



INVESTORS' PERCEPTION TOWARDS VARIOUS INVESTMENT AVENUES – A STUDY IN VIJAYAWADA CITY OF ANDHRA PRADESH

G.C.Venkataiah¹,

Assist. Professor Department of MBA,
RGM Engineering College (Autonomous) Nandyal, A.P,

Prof. B.K. Surya Prakasha Rao²,

Director Management Sciences, ,
R.V.R&J.C.College of Engineering (Autonomous), Guntur, A.P

ABSTRACT

This paper analyses the perception of investors towards various investment avenues. The main objective of the study is to measure the impact of demographic factors on the investors choice of investment and to analyze the decision of the investors towards various investment avenues across gender followed by an attempt to elucidate the factors that influences the investors preferential selection of various investment options. The study was conducted in Vijayawada city of Andhra Pradesh with a sample size of 120 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 and direct interview method and the sampling technique adopted was Convenience sampling technique. Data was analyzed and interpreted with the help of statistical tools like Mean, Standard Deviation, Chi-square test, ANOVA, Mann-Whitney U test and Kruskal-Wallis test. The study concludes that investments by the investors towards various investment avenues. were done with the expectation of capital appreciation and earnings comprising both short term and long term periods.

Keywords: Investment avenues, source of information, Investors' perception, decision making, risk factor, investment

1. INTRODUCTION

Investing in various types of assets is an interesting activity that attracts people from all walks of life with respect to their occupation, economic status, education and family background. When a person has more money than he requires for current consumption, he would be coined as potential investor. The investor who is having extra cash could invest it in securities or in any other assets like gold or real estate or could simply deposit it in his bank account.

At present, a wide variety of investment avenues are open to the investors to suit their needs and nature. Knowledge about the different avenues enables the investors to choose investment intelligently. The required level of return and the risk tolerance decide the choice of the investor. The investment alternatives range from national savings certificates, indira vikas patra, kisan vikas patra, provident fund, mutual fund schemes, insurance schemes, chits, bank fixed deposits, company fixed deposits, company shares, bonds /debentures, government securities, postal savings schemes and real estate etc.

The emerging investment scenario clearly reveals that there is a changing trend in preferences of investors towards new saving instruments. During 80s and 90s different types of savings and investment schemes have been introduced and

adopted. It is observed that during such period the investing public have shifted from traditional to new debt and equity based schemes, the most memorable change in the investment behavior of the people were shifting towards shares and debentures from traditionally adopted savings instruments like NSCs, LIC policies, Bank and Postal deposits etc.

Investment decisions are still found to be complicated as there are various factors to be considered to choose equity or a stock to invest in or trade into. These socioeconomic, demographic, and attitudinal factors act as key drivers for investment decisions. There is always something that is underpinning an investment decision making process as the probabilities of returns are a concern. Most of the investors feel insecure in managing their investment on the stock market because it is difficult for an individual to identify companies which have growth prospects for investment. Even after identifying the growth oriented companies and their securities, the trading practices are also complicated, making it a difficult task for investors to trade in all the exchange and follow up on post trading formalities. Hence this is very much important to the stock dealers especially who are new to the market. The equity investment decisions are influenced by few factors like good corporate earnings, stock marketability, stock affordability, dividend announcements, Price earnings ratio, Momentum effect, Contrarian effect, Investment behaviour of FIIs, firm's reputation, socially responsible investing, Current economic indicators, Opinion from family/friends/colleagues, broker's recommendation, and other professional advice

2. INVESTMENT –DEFINITION

An investment is an asset or item acquired with the goal of generating income or appreciation. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or will later be sold at a higher price for a profit.

