AN EMPIRICAL STUDY OF INVESTORS PERCEPTION OF INVESTMENT AVENUES

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Abstract

This project AN EMPIRICAL STUDY OF INVESTORS PERCEPTION OF INVESTMENT AVENUES gives a brief idea about different investment avenues that are prevailing in Indian financial markets. which has a lot of variety of options like stocks, bonds, mutual funds, insurance, gold, real estate, bank deposits, post office deposits, retirement plans where investors / people end up confused. Merits and demerits are present in every investment option. Some investment options are discussed in my project.

Investment behaviour refers to perception, insight, attitude and willingness of investor in parking their investment in financial securities. The selection of the best suitable investment option for investor from available investments has become a difficult task. Hence each investor should be clear about their purpose of investment and they should analyse every investment using different factors like safety, return, risk, liquidity, marketability, etc. This project helps in analysing opinion of different investors and their idea of investment which gives proper basis for investment

Introduction

Investment is keeping money on work, to start or improve project or purchase an asset or interest which are later put to work, with goal to increase value and income over time. Investment in financial sense means purchase of stocks, bonds or real estate along with several others. The production of goods used for producing other goods may be seen as investing. Taking measures in the hope of elevating future revenue can be considered as investment. The ultimate goal is to always develop knowledge and skills in hope of producing more income. As investment is oriented towards future income or growth, there is risk involved with the investment in instance it does not fall short or pans outs. For instance, investment that leads to bankruptcy or failure of project this is what differentiate investing from saving-saving is gathering money for future that is not at risk, while investing is putting money to operation or work for future gain and demand some risk. Types of investment used in the study are Stock, Bonds, Mutual funds, Insurance, Gold, Real estate, Bank deposit, Post office deposits, Retirement plans.

Research methodology

Objectives

- To understand the demographic factors of selected investors.
- To understand their preferred criteria of investment by the investors.
- To identify the purpose of investment and their preferential ranking about parking of investment.

Hypothesis

H_{01}: There no significance association of gender, with preferred level of return.
Ha_1: There is significance association of gender, with preferred level of return.
H_{02}: There is no significance association of gender, with level of risk
Ha_2: There is significance association of gender, with level of risk
H_{03}: There is no significant association between different age group to that of investment purpose
Ha_3: There is significant association between different age group to that of investment purpose

Data collection tools

Data collection tools are questionnaire, case studies, surveys, check list, personal interviews, newspaper, articles, journals, magazines.

Data source

Primary data: Data which is collected directly using questionnaire filled by respondents, surveys, checklist etc is called primary data. A questionnaire on INVESTORS OPINION ON INVESTMENT CRITERIA AN EMPERICAL STUDY prepared to collect data from investors who are into different fields of different locations of Hyderabad that is used for analysis.

Secondary data: Data which is obtained from already collected primary data by using different sources like censuses, journals, articles, newspapers, information from government departments, libraries, social media, websites and magazines is called secondary data.

Sample size

Sample size is measuring the number of individual observants is used in the survey. In this research area investment behaviour of around 75 people of different occupation of Hyderabad are selected for collection of primary data using questionnaire prepared for analysis of individual's behaviour for different criteria.

DATA ANALYSIS AND RESULT

Hypothesis testing using chi-square test

This table represents the chi-square test between level of return and gender.

Level of return*gender

O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
18	16.53	1.47	2.1609	0.13
7	10.13	-3.13	9.7969	0.97
14	11.73	2.27	5.1529	0.44
1	1.06	-0.06	0.0036	0.003
0	0.53	-0.53	0.2809	0.53
13	14.46	-1.46	2.1316	0.14
12	8.86	3.14	9.8596	1.11
8	10.2	2.2	4.84	0.47
1	0.93	0.07	0.0049	0.005
1	0.46	0.54	0.2916	0.63
				4.428

Test	Degree of freedom	Table value	Calculated value
Chi square	4	9.488	4.428

RESULT:
If table value is greater (>) than calculated value then H01 is accepted and Ha1 is rejected. Here table value is 9.488 which is greater than calculated value is 4.428 hence **null hypothesis is accepted** i.e. there is no significance difference between gender and preferred level of return

This table represents the chi-square test between level of risk and gender

Level of risk*gender

O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
3	4.26	-1.26	1.587	0.373
11	10.13	0.87	0.7569	0.075
15	15.46	-0.46	0.2116	0.014
8	8	0	0	0
3	2.13	0.87	0.7569	0.355
5	3.73	1.27	1.6129	0.432
8	8.86	0.86	0.7396	0.083
14	13.53	0.47	0.2209	0.016
7	7	0	0	0

