



AN EMPIRICAL STUDY OF INVESTORS' PERCEPTIONS OF VARIOUS INVESTMENT AVENUES IN TAMILNADU

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ABSTRACT

In the 21st century of the digital era, due to globalization and economic liberalization lot of business expansions, industrial development and infrastructure changes and growth, an increase in foreign investment and personal financial assets are created rapid growth in investment and which makes a passionate situation for each and every investor who wants to take part in taking a risk in investments, gaining knowledge and capacity to save money and invest in the stock market, gold, real estate, insurance, post office, Mutual funds, and others similar different investment opportunities accessible in India for of small investors. There are very few studies that have explored investors' perspectives in the field of equity, mutual fund and other avenues. However, the investors' perception in Tamil Nadu is yet to be explored, and this empirical study is an attempt to examine the investors' perception of various investment avenues in Tamilnadu. For this study, Primary data using simple random sampling through questionnaire structured questionnaire was used to collect data as well as secondary data from a wide range of literature from various journal publications were utilized. Descriptive statistical methods such as demographic analysis with simple percentages Mann Whitney and Kruskal-Wallis tests were used to test the study's objectives. The results emphasized that the age plays a vital role in investor's perception and high-income investors prefer to invest only in Gold and Bank deposit for safety and liquidity investment reasons. The research would benefit academics, market researchers, institutional investors, traders, distributors, and other potential investors.

KEYWORDS: Gold, Gold ETF, Investment Options, Investors' perception, Mutual Fund.

I INTRODUCTION

Financial markets are vital to a country's economic development. They facilitate the process to utilize scarce resources by transferring them from savers to borrowers, so boosting the nation's investment activity. The most important role of contemporary finance is the effective deployment of money. It entails making decisions on the firm's long-term financial commitments. A country's economic growth is essentially determined by the savings of its residents. Investing funds in a range of possibilities helps the country flourish. Investing is the practise of putting one's money into assets with the hope of earning more money or rising in value over time. It is not a game, but a serious matter that might have a substantial impact on investors' future success. Which of the possibilities is picked is determined by the needs and requirements of each investment. Each investment has unique characteristics such as return potential and risk. Because the future is unknown, one must assess how much risk he or she is willing to take, given that higher returns are predicated on accepting more risk. Before investing, the investor must weigh several investment options in terms of risk, return, term, convenience, liquidity, and so on. Even if a person does not select specific assets, such as stocks,

investments are still made through mutual fund participation. The stock market, bonds, mutual funds, life insurance, pension plans, precious metals such as gold, silver, and platinum, and non-marketable assets are all investment options (bank deposits and post office savings). All are classified according to their unique risk, return, maturity, and so forth.

Behavioural finance is a new field that has emerged in the last 25 years to investigate how psychology affects finance. To explain people's financial behaviour and economic decisions, it combines behavioural and cognitive psychology theory with classical economics and finance (Nisha Shankar, 2014). It refers to the selection, purchase, and consumption of goods and services in order to satisfy wants. A variety of processes are involved in investor behaviour. Initially, the investor strives to identify which stocks he wants to buy, and then he selects just those assets that bring the most advantage. Following the selection of the security, the investor calculates the amount of money he has available to invest. The investor then analyses current share prices and decides which stocks to acquire. In light of the foregoing, this study conducts an empirical investigation of investors' perceptions of various investment prospects in Tamil Nadu.

II REVIEW OF LITERATURE

The literature review done for this research on investors' perceptions of various investment avenues revealed that all investors' decisions have a significant influence. The following literature has been evaluated to support the necessity for the ongoing study. (Agarwal, 2001) stated that the public provident fund is the most advantageous investment for all groups (salaried, self-employed, and retirees) as well as tax payers and non-tax payers. (Panda, 2001) indicated that the safety and minimum return for the amount invested in the mutual fund are of great importance to investors. Before making an investment, the investor will also take into account other factors such the tax credit provided by Section 80 C and the company's prior success. (Chalam, 2003) According to the majority of investors, real estate is their preferred investment, with mutual fund plans coming in second, followed by gold and other metals. Based on (Ranganathan, 2006) a study, investors chose to put their money into pension and provident funds for retirement purposes rather than mutual funds for their future needs. (Mittal, 2007) it is preferred to invest in equity or mutual funds, debentures or bonds, real estate or gold, post office deposits or derivatives, or both, by the service class, business class, housewives, professionals, and students, respectively. (Mittal M. &, 2008) It has been found that factors including age, education level, income, and marital status significantly influence an investor's choice to make an investment. (Krishnamoorthi, 2009) pointed out that factors such as an investor's employment, reading habits, and educational background all have an impact on their decision to invest.