3. STATEMENT OF THE PROBLEM

A financial market is the vertebrae of an economic scheme. It helps the allotment of share capital crosswise in the productive sectors of the economy. This allocation of capital helps to keep up strong weather for savings and investment. The financial system has more dynamic than the real system as it has always reacted to the needs of the economy to help to complete its goals. In the present financial system, there are so many investment avenues to choose, today in financial market it has involved for anyone to decide about these avenues. Some of these investment avenues offer attractive returns but with high risks, some propose lower returns with very low risks. An overall analysis of these investment avenues with risk and return trade is present in this study. An investment can be described as perfect investment, if it satisfies all the needs of all investors. Therefore, the starting point of searching of any perfect investment must look at through the investor needs. If all those needs are meets by the investment, then that investment is termed as the perfect investment. Hence the aspect of investors perception towards various investment avenues gained prominence and it was proposed to select as the research problem for the present study.

4. REVIEW OF LITERATURE

Priti Mane (2016)¹, discussed the customer perception with regard to the mutual funds that the schemes they preferred, the plans they are opting, the reasons behind such selections. This research dealt with different investment options, which people prefer along with and apart from mutual funds, like postal saving schemes, recurring deposits, bonds, and shares. Conclude that mutual fund linked with share market and investors are not taking advice from authority advisor to lead them for their investment in mutual fund so it creates the difficulty to select the mutual fund plan favorable for them.

Awais et al. (2016)², explored that the factors which influence the decision-making process of investors. According to their research, the decisions of the investors depend upon the degree of the risk factors. Finally, they found that the increased level of knowledge about financial information and the increased ability of analyzing that information, investor

could improve the capacity jump into risky investments for earning high returns by managing investment efficiently.

Shukla (2016)³, attempted this research paper, about investor's preference towards investment avenues and the study focused on the salaried person only. The author concluded that majority of the respondents invested their money based on education background and they invested in purchasing home and long-term investment. Respondents have the criteria of investment as safety and low risk.

Amudhan et al. (2016)⁴, analyzed the performance investment behaviour concerned with choices about purchases of small amounts of securities, deposits, mutual fund, insurance, Chit Funds. Researcher confirmed that there looks to a positive degree of correlation between the factors that behavioral finance theory and previous empirical evidence identified the average investor. The result described investment offer to a person's money to gain future income in the form of interest, dividends, rent, premium, pension profit or approval of the value of their standard capital.

Vaidehi et al. (2016)⁵, argued that because of different investment strategies as motives and styles by different needs. It studies the need for better accepting of behavioral pattern the paper investors, the behaviour pattern would aid the investment advisors to envision how the investors respond to market schedule, and would allow them to developed suitable allotment approaches for their customers. Among the selected factors the investment motives, attained the long-term gain, which established to an essential factor chased by dividend and growth prospects and balancing of short-term and long-term gain. Educational qualification, occupation, age, income and amount of equity investments choose the investing styles of the investors notably.

Mishra (2015)⁶, explained that this study aimed to investigate perception of investor towards mutual funds with travel the important aspects of mutual funds affecting perception of investors and it examined difference of perception of large and small investors based on explored factors. Difference of view about mutual fund analyzed with the help of 't' test. Small investors focused on tax returns and savings but large investors expect future return. Thus mutual fund companies must give due significance to these size for their survival and growth in Indian context.

Rastogi (2015)⁷, analyzed behavioral feature in the investment choice making method. Behavioral finance provides solution to many problems until now not answered suitably by the usual finance theory. The study concluded that behavioral biases not affected by the combined categories of gender and occupation.

kumar (2015)⁸, carried out a research to find what plays a vital role in the minds of the investors before decided on investment. The nine factors namely security, risk tolerance, lucrative return, investment duration, periodic return, share preference, longterm investment, futuristic return and investment dynamics influenced the investor's perception the author conclude that investors compared their returns and calculate the inverse proportionality between time and the return. Among these factors, the futuristic goals of equity investors are very considered as a factor important for estimating their level of satisfaction.

Muruganandam et al. (2015)⁹, examined the evidence that investor's intention of analyzed investor's perception towards risk and return on investment shares in organization their portfolio constructions and the strategies of portfolio management. Suggested that successful companies must thorough understanding of psychology of the investors revealed that proper diversification of portfolio would make sure the investors to get higher return, higher salary and high liquidity with least risk.

