

A Study on Investment Preference towards Different Investment Avenues

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Abstract-The investor behavior analysis is an analysis of the demographic and psychographic characteristics of investors, taking into account parameters such as age, gender and income groups and certain psychological parameters that interest investors in this investment. especially. This analysis describes why an investor chooses a particular investment and the reason for the investment and other investment objectives.

Demographic and psychographic factors:

Demographic: socioeconomic characteristics or variables of a population such as age, sex, education level, income level, marital status, occupation, religion, birth rate, mortality, the average size of a family,. A census is a compilation of the demographic factors associated with each member of a population.

Psychographic: This includes an investor's attitudes, interests and opinions (AIO) when analyzing a particular investment option.

The purpose of this document is to demonstrate the behavior of individual investors in the NCR against the various investment routes available in the Indian financial market. The most important factors influencing an investment are the security of the principal amount, the liquidity, the stability of the income, the tax planning and the revaluation of the capital.

There are a variety of investment opportunities such as savings, FD A / C, government bonds, corporate bonds, insurance, real estate, commodities, equities and MF, chit funds and gold and silver. All investors invest their excess cash in the above options according to their risk appetite. More risks lead to more profit. Investors can not avoid risks, but they can minimize risks by investing their money in various forms of secure investments to achieve a moderate profit. This study led the researcher to conclude that most investors in the NCR prefer bank deposits, followed by investments in gold and silver.

Key words: Investment behavior, portfolio, Investment Avenues

I. INTRODUCTION

In India, financial instruments are issued to investors with different needs and risk attitudes. Previously, traditional financial products were offered by financial institutions such as the bank, the insurance policy (checking accounts, savings accounts, RD and FD, national savings bonds, KisanVikas Patras). In the LPG era, the financial industry has offered a variety of financial products such as mutual funds, life and property insurance, precious metal derivatives, pension funds, and investment programs. early childhood education. Etc.). The preferences of investors differ from person to person, as each investor behaves differently during the investment. The investment behavior of the investor is influenced by his own environment. Individuals invest in various financial instruments, hoping to generate high returns over a period of time and for a particular risk. Today, after a thorough investigation of the financial market and in accordance with their investment objectives and circumstances, investors must select a number of investment paths that must decide which financial product to choose. The research paper is an attempt to analyze the investment preferences of individual investors in the NCR.

II. LITERATURE REVIEW

Narayana (1976)¹ found that the most important forms of urban financial investment were bank deposits, shares and securities. Mudra - SAMIR'S (1992)² work brings that the fact that the working women in urban India put aside one-fifth of their earnings as savings. According to Jawaharlal, (1995)³ investors with be provided with adequate and reliable information so that they can make sound investment decisions. Bandgar P.K (1999)⁴ opines that most of the investors do not know about safety of new issues of company shares, debentures and shares bought stock exchanges. Abhijit Dutta (2000)⁵ observes that the individual investors have high confidence in themselves and are not guided by the market discounted asymmetric information. Maruthupandian.P(2001)⁶ says that investors should remember that their active participation in the activities of the investor forum is a must. The Indian Household Investors Survey, (2004)⁷ registers the fact that a developing economy like India needs a growing amount of household savings to flow to corporate enterprises. Kirshnudu.Ch, B. Krishna Reddy and G. Rama Krishna Reddy(2005)⁸ have found out that the Investors are mostly influenced by family members while taking decisions on investment. Sridhar.R (2008)⁹ records that the majority of the respondents have invested less than one lakh. SunatanKhurana (2008)¹⁰observe that protection is the main purpose for taking an insurance policy. Darshana.P (2008)¹¹ the visual and print media and training programs will help investors make well-informed decisions. Vikram.S (2008)¹² records that major percentage of respondents have moderate knowledge and have less exposure towards the financial market. Kasilingam.R and Jayabal.G (2009)¹³ observe that the funds invested in small savings schemes will yield good results, not only to individual investors but also to the nation. Selvatharangini P.S (2009)¹⁴ concludes that generally people differ in their taste and preference. Kaboor.A (2010)¹⁵ finds that financial literacy is not uniform among different groups of investors. Mathivannan.S and Selvakumar.M (2011)¹⁶ observe that the teachers are saving their money for the purpose of their children's education, marriage and other welfare expenses. Manish Sitlani, Geeta Sharma &BhoomiSitlani (2011)¹⁷ observe that there is no relationship between demographic variables and