(Sasi Kumar, 2010) mentioned in his paper that for a safe investment, gold was favoured by investors over banks. Investors choose to invest in insurance for security reasons. (Rani, 2011) discovered that investors, regardless of their level of education, employment, age, or income, would prefer to secure their future by purchasing an insurance policy. (Kaushal, 2012) explained how all income groups and investor categories prefer to invest in bank and post office deposits owing to their lower risk. While higher income groups with more education tend to invest in equities shares, mutual funds, insurance, commodities, and real estate. (Dhiraj & Kothari, 2012) The study looks into how the Post Office saves money. And it has helped connect the whole country in important ways. It works like a bank when there are no banks around. Its role has changed, and it is now one of the best places for wealthy investors to put their money, which is then put to good use in building the country. (Murugan, 2012) According to studies, most investors are uninformed of corporate investing options such equity and preference shares, mutual funds, corporate debt securities, and deposits. The survey found that respondents know about real estate, bullion, bank accounts, life insurance, and minor savings plans. Despite their economic freedom, women rarely invest. (Rajasekar, 2013) Research investor views of their profile, savings, investing preferences, and behaviour. Investor prejudice has been studied using several factors. Population surveys utilised a large 150 sample. Chi-square regression, weighted average percentage, evaluated the data. These data suggest investors care equally about security and growth/returns. Most responders choose mutual funds.

(Umamaheshwari, 2014) the majority of investors, for reasons of safety and liquidity, chose to invest in fixed deposits with banks, followed by gold, units of UTI, fixed deposits of non-government businesses, mutual funds, equity shares, and debentures. (SidharathulMunthaga.J, 2014) The Study came to an end. Most investors want to put their money into bank deposits, post office savings plans, and insurance. Some investors want to put their money into mutual funds and stock shares. The study's results show that most of the people who answered are interested in investing in insurance, Post Office Savings (NSC), Public Provident Fund (PPF), and Bank Deposit (BD), with the exception of people who are over fifty years old. (Shahid & Abbas, 2019) Investor confidence has a significant impact on corporate investment decisions in both countries, according to research that was done to determine how corporate governance and investor confidence affect corporate investment decisions. Additionally, investment levels are higher in companies that have good corporate governance practises. (Samuel Anbu Selvan & Ramraj, 2021) The findings show that investors' opinions of mutual funds are unaffected by age or marital status. Additionally, perks, convenience, and reputation affect investors' purchase decisions. Academics, market analysts, institutional investors, dealers, distributors, and other

prospective investors would all profit from the study. (Samuel Anbu Selvan & Ramraj, 2022) (Samuel Anbu Selvan & Ramraj, 2021) Explained that buy gold jewellery and coins but are less interested in Gold ETFs and other investment options. Electronic Gold is not as good as real Gold. It is recommended that investors buy gold to lower their service tax, but they should also try to keep their gold coins for a long time. The poll's results showed that there is no significant link between age, job, or investment sources and other demographic factors.

(Samuel Anbu Selvan & Ramraj, 2022) Stated that during this pandemic, most customers switched from making monthly purchases to making purchases once a year. And the survey shows that there are 10 things that affect whether or not someone buys gold jewellery: price, quality, trustworthiness/safety, advertising, brand, liquidity, ease of use, transparency, recommendations from family and friends, and shop display. (Samuel Anbu Selvan & Ramraj, 2021) The literature described above illustrates the significant impact on investors' perceptions of various investment possibilities. The previous research also makes it clear that the majority of investors emphasize safety and security when making investments, followed by maximising returns. In light of the preceding literature, the current study makes an effort to pinpoint issues with how investors' perceptions of various investment prospects in Tamil Nadu.

III OBJECTIVES OF STUDY

- ✓ To know the demographic factors affecting investment opinion
- ✓ To study the various alternatives of investment for the investors
- ✓ To Identify factors influencing investors' perceptions to invest

IV RESEARCH METHODOLOGY

An empirical investigation was conducted by evaluating the relevant literature. This study aims to investigate investors' perceptions of various investment opportunities in Tamil Nadu. For this study, primary data were collected from 117 respondents, but only 100 samples were included in the analysis due to incomplete responses from the remaining 17 respondents. Data were collected via a standardised structured questionnaire covering various classes of investors geographically, demographically, etc., and the second part of the questionnaire contained Likert's scale questions pertaining to investors' perceptions towards various financial instruments. IBM SPSS 22 was utilised for analysis, and statistical procedures such as frequency distribution, percentage analysis, Garrett's ranking technique, Mann Whitney, and Kruskal-Wallis tests were employed to evaluate the study's aims.