Selvi (2015)¹⁰, discussed some studies that are available on the investors' attitude towards investment avenues failed to offer a lot of information the conventional investment avenues, bank deposits and gold are the most preferred avenues, while insurance schemes and post office instruments are getting increased attention. She concluded most of the

respondents have not preferred to invest their savings in UTI and mutual funds.

5. OBJECTIVES OF THE STUDY

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

1. To measure the impact of demographic factors on the investors choice of investment.
2. To analyze the decision of the investors towards various investment avenues across gender
3. To elucidate the factors that influences the investors preferential selection of various investment options.
4. To estimate the perception of investors' with regard to the dimensions of investment like safety, liquidity and high returns.

6. HYPOTHESES

In order to verify the above objectives, the following Null Hypotheses were framed to test the statistical significance and validity.

H₀₁ : There is no significant difference among the investment decisions of investors across their gender.

H₀₂ : There is no significant difference in the preferential order of various investment avenues across the age and income level of the investors.

H₀₃ : There is no significant difference in the investors' perception towards the dimensions of investment like safety, liquidity and high returns.

7. RESEARCH METHODOLOGY

In order to conduct the present empirical research work, Descriptive research design was adopted. 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. The first part of the structured questionnaire deals with the demographic aspects of the respondents and it contains both open and closed ended questions. The second part of the questionnaire contains the information related to investors' perception with regard to various investment options and avenues.

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, convenience sampling method was used to collect the data from the identified respondents. The study was conducted in Vijayawada city in Krishna district of Andhra Pradesh. A sample of 120 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, Mann-whitney U test and Kruskal -Wallis test with the help of SPSS 20 version software.

8. TEST OF NORMALITY AND RELIABILITY

In order to test the above proposed hypotheses both parametric and Non-parametric statistical tests can be applied by relying on the normality of data. Generally parametric tests will be applied when the data is normally distributed and Non-parametric tests will be applied on the data where the assumptions of normality does not exist.

In the present study parametric tests like ANOVA (one-way) and Non-parametric tests like chi-square test, Kruskal-Wallis test and Mann-whitney U test were applied. Thus the normality of the data was checked. The results reject the Null-hypotheses as it was assumed that the data was normally distributed. Hence the study advances with the application of Non-parametric tests in order to find out any significant association between demographic factors and decision factors of the investors influencing them towards various investment avenues.

The test of reliability was conducted by using Cronbach Alpha and the value was 0.812 for the 120 sets of respondents. It shows that there exists a fair degree of internal consistency among the selected items for the study.

9. LIMITATIONS OF THE STUDY

1. The study is limited to only Vijayawada city of Andhra Pradesh. Hence the results cannot be generalized to greater extent in terms of their applicability.
2. The sample is only 120 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.

10. DATA ANALYSIS AND INTERPRETATION

10.1 Demographic Profile of the Respondents

Table No.1
Demographic Profile of the Respondents

Variables	Category	No.of Respondents	Percentage
Gender	Male	77	64.2
	Female	43	35.8
	Total	120	100
Age (in years)	21-30	41	34.2
	31-40	28	23.3
	41-50	39	32.5
	51-60	8	6.7
	Above 60	4	3.3
	Total	120	100
Education	Up to Intermediate	22	18.3
	Graduate	51	42.5
	Post Graduate	26	21.7
	Professionals	21	17.5
	Total	120	100
Employment sector	Government	46	38.4
	Private	51	42.5
	Self employment	19	15.8
	Retired	4	3.3
	Total	120	100
Annual Income (in Rs.)	Up to 2 lakhs	34	28.3
	2-4 lakhs	47	39.2
	4- 6 lakhs	24	20
	Above 6 lakhs	15	12.5