1	1.86	-0.86	0.7396	0.40
				1.4285

Degree of freedom = (5-1) (2-1)

          = 4

Tabular value is 9.488 at significance level of 0.05 and the calculated value is 1.4285

Test	Degree of freedom	Table value	Calculated value
Chi square	4	9.488	1.4285

RESULT:

Tabular value 9.488 is greater than calculated value 1.4285. hence, **null hypothesis is to be accepted.** The null hypothesis is there is no significance difference between gender and preferred level of risk.

This table represents the chi-square test between different age groups and purpose of investment of investors.

Different age groups * purpose of investment

O	E	(O-E)	$(O-E)^2$	$(O-E)^2/E$
24	18.59	5.41	29.268	1.57
8	7.61	0.152	0.023	0.003
13	12.25	0.75	0.5625	0.046
19	18.59	0.41	0.1681	0.009
8	13.10	-5.1	26.01	1.99
10	12.68	-2.68	7.182	0.566
8	7.18	0.82	0.697	0.097
10	13.84	-3.84	14.745	1.065
7	5.66	1.34	1.7956	0.317
9	9.12	-0.12	0.0144	0.002
13	13.84	-0.84	0.7056	0.051
12	9.75	2.25	5.0625	0.519
11	9.44	1.56	2.4336	0.2578
5	5.35	0.35	0.1225	0.023
4	6.82	-2.82	7.9524	1.16
2	2.79	-0.79	0.6241	0.22
6	4.49	1.51	2.2801	0.508
7	6.82	0.18	0.0324	0.005
5	4.80	0.20	0.04	0.008
8	4.65	3.35	11.22	2.41
1	2.63	-1.63	2.6569	1.01
4	3.31	0.69	0.4761	0.14
1	1.35	-0.35	0.1225	0.09
1	2.18	-1.18	1.3924	0.006
3	3.31	-0.31	0.0961	0.029

3	2.33	0.67	0.4489	0.193
1	2.25	-1.25	1.5625	0.694
3	1.28	1.72	2.9584	2.311
2	1.45	0.55	0.3025	0.209
0	0.59	-0.59	0.3481	0.59
0	0.95	-0.95	0.9025	0.95
2	1.45	0.55	0.3025	0.209
3	1.02	1.98	3.9204	3.843
0	0.99	-0.99	0.9801	0.99
0	0.56	-0.56	0.3136	0.56
				22.6508

Test	Degree of freedom	Table value	Calculated value
Chi square	24	36.42	22.6508

RESULT:

Table value is 36.42 which are greater than calculated value 22.6508 hence **null hypothesis is accepted.** the null hypothesis says that there is no significance between different age and purpose of investment.

FINDINGS, CONCLUSION AND SUGGESTIONS

Findings

From above study, it is found that most of people that are 38.7% invest least amount of their income where as 9.3% people investment maximum amount.

It is evident that 58.7% people are likely to invest every month and 10.7% of respondents invest every year.

Return expectancy is more in mutual funds and marketability is low in bonds.

Investment criteria is based on very high level of return, with moderate risk and moderate marketing

From above study, it is clear that equal percentage of 58.7% of people are investing for wealth creation and house,41.3% are into retirement,40% interested invest for car and tours &travels.

Conclusion

Maximum number of people invest in little amount of their income in investment, only a few people take the risk and invest huge percentage of income. Frequency of investment of investors is that more than half of investors are likely to invest every month and they track them every month. Purpose of investment of respondents is mostly for wealth creation and house. Preference of investors investment, at this stage of life style people are more into age old bank deposits whereas younger generation are likely to take risk and invest in stock. Source of information to people about investment is through relatives, social media, news, and bank.

Investors are likely to take risk in stock and they believe mutual funds are safest investment of all. Return expectancy is more in mutual funds. Large number of investors investment is based on past performance of that particular investment. Respondents expect investment to grow at huge rate and in future they want to invest in mutual funds.

Suggestions

More number of people should invest their high percentage of income into investment avenues

Every investor should track their investment regularly like daily or weekly as most of them check them monthly

People should also invest in for future purpose like retirement and also for tours & travels.

Investment should be made more into modern investment like stocks, bonds, options and crypto currencies as they are still into bank deposits and mutual funds.

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