1. To classify the factors which affect the preferences of investment options of the corporate security investors in Chennai city
2. To find the knowledge level of corporate security investors regarding investment avenues and suggest ways to increase such knowledge.

## **HYPOTHESES OF THE STUDY**

**H<sub>01</sub>:** There is no significant difference between corporate security investor's choice of investment avenues and gender of the respondent.

**H<sub>02</sub>:** There is no significant difference between corporate security investor's choice of investment avenues and age of the corporate security investors.

## **RESEARCH METHODOLOGY**

### **Research Design**

This research takes a descriptive approach to identify the factors influencing the investment preferences of corporate security investors and delineates the significance of each of these factors on investment options.

### **Sources of Data**

Primary data was obtained through surveys, with 154 respondents participating and responding to questionnaires and secondary data was gathered by reviewing relevant literature concerning investment options and preferences.

### **Sample Size**

The population size is extensive, given the substantial number of individuals engaged in diverse investment options. Accessing the entire population is challenging. Instead, a sample size of 154 respondents was selected from various locations within Chennai City.

### **Sampling Technique**

Convenient sampling was the chosen technique for this research, with investors selected for their accessibility in line with the study's convenience. Respondents were sourced from various locations across Chennai city.

### **Statistical Tools Used For The Analysis**

Data processing, classification, tabulation, analysis, and interpretation were facilitated using the SPSS package. Depending on the nature of the data gathered from the respondents, various statistical techniques such as T-test and One-way ANOVA were applied.

### **Limitations of the Study**

1. The area of data has been restricted to Chennai city.
2. The sample size is restricted to 154 investors.
3. The time limit was restricted to four months.
4. Due to limited sample survey the data collected may not be reliable.
5. Analysis is done operating on the premise that respondents provided accurate information through the questionnaire.

### **Period of the Study**

The study was carried out over a span of four months, commencing in July 2023 and concluding in October 2023.



## DATA ANALYSIS AND INTERPRETATIONS

### T Test Analysis for Gender & Preference of Investment Avenue

TABLE 1

#### T-Test Analyses for Gender

VARIABLES	GENDER		F VALUE	P VALUE	Significance level
	MALE (Mean)	FEMALE(Mean)			
Shares	2.71	2.58	3.964	0.049	Significant**
Bonds	2.32	3.37	0.163	0.206	Not Significant
Debentures	2.29	2.22	1.226	0.270	Not Significant
Value metals	2.59	2.68	10.301	<0.001	Significant**
Real estate	2.48	2.57	7.387	0.006	Significant**
Post saving	2.37	2.37	5.309	0.022	Significant**
Fixed deposits	7.05	7.05	0.114	0.996	Not Significant
Mutual funds	6.71	6.65	0.208	0.648	Not Significant

\*\* The level of significance is tested at 0.05.

#### INTERPRETATION

##### Accept $H_{01}$ :

Since for investment preferences related to Bonds, Debentures, Fixed deposits, and Mutual funds, the p-value exceeds 0.05, leading to the acceptance of the null hypothesis ( $H_{01}$ ). This implies that there is no significant impact of respondents' gender on their choice of investment avenues in Chennai city.

##### Reject $H_{01}$ :

Since the p value is lesser than 0.05 for the investment preferences Shares, Valuable metals, Postal savings, Real estate  $H_{01}$  is rejected for these options, indicating a significant impact of respondents' gender on their investment choices in Chennai city has been observed

##### Inference:

There is significant influence of Gender over choice of Investment with respect to Shares, Valuable Metals, Postal Savings, and Real Estate.

## ONE WAY ANOVA FOR AGE & PREFERENCE OF INVESTMENT AVENUE

Table 2 One way ANOVA for Age & Preference of Investment Avenue

VARIABLES	Age				F VALUE	P VALUE	Significance level
	18-25 (Mean)	26-33 (Mean)	34-41 (Mean)	41 & Above (Mean)			
Shares	2.36	2.74	2.72	2.81	4.103	0.008	Significant**
Bonds	2.19	2.43	2.31	2.63	1.850	0.141	Not Significant
Debentures	2.14	2.23	2.19	2.75	3.435	0.019	Significant**
Value metals	2.56	2.63	2.64	2.88	1.055	0.370	Not Significant
Real estate	2.25	2.51	2.57	2.88	4.146	0.007	Significant**
Post saving	2.31	2.40	2.34	2.56	0.631	0.596	Not Significant
Fixed deposits	6.69	6.71	6.64	6.94	4.292	0.006	Significant**
Mutual funds	7.08	6.97	6.82	7.12	0.161	0.992	Not Significant

\*\* The level of significance is tested at 0.05.



## INTERPRETATION

### Accept $H_{02}$ :

Since for investment preferences related to Bonds, Valuable metals, Postal savings, and Mutual funds, the p-value exceeds 0.05, leading to the acceptance of the null hypothesis ( $H_{02}$ ). This suggests that there is no significant influence of respondents' age on their choice of investment avenues in Chennai city.

### Reject $H_{02}$ :

Since the p value is lesser than 0.05 for the investment preferences shares, debentures, Postal savings, Real estate, fixed deposits  $H_{02}$  is rejected in these cases, it signifies a noteworthy influence of respondents' age on their selection of investment avenues in Chennai city.

### Inference:

Age exerts significant influence over choice of Shares, Debentures, Real estate, Fixed Deposits as Investment preferences.

### Findings

1. There is a significant influence of Gender over choice of investment with respect to Shares, Valuable Metals, Postal Savings, and Real Estate.
2. Age exerts influence over Shares, Debentures, Real Estate, Fixed Deposits, as investment preferences.

### Suggestions

Diversifying a portfolio involves distributing investments across various key economic sectors and different avenues, which can serve as a safeguard in the face of sudden shifts in the political and economic landscape. The allocation of these investments should be contingent on individual objectives and the level of risk an investor is comfortable with. For those engaging in the stock market, shares from companies with a track record of paying dividends for five years or more represent some of the safest investment options, as dividends signify quality and financial stability. Government-initiated monetary policies have the potential to change, and such alterations can exert a substantial impact on every investor.

However, by gaining a comprehensive understanding of the intricacies of monetary policy, investors can strategically position their investments to capitalize on policy changes and enhance their returns. To make informed investment decisions, investors should possess a fundamental grasp of the diverse investment opportunities available in the market. Furthermore, being well-versed in monetary policies, the political climate, and the economic environment is essential, as these factors can significantly influence one's investment portfolio and overall wealth.

## CONCLUSION

From analyzing the data collected, the study has successfully pinpointed the factors that influence the investment preferences of corporate security investors in Chennai City. It has delved into various demographic factors, including gender and age, revealing that these elements wield a substantial impact on the investment choices of the salaried class. Furthermore, our analysis has assessed the varying degrees to which factors like risk, return, safety, liquidity, and affordability affect the preferred investment options of these investors. Importantly, we've found that the influence of these factors differs significantly from one investment option to another. The research has also underscored that Modifications in monetary policies, alterations in the economic and political environment, unexpected natural events, and a lack of knowledge about investment opportunities significantly affect the investment choices made by individuals living in Chennai City.

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