	Total	120	100
Investment Decision	Yes	86	71.7
	No	34	28.3
	Total	120	100
Source of Information for investment	Relatives / friends	56	46.7
	Opinion of experts	27	22.5
	Brokers/ agents	19	15.8
	Media	14	11.7
	Other sources	4	3.3
	Total	120	100

Source : Primary data

The above table no. 1 shows the demographic profile of the respondents. It depicts that 64.2 percent of the respondents are males and 35.8 percent of the respondents are females by their gender. The table further shows that 34.2 percent of the respondents are in the age group of 21-30 years, 23.3 percent of the respondents are in the age group of 31-40 years, 32.5 percent of the respondents are in the age group of 41-50 years, 6.7 percent of the respondents are in the age group of 51-60 years and 3.3 percent of the respondents are in the age group of above 60 years.

The table further shows that 18.3 percent of the respondents are having their educational qualification up to intermediate, 42.5 percent of the respondents are graduates, 21.7 percent of the respondents are post graduates and 17.5 percent of the respondents are professionals. The table further depicts that 38.4 percent of the respondents are having their employment in the Government sector, 42.5 percent of the respondents in Private sector and 15.8 percent of the respondents are self-employed and 3.3 percent of the respondents are retired.

The study further shows that 28.3 percent of the respondents are having their annual income upto Rs.2 lakhs, 39.2 percent of the respondents are having an income of Rs. 2-4 lakhs, 20 percent of the respondents are having an income of Rs.4-6 lakhs and 12.5 percent of the respondents are having an annual income above Rs. 6 lakhs. The study further shows that 71.7 percent of the respondents are taking investment decisions on their own and 28.3 percent of the respondents are relying on others with regard to investment decisions.

Finally the table shows that 46.7 percent of the respondents are having their source of information for investment through friends / relatives, 22.5 percent of the respondents are having opinions of experts, 15.8 percent of the respondents are having information through brokers / agents, 11.7 percent of the respondents are having information through media and 3.3 percent of the respondents are having information through other sources.

10.2 Investment Avenues and Investment Decisions of Investors across Gender

Test applied : Mann- Whitney U Test

Table No.2

Investment Avenues and Investment Decisions of Investors across Gender

Investment Avenue	Gender	Mann-Whitney U value	Z	Sig. (2-tailed)	Investment decision	Mann-Whitney U value	z	Sig. (2-tailed)
Stock markets	M	1008.000	-1.324	0.187	Yes	697.000	-2.968	0.002*
	F	120			No			
	T				Total			
Gold	M	758.00	-3.196	0.001*	Yes	872.000	-1.651	0.096
	F	120			No			
	T				Total			
Real Estate	M	1114.00	-0.554	0.583	Yes	728.000	-2.714	0.005*
	F	120			No			
	T				Total			
Insurance	M	1098.000	-0.674	0.504	Yes	824.000	-1.996	0.044*
	F	120			No			
	T				Total			
Bank Savings	M	1072.000	-0.876	0.384	Yes	776.000	-2.398	0.014*
	F	120			No			
	T				Total			
Post Office savings	M	838.000	-2.638	0.009	Yes	812.000	-2.144	0.029*
	F	120			No			
	T				Total			

Source : computed

* significant at 5% level

The above table no.2 shows the data pertaining to investment avenues and investment decisions taken by the respondents investors across their gender. It can be interpreted from the above table that with the exception of gold investment, the Mann-Whitney U value at 5% significance level on investment in stock market is 0.002, for the investment on real estate is 0.005, for investment on insurance is 0.044, for investment on bank savings is 0.014 and that of investment in post office savings is 0.029.

The above calculated values are less than the hypothetical value at 0.05. Hence the Null hypothesis (H_{01}) is rejected and it shows that there is a significant association between gender and perception of investors towards various investment avenues.

