INVESTORS PERCEPTION TOWARDS VARIOUS INVESTMENT AVENUES IN KOTTAYAM

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Abstract: This paper analyses the perception of investors towards various investment avenues. The main objective of the study is to determine the impact of demographic factors on the investors choice of investment and to analyze the factors that influences the investors preferential selection of various investment options. This study was conducted in Kottayam District of Kerala with a sample size of 100 respondents. Descriptive research design was adopted for the study and the primary data was collected through schedule method with the help of a structured questionnaire. The sampling technique adopted was Convenience sampling technique. Data was analyzed and interpreted with the help of statistical tools SPSS. The study concludes that investments by the investors towards various investment avenues were done with the main objective of wealth creation and it is the monthly savings of the respondents which constitutes the main factor in their investment.

Index Terms - Investment avenues, Investors perception, Wealth creation, investment.

I. INTRODUCTION

INTRODUCTION

In order to meet the needs in future, everyone invest their money at various investment avenues. Investment is the commitment of funds which have been saved from current consumption with the hope that some benefits will be received in future. When an individual has more money than what they actually require to meet their current consumption, then they will naturally invest that surplus money. For investing they would look in to the various assets depending on their financial knowledge of different investment options, risk taking ability and demand of return. Occupation, economic status, education and family background can also affect the investment pattern of that individual. An individual who has a better knowledge regarding the various investment avenues would be able to choose an appropriate investment option based on his need and savings. National savings certificates, provident fund, mutual fund schemes, insurance schemes, chits, bank fixed deposits, shares, bonds /debentures, government securities, postal savings schemes and real estate are the common investment options selected by the investors. Return and the risk associated with the assets are the common factors that influence an investor while choosing their investment plan. The emerging investment scenario clearly reveals that there is a changing trend in preferences of investors towards new saving instruments. The investment preference has shifted from traditional to new debt-equity based schemes. The most commendable change is the shift in the investment behaviour of the people from traditionally adopted savings instruments like Gold, Bank/Postal deposits, Real Estate, Provident Funds, Insurance etc. to shares and debentures. But it is still not practically applicable to predict the investment style of the individual as the investment decision of an individual is closely related with their socioeconomic, demographic, and attitudinal factors which differ from one individual to another. The savings of individuals is also an important factor for every nation, as this savings form an important part in the progress of economy of any nation, as the savings of individuals act as the driver for the economic growth of the country. The savings of an individual would help to meet the financial hurdles of a possible entrepreneur. In India people do invest their savings in capital market instruments even though they are risky. The investor plays an important role in Indian stock market as they invest their savings in capital market instruments. This investment would help the nation in achieving the predetermined growth and overall development in terms of growth in GDP, employment, infrastructure etc.

STATEMENT OF THE PROBLEM

The avenues of investment and the investors' opinion based on their preferences vary from person to person. There is no global principle regarding the selection of investment pattern. The factors like return, liquidity and safety can be termed as the common factors that might influence the investment decision. Tax exemption is also considered as an important factor that might influence the choice of an individual. Apart from these factors, there are demographic factors which may influence the decision on investment. An investment can only be described as perfect investment, if it satisfies all the needs of that proposed investor. In order to achieve this, investor needs to pool their investment intelligently. This all depends on the perception of that individual investor. Hence it is important to determine the perception of investors towards various investment avenues. This article discusses the factors which affect the investment behaviour of individuals in Kottayam district.

SIGNIFICANCE OF THE STUDY

The investment decision process is closely associated with behavioural science. The need and preference of an investor won't be identical with another. The study has been undertaken to analyse the preferred investment avenues as well as the factors affecting on investment. Against this back drop of the research, the researcher tries to find out the investment preference of the respondents of Kottayam District based on various dimensions.

SCOPE OF THE STUDY

The study would attempt to provide an insight to the understanding of the perception of investors towards various investment schemes and would aim to provide a foundation for organizations involved in selling the concerned schemes. The study could also be reference for further analysis in related concepts.

