A Study on Investors Perception towards Investment Avenues

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ABSTRCT: This paper exploresinvestor's perception towards investments in various investment avenues. Investment is the current commitment of funds towards any financial or non-financial instruments in order to gain profitable returns at any future date. When a person has more money than he requires for current consumption, he would be coined as potential investor. 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.Generally investment process starts with an understanding of the investment objectives and then framing out the investment policy. This will depend upon the investor's perception. But the perception of investors differs around on the basis of different factors like age, gender, occupation, qualification and income levels. The present studyinvestigates the perceptions towards various investment avenues in Hyderabad city of Telangana. The study employs both primary and secondary data and the size of the sample is 200.The study finding implicates that investor preferring to investing in bank deposit shows higher likelihood to make their investment avenues than higher risk.

Key words: Investment, Investment avenues, and investment objectives.

I. INTRODUCTION

The economic development of any country depends upon the well-organized financial system. The financial system is a broader term which brings under two fold the financial markets and the financial institutions which support the system. The system main objective is to mobilized the savings in the form of money and monetary assets and invest them effectively to productive ventures. It promotes investments and savings which help faster economic development of any country.

Investment meaning:

Investment involves making of a sacrifice in the present with the hope of deriving future benefits. Two most important features of an investment are current sacrifice and future benefit. Investment is the sacrifice of certain present values for the uncertain future reward. Investment may be defined as an activity that commits funds in any financial/physical form in the present with an expectation of receiving additional return in the future. The expectation brings with it a probability that the quantum of return may vary from a minimum to a maximum. This possibility of variation in the actual return is known as investment risk. Thus every investment involves a return and risk.

Investors' perception:

Investor's perception refers to the choosing, purchasing and consumption of goods andservices for the satisfaction of their wants. There are different processes involved inthe investor perception. Basicallythe investor attempts to find what kind of investments he/she would liketo consume, after thatinvestors selects only those investments that promise greater utility. Afterselecting the investment, the investor makes an estimate of the available money which he/shecan spend. Lastly, the investor analyzes the prevailing prices of investment and takes thedecision about the investment he/she should consume.

Investment avenues:

Fixed deposits: These are such financial assets which gives moderately high return but cannot be traded in market. They are Bank Deposits, post Office schemes, Company FDs and PPF.

Shares: These are shares of company and can be traded in secondary market. Investors get benefit by change in price of share and dividend given by companies.

Bonds/Debentures: Bonds are the instruments that are considered as a relatively safer investment avenues.

Mutual Funds:A mutual fund is a trust that pools together the savings of a number of investors who share a common financial goal. The fund manager invests this pool of money in securities, ranging from shares, debentures to money market instruments or in a mixture of equity and debt, depending upon the objective of the scheme. Thedifferent types of schemes are Balanced Funds, Sector Fund etc.

Gold/Silver: Investors can also invest in the things which have value. These comprises Gold, Silver, Precious stones and Art objects.

Objective of the study:

1. To study the perceptions of the Investors towards various Investment Avenus.
2. To know about the Investors knowledge and preference of investing in investments.

II. REVIEW OF LITERATURE:

Murty.T.N and Sastry.P.V.S.H (2013) has stated in their research that investors invest in the stock market with the sole aim of return optimization. Variations in the returns from the expectations of the investors lead for the risk and the subjective analysis of various attributes helps for the minimization or the avoidance of the risk.

Ravichandran.K(2008) in his research has stated that younger generation investors are willing to invest in capital market instruments and that too very highly in derivatives segment. Even though the knowledge to the investors in the derivative segment is not adequate, they tend to take decisions with the help of brokers or through their friends and were trying to invest in the market.

He concludes that most of the investors are of age 31-40 and are mostly entrepreneurs and working executives. He also says that friends and relatives followed by brokers are the most influential persons to pull the investors into the capital market.

GunjanTripathi(2014) has found in his research that education, profession and gender do not affect the derivative investing behavior. However income is found to have a significant role on derivatives. He also added that investors are using these securities for different purposes namely risk management, profit enhancement, speculation and arbitrage.

ManasaVipparthi and Ashwin Margam (2012) revealed that the investors' perception is dependent on the demographic profile and assesses that the investors age, marital status and occupation has direct impact on the investor's choice of investment. The study further revealed that female segment are not fully tapped and even there is low target on higher income people. It reveals that Liquidity, Flexibility, Tax savings, Service Quality and Transparency are the factors which have a higher impact on perception of investors.

Shailendra Kumar Chaturvedi, Aravind Kumar Singh and Karanveer Singh (2014) in their research found out that mutual fund is a tax saving instrument and to a certain extent a return oriented investment. It was also found that the investors were more prone to public companies rather than private companies.