10.3 Investors Perception towards various Investment Avenues based on their Age and annual Income

Test Applied : Kruskal-Wallis Test

Table No.3

Investors Perception towards various Investment Avenues based on their Age and annual Income

Investment Avenue	Age (In years)	Chi-square	Asymp. Sig.	Annual Income (in Rs)	Chi-square	Asymp.Sig.
Stock markets	21-30 Yrs 31-40 Yrs 41-50 yrs 51-60 Yrs Above 60 Yrs	24.812	0.000*	Up to 2 lakhs 2- 4 lakhs 4-6 lakhs Above 6 lakhs	2.489	0.442
Gold	21-30 Yrs 31-40 Yrs 41-50 yrs 51-60 Yrs Above 60 Yrs	17.869	0.000*	Up to 2 lakhs 2- 4 lakhs 4-6 lakhs Above 6 lakhs	4.719	0.159
Real Estate	21-30 Yrs 31-40 Yrs 41-50 yrs 51-60 Yrs Above 60 Yrs	6.126	0.126	Up to 2 lakhs 2- 4 lakhs 4-6 lakhs Above 6 lakhs	2.845	0.368
Insurance	21-30 Yrs 31-40 Yrs 41-50 yrs 51-60 Yrs Above 60 Yrs	7.296	0.074	Up to 2 lakhs 2- 4 lakhs 4-6 lakhs Above 6 lakhs	6.514	0.054
Bank Savings	21-30 Yrs 31-40 Yrs 41-50 yrs 51-60 Yrs Above 60 Yrs	15.394	0.001*	Up to 2 lakhs 2- 4 lakhs 4-6 lakhs Above 6 lakhs	0.814	0.692
Post Office savings	21-30 Yrs 31-40 Yrs 41-50 yrs 51-60 Yrs Above 60 Yrs	15.816	0.001*	Up to 2 lakhs 2- 4 lakhs 4-6 lakhs Above 6 lakhs	9.164	0.014*

Source : Computed * Significant at 5% level

The above table no.3 depicts that there is a significant relationship between investment avenues and age of the respondents. Excepting the calculated values of Kruskal- Wallis test for the investment avenues like insurance and real estate , all the other variables like share markets (0.000), gold (0.000), bank saving (0.001) and Post office savings (0.001) are less than the hypothetical value ($\alpha=0.05$) at 5% level of significance.

Hence the proposed Null- hypothesis (H_{02}) is rejected and it can be concluded that there is a significant association between investors perception on various investment avenues and their age factors. It was also observed that the order of preference on investment avenues like insurance and real estate are same across the respondents age group and varies with regard to the investment avenues like stock markets, gold, bank savings and post office savings.

The table no.3 further shows the perception towards investment avenues by basing on their income levels. The calculated value for the investment avenue like post office (0.014) is less than the hypothetical value (0.05) at 5% level of significance. Hence the proposed Null-Hypothesis (H_{02}) is rejected and it can be concluded that there is a significant association between perception of investors on various investment avenues and their level of income. The other investment avenues have no significant relationships. Hence it can be concluded that the perception of investors on

investment avenues differ in the aspects like stock markets, gold, bank savings and real estate.

10.4 Investors’ perception towards the dimensions of investment like Safety, Liquidity and High returns

Test Applied : ANOVA (One-way)

Table No.4

Investors’ perception towards the dimensions of investment like Safety, Liquidity and High returns

Variable	Value	Safety	Liquidity	High Returns
Stock Markets	Mean	3.38	3.06	3.39
	N	120	120	120
	S.D	1.105	1.253	1.359
Gold	Mean	3.49	3.27	3.46
	N	120	120	120
	S.D	1.232	1.186	1.224
Real Estate	Mean	3.38	3.26	3.54
	N	120	120	120
	S.D	1.262	1.308	1.439
Insurance	Mean	3.26	3.11	3.34
	N	120	120	120
	S.D	1.472	1.074	1.136
Bank Savings	Mean	3.82	3.39	3.52
	N	120	120	120
	S.D	1.423	1.489	1.223
Post Office Savings	Mean	3.79	3.53	3.59
	N	120	120	120
	S.D	1.322	1.152	1.286
Total	Mean	3.52	3.27	3.48
	S.D	1.322	1.256	1.279
	F Value	3.516	2.212	0.662
	Sig. Value	0.003	0.059	0.642