REVIEW OF LITERATURE

Awais et al. (2016), made an attempt to study the factors influencing the decision-making process of investors. The study reached to the conclusion that, the decisions of the investors risk associated with the asset is the main factor which influences the selection of an investment plan. The study also found that the increased level of knowledge about financial information could improve the capacity of investors to jump into risky investments for earning high returns by managing investment efficiently.

Shukla (2016), attempted this research paper, about salaried persons preference towards investment avenues The study concluded that the education background is the major demographic factor that influence the investment decision of the respondents and the respondents are interested in long-term investment. The analysis also shown that the investors gave more weightage to safety than the return it provides.

Mishra (2015), conducted a study to determine the factors influencing the perception of individuals while investing in mutual funds. The study explained that small investors focused on tax returns and savings but large investors expect future return.

Rastogi (2015), analysed the behavioural characteristics of the investors while an investment choice is made. The study concluded that behavioural biases of the individuals do affect their decisions in investing, while the socio-demographic factors like gender and occupation has the least impact in influencing their investment decisions.

Selvi (2015), in her study found that the investors are more preferred with conventional investment avenues, where bank deposits and gold are the most preferred avenues opted by them. The investors show least preference in opting for shares and mutual funds while investing.

 Bandgar P.K (1999) opined that most of the investors do not know about safety of new issues of company shares, debentures and shares bought stock exchanges. They are more preferred to invest in conventional investment avenues than in the capital market instruments.

R Ganpathi and S. AnbuMalar (2010), studied the attitude and perceptions of the investors towards the various deposits schemes available with Post Office. Tax saving schemes, safety and high rate of interest are the common factors which determines the selection of deposit scheme.

ChPavani and P. Anirudh (2010) conducted an investor behaviour analysis based on the demographics parameters like age, gender, income etc. in Hyderabad. The study revealed that women across all ages have a savings culture for themselves and for

their families. They prefer to invest in less risky investments while men prefer to invest in those schemes that provide high returns irrespective of the risk associated with it.

Shanmugasundaram and Balakrishnan (2011) analysed the factors influencing the behaviour of investors in capital market. They concluded that demographic factors influence the investors' investment decisions.

OBJECTIVES OF THE STUDY

In order to know the Investors perception towards various investment avenues the following objectives were framed.

1. To analyse the impact of demographic factors on the investors choice of investment.

2. To find out the factors that influences the investors preferential selection of various investment options.

3. To estimate the perception of investors on investment based on motives for investment

RESEARCH METHODOLOGY

Both primary and secondary data were utilized for the study. Primary data from the respondent investors was collected through schedule method involving a structured questionnaire and direct interview method. A Likert scale was used as a measurement scale in order to measure the perceptions levels of the respondent investors. The secondary data was collected from various books, magazines, reports and research articles.

With regard to the sampling procedure, random sampling method was used to collect the data from the identified respondents. The study was conducted in Kottayam District in Kerala. A sample of 100 respondents were interviewed and data was elucidated from them through schedule method. Data was analyzed with the help of statistical tools like frequency distribution, percentage analysis, mean, standard deviation, chi-square test, ANOVA with the help of SPSS 20 version software.

LIMITATIONS OF THE STUDY

1. The study is limited to only Kottayam District of Kerala. Hence the results cannot be generalized to greater extent in terms of their applicability.

2. The sample is only 100 and the opinions of the respondents may not synchronize with the opinions of the entire population.

3. The opinions / preferences expressed by the respondent investors are purely personal and they are subjected to individual bias in their nature.