V ANALYSIS AND INTERPRETATION

1. DEMOGRAPHIC ANALYSIS

The demographic analysis may be used to assess the measurements and dynamics of survey respondents. These forecasts are often used as a standard for evaluating the accuracy of population data collected during the study period. The population composition is also an essential aspect of research, especially in the context of factor analysis. Data spanning hundreds of years isn't always beneficial since the number of people for which the data is available lacks the necessary details. A lack of information about the initial data collection procedures will impede data quality evaluation. To avoid any data analysis problems, a detailed demographic analysis was performed. Data has been collected for a total of 100 respondents. Table 1 shows the details of the demographic analysis and its results.

Table – 1

Demographic Analysis

BASIS	CATEGORY	RESPONDENTS
AGE	18-25	28
	26-40	39
	41-60	26
	Above 61	07
GENDER	Male	63
	Female	37
	Others	00
EDUCATION	Graduation	76
	Post-Graduation	19
	Doctoral	05
OCCUPATION	Government employees	16
	Private Sector employees	50
	Professional	02
	Business	19
	Others	13
INCOME	Below Rs 20,000pm	10
	Rs 20,001 – Rs 40,000pm	59
	Rs 40,001 pm & above	31
MARITAL STATUS	Married	90
	Unmarried	10

SOURCE OF INCOME	Own savings	55
	Borrowings	08
	Both	37
INVESTMENT EXPERIENCE	Less than three years	54
	3-5 years	33
	5 years & above	13
INVESTED AMOUNT	Below Rs. 1 lakh	35
	Rs. 1 lakh - Rs. 2 lakhs	44
	Rs. 2 lakhs & above	21
SOURCE OF INFORMATION	Family or Friends	37
	Advertisement or Media	48
	Constancy's View	03
	Others	12

Author's Calculation

According to the study, the majority of investors (39 percent) are between the ages of 26 and 40, the majority of respondents (63 percent) are male, 76 percent have a bachelor's degree, which is around half of the total respondents are employed in the private sector, and 59 percent have a monthly income of 20,000 to 40,000 rupees. 90 percent of respondents are married, 55 percent spend their own savings for investment, 54 percent have very little experience in the field (less than three years), and 44 percent have invested between 1-2 lakhs. The major source of information for investing in various investment avenues is 48 percent based on advertisement and media impact only.

2. GARRETT'S RANKING TECHNIQUE

With the help of Garrett's Table, the percent position estimated is converted into scores. Then for each factor, the scores of each individual are added and then the total value of scores and mean values of the score is calculated. The factors having the highest mean value is considered to be the most important factor. The respondents were asked to rank the selected the priority for investment avenues in Tamilnadu

Table – 2

Various Investment Avenues In Tamilnadu

Factors	Garett Score	Rank
Gold & ETFs	64.389	1
Banks	61.729	2
Post Office	56.462	3
Govt. Securities	52.389	4
Insurance	51.642	5
Real Estate	49.218	6
Equities	48.796	7
Chit Funds	48.154	8
Private Savings	46.382	9
Others	45.743	10

Author's Calculation

Table 2 indicates that the majority of the respondents are given top priority to Gold and Gold ETFs with a score of 64.389, then second priority is given to Bank saving and other deposit modes with a score of 61.729 followed by other investment avenues, the least preferred investment avenue is others which includes of unauthorised fund collecting companies and unfamiliar chit fund institutions with the score of 45.743.

3. MANN WHITNEY TEST

When the dependent variable is ordinal in nature, this test is utilised to compare the difference between two independent groups. According to this study, the dependent variable is investment revenues, while the independent variables are the respondents' gender and income (less than 40,000pm and more than 40,000pm) Sources of income (own savings and borrowed amount) and invested amount (less than 2 lakhs and more than 2 lakhs) are detailed in Table 3.

Table – 3

Result of Mann-Whitney Test with Various Investment Avenue

INVESTMENT AVENUE	GENDER		INCOME		SOURCE OF INCOME		INVESTED AMOUNT	
	Male	Female	<40,000	>40,000	Own	Borrow	<2Lakhs	>2Lakhs
s	48.12 (0.052)	51.81 (0.001)**	50.30 (0.552)	50.42 (0.883)	47.92 (0.001)**	49.80 (0.775)	50.30 (0.622)	50.68 (0.966)