investment choices of occupants of financial services industry. Suman and Warne.D.P. (2012)¹⁸ ascertain that the market movements affect the investment patterns of

investors in the stock market. Alagu Pandian. V and G. Thangadurai (2013)¹⁹ in their study have found that most of the investors prefer bank deposits followed by investment in gold. Parimalakanthi. K and Dr. M. Ashok kumar (2015)²⁰ in their study have found that investors prefer to invest in banks to enjoying the maximum safety. Though various authors have made several studies in the above areas, considering all the observed parameters. individual investors in Coimbatore city.

III METHODOLOGY

Data: The data needed for the study are primary. The primary data was collected using a structured questionnaire. This empirical study is very useful for financing companies that are dedicated to portfolio management. If a portfolio offered by the company meets a client's ideology, he is ready to invest in that portfolio without a doubt. Any transaction carried out by the company loses credibility if it is not favorable to the customer or if the customer refuses. Therefore, this study helps companies develop such products for their investors who are within reach of their mentality and thinking.

The study was conducted by collecting data from the sample of 100 investors, using an average of the results extracted from the data. Here I publish the results and interpretations of the study.

IV STATEMENT OF THE PROBLEM

Healthy savings and adequate capital allocation are key to a country's development activities. Lowering power consumption or increasing per capita income will contribute to savings. The selection of investment paths is based on your individual investment objectives. The liquidity and security of the principle play an important role in the investment decision; Tax exemption and other factors are also taken into account. Along with all the above factors are demographic factors that influence the investment decision. This article discusses the factors that influence the investment behavior of people in the NCR.

Objective: Investigation of the investment preference of the individual for various investment opportunities in the NCR

V Data Analysis and Interpretation

Demographic profile

<i>Variables</i>	<i>Particulars</i>	<i>%</i>	<i>Variables</i>	<i>Particulars</i>	<i>Frequency</i>
<i>Gender</i>	Male	60	<i>Age</i>	Below 20	20
	Female	40		20-30	30
<i>Location</i>	Rural	35		33-40	25
	Urban	32		40-50	10
	Semi-Urban	33	50 and above	15	
<i>Type of Residence</i>	Own	54	<i>Marital Status</i>	Married	45
	Rented	46		Unmarried	55
<i>Education</i>	Up to Schooling	20	<i>Number of members in family</i>	Two	10
	UG	25		Three	26
	PG	25		Four	36
	Professionals	30		More than Four	35
<i>Earning members</i>	One	25	<i>Occupation</i>	Agriculture	10
	Two	44			20
	More than Two	32		Professional	35
				Employment-Govt	20
				Employment-Pvt	15

From the above data it can be deduced that most investors are men and most of them live in urban areas. Most investors live in their own homes and have two members with income. The age of most investors varies between 20 and 30 years. Most investors are not married. Many investors are professionally qualified.

Friedman Test

To find out the important sources of information considered by an investor before investments, Friedman rank test is employed.

Table 2: Friedman Test

Source of information	Mean Rank	Rank
Print Media – Newspaper	3.32	5
Electronic Media – TV	3.95	2
Internet	4.59	1
Financial Advisors	3.54	4
Friends & Peer investors	3.76	3
Own analysis	1.84	6
Source : questionnaire		

The result of Friedman's rank test shows that most investors use the Internet to mobilize investment-related information, followed by television, consulting with friends and similar investors, and so on.

Table 3: Garrett Ranking

S.No	FACTORS	Rank										No of respondents	Total Score	Mean Score	Rank
		1	2	3	4	5	6	7	8	9	10				
1	Savings a/c in banks	41	40	19	0	0	0	0	0	0	0	100	7359	74.05	1
2	FD a/c in banks	21	19	41	0	0	19	0	0	0	0	100	3831	65.93	3
3	Govt Securities	0	0	20	41	20	0	19	0	0	0	100	820	55.31	7
4	Corporate Bonds	0	0	0	0	20	40	20	0	20	0	100	780	44.51	8
5	Insurance	0	19	0	0	21	20	21	19	0	0	100	2970	50.36	5
6	Real estates	0	19	0	0	19	20	42	0	0	0	100	3011	51.49	4
7	Commodities	0	0	0	0	18	0	0	19	20	43	100	342	31.47	10
8	Shares &MFs	0	0	0	19	0	0	0	62	19	0	100	1558	39.75	6
9	Chit Funds	0	0	0	0	0	0	0	0	39	61	100	741	23.42	9
10	Gold & Silver	40	20	19	21	0	0	0	0	0	0	100	4680	71.27	2

From the above analysis, it can be concluded that most investors prefer to invest in savings accounts with gold and silver, term money accounts and more. The research shows that most investors prefer bank deposits, followed by investment in gold and silver in the study area.