DATA ANALYSIS AND INTERPRETATION

Socio-Demographic Profile of the Respondents

The socio-demographic characters of the sample respondents are as follows

Variables	Category	No of Respondents	Percentage
Age (in years)	Up to 30	25	25
	31-40	51	51
	41-50	18	18
	Above 50	6	6
Education	HSE	14	14
	Degree	39	39
	PG	47	47
Employment sector	Business	3	3
	Profession	26	26
	Salaried	71	71
Annual Income	Up to 20000	41	41
	20001-35000	35	35
	35001-50000	24	24
Family Type	Nuclear	84	84

	Joint	16	16
Residence	Rural	42	42
	Semi-urban	41	41
	Urban	17	17
Investment Decision	Self	62	62
	Spouse	28	28
	Consultation with elders	6	6
	Others	4	4
Frequently of monitoring Investments	Monthly	56	56
	Quarterly	12	12
	Bi-Annually	5	5
	Annually	5	5
	Never	22	22
Nature of investment	Short term	5	5
	Medium term	67	67
	Long term	28	28
Source of Information	Relatives / Friends	19	19
	Opinion of experts	25	25
	Brokers/Agents	19	19
	Media	36	36
	Other sources	1	1

The above table shows the demographic profile of the respondents. It depicts that 25 percent of the respondents are in the age group of Upto30 years, 51 percent of the respondents are in the age group of 31-40 years, 18 percent of the respondents are in the age group of 41-50 years, 6 percent of the respondents are in the age group of above 50. The table further shows that 14 percent of the respondents are having their educational qualification up to HSE, 39 percent of the respondents are graduates and 47 percent of the respondents are post graduates. The table further depicts that 3 percent of the respondents have business, 26 percent are professionals and 71percent of the respondents are salaried ones. The study also shows that 41 percent of the respondents are having their annual income up to Rs.20,000, 35 percent of the respondents are having an income of Rs. 20001-35000, 24 percent of the respondents are having an income of Rs. 35001-50000. The study further shows that 84 percent of the respondents are a part of nuclear family where as 16 percent of the respondents are a part of a joint family. Regarding the place of residence the above table shows that 16 percent of the respondents lives in rural area, 42 percent lives in semi urban area and 17 percent lives in urban area. 62 percent of the respondents stated that they are taking investment decisions their own and 28 percent of the respondents are relying on their spouses and 6 percent rely on their elders with regard to investment decisions. Finally the table shows that 19 percent of the respondents are having their source of information for investment through friends / relatives, 25 percent of the respondents are having opinions of experts, 19 percent of the respondents are having information through brokers / agents, 36 percent of the respondents are having information through media and 3.3 percent of the respondents are having information through other sources.

Source of Investment and Monthly Family Income

Source of Investment	Monthly Family Income				
	Up to Rs.20000	Rs.20001-35000	Rs.35001-50000	Above Rs.50000	Total
Monthly savings	26	7	16	3	52
Other earnings	5	11	1	0	17
Contribution from spouse	8	5	5	1	19

Part of regular income	4	3	5	0	12
Total	43	26	27	4	100

The above table shows that the monthly savings of the respondents are the biggest contributory factor in their investment. 52 out of 100 respondents rely on their monthly savings in order to make investments where the majority i.e. 26 out of 52 comes are from the monthly income group of less than 20000. It is followed by 19 respondents who rely upon the financial contribution from their respective spouses for investing.

Perception of Investors on investors on various Investment Avenues based on Age of respondents and Educational Qualifications

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	49.699	8	6.212	3.659	.001
Intercept	315.227	1	315.227	185.678	.000
Age	22.029	3	7.343	4.325	.007
Edu_qn	30.793	2	15.396	9.069	.000
age * Edu_qn	35.579	3	11.860	6.986	.000
Error	154.491	91	1.698		
Total	875.000	100			
Corrected Total	204.190	99			

The researcher conducted a two way analysis to find the investors perception towards various investment avenues based on the age and educational qualifications. The study shows that Investors perception towards various investment avenues based on their age is having a significance level of 0.007 which is less than 0.05 which means there is a significant difference in the perception of investors towards various Investment based on their age. Regarding the perception of respondents towards various investment avenues based on their educational qualifications, the significance level generated is 0.000 which is less than 0.05, which means there is a significant difference between the perception of investors towards various investment avenues based on the educational qualification of respondents.