Banks	49.61 (0.527)	50.66 (0.793)	50.96 (0.768)	51.28 (0.001)**	49.32 (0.669)	50.17 (0.343)	50.82 (0.005)*	49.32 (0.631)
Post Office	48.26 (0.028)	49.48 (0.005)*	48.19 (0.425)	48.80 (0.642)	51.09 (0.725)	48.44 (0.915)	51.57 (0.004)*	48.59 (0.008)
Govt. Securities	49.28 (0.762)	50.77 (0.534)	49.17 (0.051)	50.87 (0.854)	51.72 (0.056)	50.48 (0.762)	49.19 (0.036)	49.56 (0.005)*
Insurance	50.29 (0.005)*	49.03 (0.739)	49.75 (0.274)	50.62 (0.357)	49.32 (0.317)	48.31 (0.264)	48.23 (0.083)	51.65 (0.152)
Real Estate	51.68 (0.001)**	48.37 (0.061)	48.80 (0.848)	48.47 (0.197)	50.81 (0.461)	50.15 (0.925)	46.72 (0.861)	52.89 (0.000)**
Equities	50.84 (0.294)	48.31 (0.067)	50.67 (0.347)	48.43 (0.005)*	48.37 (0.277)	50.80 (0.395)	51.02 (0.212)	51.97 (0.068)
Chit Funds	51.16 (0.284)	50.56 (0.485)	51.89 (0.004)*	48.35 (0.162)	48.53 (0.644)	51.34 (0.646)	51.46 (0.826)	51.65 (0.152)
Private Savings	52.64 (0.571)	50.01 (0.411)	53.28 (0.001)**	51.42 (0.389)	50.02 (0.522)	50.28 (0.405)	51.74 (0.871)	50.92 (0.073)
Others	49.92 (0.289)	48.65 (0.507)	51.38 (0.194)	51.86 (0.735)	50.64 (0.946)	50.62 (0.567)	48.40 (0.734)	51.33 (0.224)

Author's Calculation

*5% Level **1% Level

As shown in the table, explicit male investors prefer to invest in real estate with a p-value of 0.001 and in insurance sectors with a p-value of 5%. However, female investors are more interested in gold, which has a 1% significance level, and post office savings, which has a 5% significance level. Low-income investors prefer private savings, and high-income investors favour equities and bank deposits when income and investment options are considered. Own-source-of-funds investors like gold and gold-related exchange-traded funds (ETFs) over most other assets, excluding bullion. When evaluating the amount invested, it is evident that the smallest proportion of investors choose post office deposits or bank savings accounts, whilst the largest proportion of investors prefer real estate.

4. KRUSKAL-WALLIS TEST

This test compares the difference between the medians of many independent variables. The dependent variable in this study is investment revenue, whereas the independent factors are the respondents' age and education level with that perception level, as shown in table 4.

Table – 4

Result of Kruskal-Wallis Test with Various Investment Avenue

INVESTMENT AVENUE	AGE				EDUCATION		
	18-25	26-40	41-60	>60	Graduation	Post-Graduation	Doctoral
Gold & ETFs	16.243 (0.001)**				7.651 (0.005)*		
Banks	9.846 (0.000)**				8.762 (0.096)		
Post Office	5.429 (0.002)*				5.038 (0.007)		
Govt. Securities	1.689 (0.004)*				4.291 (0.000)**		
Insurance	4.726 (0.000)**				8.438 (0.016)		
Real Estate	12.591 (0.752)				2.618 (0.186)		
Equities	6.816 (0.038)				1.594 (0.004)*		
Chit Funds	13.476 (0.004)*				5.902 (0.841)		
Private Savings	1.089 (0.002)*				11.061 (0.076)		

Author's Calculation

*5% Level **1% Level

From the table 4, the calculated value of Kruskal-Wallis Test, except for real estate and equities market investment avenues, the calculated value of Kruskal-Wallis Test for all other variables such as gold, bank deposit, post office savings, government securities, insurance, chit fund, and private savings is less than 5% level of significant, so the null hypothesis is rejected. As a result, there is a considerable association between age and investor perception of

investment options. Furthermore, education and investment avenues are linked to that, with well educated investors having a favourable impression of gold investments, government securities, and equity market investments. Those who are not well informed are unaware of these financial opportunities.

VI CONCLUSION

The study concludes that a diversity of investment choices should provide capital appreciation as well as short- and long-term rewards. The basic premise underpinning all government, private, self-employed, and retired people's investments in this research is to use extra money in beneficial schemes such that the funds are rolled back while still yielding considerable returns. When an ordinary person thinks about investing, he will never adopt a risky plan. Because the stock and gold markets are highly volatile and unpredictable in the current climate, investors should thoroughly assess the market before making investment decisions. The majority of investors, according to the research, are young and well educated. Advertisements for investment programmes in the media are highly motivating for investors. According to reports, the following are the top three investment prospects in Tamil Nadu: Investors prefer to invest in gold and gold ETFs and have little interest in unknown chit funds and private money collection organisations. According to the report, female investors prefer to invest in gold, whilst male investors prefer to invest in real estate and insurance. For investment security, those who invested their own assets will prefer bank and post office deposits. Furthermore, age has a considerable impact on investor views, with investors changing their investment strategy dependent on their age. The study's findings suggest that investors' opinions of various investment possibilities in Tamil Nadu might be utilised to better understand investor perceptions in Tamil Nadu.

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