FACTORS	Before Investment	At the Time of Investment	Post Investment
I search for investment options	0.831		
I rely on intermediaries for making investments	0.821		
I prefer investment based on low transaction cost	0.819		
I discuss with my friends, colleagues, family members before I decided on my investments	0.759		
My investments are always tenure based	0.592		
I watch the performance of investment		0.73	
I take responsibility for the investments made		0.654	
My choice of investments are be of various avenues		0.691	
My investments are diversified		0.662	
My investments will be in equal ratio for all avenues		0.553	
My investment will be the last resort during contingency			0.786
I make more investments in the same avenue if my objectives are fulfilled			0.831
I analyse my investments and switch to other(s) when I find it appropriate			0.741
I consider using investments for social aspect needs			0.725
I don't consider switching when my investment objectives are met			0.662
Source : questionnaire			

All factor loads are 0.5 and higher and show good convergent validity (Chesney, 2006). The constructs are therefore one-dimensional and factorial, and all elements used to implement a construct result in a single factor grouped into three groups of factors. The result of the factor analysis shows that investors look for different investment options before investing, followed by brokerage advice, and prefer to invest on the basis of transaction costs and others. At the time of investment, investors determine the return on investments, take responsibility for their investments, prefer diversification of their investments and so on. Similarly, investors in the post-investment scenario believe that they will keep their investments until they are needed. appears to want to make more investments in the same way if they get the expected return on their investment, and agree that they can switch to other sources of investment when needed..

VI CONCLUSION

This research shows that investor education is extremely important to current investors in Coimbatore. Before investors invest, they need to gather information about investing on the Internet and seek advice on investing with friends, colleagues, and investment professionals. Most investors prefer to invest in savings accounts, followed by gold and silver, time deposit accounts and others. The research shows that most investors prefer bank deposits, followed by investment in gold and silver in the study area. Most investors come from nuclear families. This study concludes that multiple factors such as age, gender, income, education and occupation have a major impact on the investment decision of the investor. Various factors such as gender and age do not have a major impact on investors' investment decisions. Variables such as income, occupation and education have an impact on the investment decision of the investor.

VII.SUGGESTION:

The results of the study have implications. The study has a direct relationship with the market of financial products such as savings A / C in banks, FD A / C in banks, government bonds, corporate bonds, insurance, lending real estate, commodities, stocks and gold. And money. As a result, it could be of greater interest to regulators and regulators in relation to the financial market. Supervisors can protect the interests of new investors based on the structure of their investments. The following suggestions are worth considering:

1. Investors are informed that their time horizon, rather than a long-term investment, depends on their investment objectives and types.
2. Instead of making bad investment decisions, it is best for investors to get help from financial planners.
3. Insurance is security and not an investment. Therefore, investors are cautioned that they should invest in pure hedging plans rather than premium policies as the premium is lower and the surplus can be capitalized elsewhere and the return earned.
4. It has also been suggested that investors make investments as a last resort and often wrong investments. As a result, instead of making a last-minute commitment, investors must prepare their investments early in the year.
5. Today, the return to many investments in square measures has supported the market situation; Therefore, it is best that investors keep up to date with new advice and changes to conditions.
6. Not only do you need to leverage investment opportunities where you need to invest, you also need to remember investment opportunities. In this way, they make the necessary changes to keep your portfolio profitable.
7. SEBI has changed the rules for providers and users of portfolio management services, as the minimum amount for the portfolio management service is high and the fees are much higher than under the previous rules. , Therefore, it is recommended that authorities review the principles of the portfolio management service so that many investors choose the service.
8. Investors are cautioned that at least the capital portion of their portfolio should be reviewed frequently so that the necessary changes can be made if the stock does not work.

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