Investors choice of their main investment choice from various Investment Avenue

Investment Avenues	Frequency	Percent
Stock markets	29	29
Gold	18	18
Bank Savings	49	49
Post Office savings	1	1
Insurance	1	1
PF	2	2
Total	100	100

From the above analysis, it can be concluded that most investors prefer to invest in Bank accounts which is followed by investment in stock market and then in Gold.

Investment Option which Gives More Returns

Investment Avenues	Frequency	Percent
Stock markets	23	23
Gold	23	23
Bank Savings	48	48
Post Office savings	5	5
Real Estate	1	1
Total	100	100

From the above analysis, it can be concluded that it is the Bank savings which provides the best return for the investors which is followed by investment in stock market and Gold. But it is also seen that though 29 respondents opted stock market as the best avenue for investment only 23 of them has stated that stock market gives the best returns. There is a jump in the number of respondents who opted for gold investment and the return it provides

Relationship between investment avenues and avenue that provides most return

Chi-Square Test	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	122.098	30	.000
Likelihood Ratio	120.299	30	.000
Linear-by-Linear Association	.538	1	.463
N of Valid Cases	100		

The above table shows the relationship between investment avenues and investment option which Gives More Returns. The significant value arrived is 0.000 which is less than 0.05, it is found that there exists a significant relationship between investment avenues and avenue which provide most return.

Investors Perception towards various Investment Avenues based on motive of Investment

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	42.910	6	7.152	10.894	.000
Within Groups	6150	93	.656		
Total	103.960	99			

The above table shows Investors Perception towards various Investment Avenues based on motive of Investment. As the F value for the element motive for investment is10.894 with a significance of 0.000 which is less than 0.000, it is found that there is a significant difference between the perception of investors towards various Investment Avenues and their motives for Investment. The mean differences exist for motive of investment against investors choice across various investment avenues.

Objectives of Investment based on nature of investment

Objectives of Investment	Mean	N	Std. Deviation
Wealth creation	2.6000	30	.49827
Education	2476	21	.66904
Planning for retirement	2488	41	.31235
Marriage of children	2.2857	6	.48795
House Purchase	2000	2	0887
Total	2.2300	100	.52905

The above table describes the mean score given by respondents regarding Objectives of investors on investing based on nature of investment. From analysing the table it is found that respondents consider wealth creation as the biggest aim while making investments. It has the highest mean score of 2.6000 compared with others. Be it short or medium or long term investment, the main goal of investors is wealth creation.

Investors choice of main avenue and Avenue which gives more returns

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	22.395	6	3.733	2.206	0.049
Within Groups	157.365	93	1.692		
Total	179.760	99			

The above table shows Investors perception towards the choice of main Investment avenue and Investment Option which Gives More Returns The F value for the element motive for investment is10.894 with a significance of 0.049 which is less than 0.05, it is found that there is a significant difference between the choice of main Investment avenue and Investment Option which gives more returns.

Relationship between Investment Avenues and Risk

Chi-Square Test	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	67.322[a]	12	0.000
Likelihood Ratio	83.685	12	0.000
Linear-by-Linear Association	4.873	1	27
N of Valid Cases	100		

The above table summarises the relation between the choice of Investment avenue and risk. The significant value arrived is 0.000 which is less than 05, it is found that choice of Investment avenue and risk are closely related.

CONCLUSION

It can be concluded that the bank savings is the most preferred investment choice among the respondents. It is the safety of the investment which determines the choice of investment. The study also found that people are showing interest in investing at stock market instruments like never before. There is a gradual rise in the number of investors in participating in stock markets. It is also found that there is a significant difference between the choice of main investment avenue and investment option which gives more returns. Finally, the study concludes that investments by the investors towards various investment avenues were done with the expectation of wealth creation.

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