Source: Computed

The above table shows Investors’ perception towards the dimensions of investment like Safety, Liquidity and High returns. In the case of stock markets, the aspect of safety had achieved the mean score of 3.38 and for gold the value is 3.49. with regard to the aspect of real estate, the mean score of safety is 3.38, for insurance it is 3.26 and for bank savings the value is 3.82 and for the aspect of post office saving the mean score value is 3.79. The F value for the safety aspect is 3.516 with a significance of 0.003 and the significant value is less than 0.05. It shows that the mean differences existing for safety as the reason for investment across various investment avenues are statistically significant at 5 % level of significance.

11. CONCLUSION

It can be concluded that the investors preferential choices on investment avenues are same across their gender and the decision making process on various investment avenues are same on the investment aspects like gold. The preferential choices across the age group of the investors is same towards the avenues like Real estate and Insurance sectors and they differ in the aspects like stock markets, gold, bank savings and post office savings. The present study further concludes that the perception of order of investments among the investors is different towards post office savings among the various income group levels of the investors. Finally, the study concludes that investments by the investors towards various investment avenues were done with the expectation of capital appreciation and earnings comprising both short term and long term periods.

12. SUGGESTIONS

Based on the findings of the study it is proposed to suggest that investment of surplus amount can be invested in the safety investment avenues like insurance sector, bank savings and post office savings schemes and more

over the retired investors and self-employed investors should be cautious on investing in risky avenues like stock markets, gold and real estate as their markets are highly volatile in nature. In the present days investment market, the avenues like gold market and share market are highly uncertain and unpredictable. Hence due caution and care is to be taken during the decision making process by the investors in their investments towards various investment avenues.

13. SCOPE FOR FURTHER RESEARCH

It is further suggested that the model of this research study can be replicated in other metropolitan and cosmopolitan cities in Andhra Pradesh and other major cities across India. Further research studies can also be made to study and analyze the risk factors involved in investment decisions on stock markets and real estate ventures.

14. REFERENCES

1. Mane P (2016) A Study of Investors Perception towards Mutual Funds in the City of Aurangabad. The SIJ Transactions on Industrial, Financial and Business Management 4: 30-38.
2. Awais M, Laber F, Rasheed N, Khursheed A (2016) Impact of Financial Literacy and Investment Experience on Risk Tolerance and Investment Decisions: Empirical Evidence from Pakistan. International Journal of Economics and Financial 6: 73-79.
3. Shukla N (2016) Investors' Preference towards Investment Avenues with Special Reference to Salaried Personnel in North Gujarat Region 2: 2395-1052
4. Amudhan S, Poornima J, Senthilkumar (2016) A Study on Individual Investors Satisfaction Level of Existing Investment Schemes in Salem District. 2: 1239- 1245.
5. Vaidehi J, Vijayakumar G (2016) A Study on Equity Investment Motives and Styles of Individual Investors. Journal of Exclusive Management Science 5: 1-10.
6. Mishra R (2015) Perceptions of Investors towards Mutual Funds: An Analytical Study in Odisha. International Journal on Recent and Innovation Trends in Computing and Communication 3: 4889-4892.
7. Rastogi S (2015) Differences in Behavioural Biases in Investment Decision Making: Gender and Occupation Perspective. Journal of International Business and Economy 16: 13-35. JIBC Jan 2017, Vol. 22, No.S7 - 12
8. Vijayakumar (2015) Investor's perception in equity market investment in India with special reference to Chennai. Madras University Journal of Business and Finance 3: 66-79.
9. Ramesh M (2015) Investors' Perception towards Risks and Returns on Investment on Shares - An Empirical Study in Coimbatore. Indian Journal of Applied Research 5: 91-94.
10. Selvi T (2015) Investors Attitude towards Investment Avenues. International Journal of Management and Commerce Innovations 3: 717-722.