Neel Kamal Purohit (2013) in his research has found out that income has significant impact on frequency of trading in stock market, selection of mode of trading and selection of market segments. Age and income has significant impact on taking exposure.

Sukhwinder Kaur, Batra .G.S and BimalAnjum(2014) has suggested that investors should consider long historical data, size and age of the fund, fund charges and some measure to analyze the funds for investments in mutual funds. It revealed that investor consider mutual funds as flexible investment option as mutual fund companies efficiently manage assets and they think investment in stock market is risky and complete.

III. RESEARCH METHODOLOGY:

The study is based on both primary and secondary data. The primary data is collected through structured questionnaires. The questionnaire is designed keeping in view the objectives of present research work. The secondary data is also made use of at some places of the study wherever it became necessary. The secondary data which is related to the study gathered from the reports, books, journals, periodicals, dailies, magazines, and websites. The researcher selected various market investors in Hyderabad. For this purpose visited all the stock broking agencies in Hyderabad. The researcher selected a minimum of 10 investors from 21 stock broking agencies in Hyderabad and collected information through structured questionnaire. Simple random sampling technique is used for the study. The total sample size is200.

IV. DATA ANALYSIS AND INTERPRETATION:

Table 1: Demographic variables of the respondents:

Demographic variables.		Frequency	Percent	Cumulative Percent
Age	Below 20 years	20	10	10
	20 - 30 years	80	40	50
	30 - 40 years	60	30	80
	Above 40 years	40	20	100
	Total	**200**	**100**	**100**
Gender	Male	120	60	60
	Female	80	40	100
	Total	**200**	**100**	**100**
Occupation	Govt. Employee	40	20	20
	Self Employed	60	30	50
	Private Employee	90	45	95
	Others	10	5	100
	Total	**200**	**100**	**100**
Qualification	Degree	60	30	30
	Post-Graduation	70	35	65
	Professional	50	25	90
	Others	20	10	100
	Total	**200**	**100**	**100**
Income	Below 2Lakhs	30	15	15
	2L - 5 L	60	30	45
	5 L - 10 L	80	40	85
	Above 10 lakhs	30	15	100
	Total	**200**	**100**	**100**

The above table explains that the age of the respondents is 40% are in the age group of 20-30. 30% are in the age group of 30-40, 20% are above 40 years and 10% are below 20 years. It can be seen that 60% of the respondent are male and 40% are female, 45% of the respondent are working in private sector, 30% are Self-Employed and 20% are Govt. Employed and 5% are others. It can also be seen that 35% of the respondents are Post-Graduate, 30% are Degree, 25% are Professional and 10% are others. The 40% of the respondents are 5L-10L income level, 30% are 2L- 5L income level, 15% are above 10L and 15% are below 2L.

Table 2: Duration of the investments preferred by the respondents:

Sl. no.	Options	No. of Respondents	Percentage (%)
1	Under 2 yrs.	8	8
2	2 – 5 yrs.	32	32
3	6 – 10 yrs.	40	40
4	Above 10 yrs.	20	20
Total		**100**	**100**

The above table portrays that 40% of the respondent are investing their money for the period of 6 – 10 years, 32% are investing their money for the period of 2 – 5 years. 20% are investing their money for the period of above 10years and 8% are investing their money for the period of less than 2years.

Table 3: Percentage of income invested in investments:

Sl. no.	Options	No. of Respondents	Percentage (%)
1	Less than 10%	44	22
2	10% -20%	70	35
3	20% - 30%	54	27
4	More than 30%	32	16
Total		**200**	**100**

The above table tells that 35% of the investor are investing 10%-20% of their income, 27% of the investor are investing in 20%-30% of their income and 22% of the investor are investing in less than 10% of their income and 16% are investing in more than 30% of their investment.

Table 4: Investors knowledge regarding investments:

Sl. no.	Options	No. of Respondents	Percentage (%)
1	Very limited	36	18
2	Basic knowledge	56	28
3	Fair knowledge	60	30
4	Considerable	28	14
5	Extensive knowledge	20	10
Total		**200**	**100**

The above table reveals that 30% of the investors have Fair knowledge about the investments, 28% has basic knowledge, 18% of investors have very limited knowledge, 14% has considerable knowledge and 10% has extensive knowledge.

Table 5: Primary objectives of the investments of the respondents:

Sl. no.	Objectives	No. of Respondents	Percentage (%)
1	Savings for old age	24	12
2	More income/profit	56	28
3	Regular income	90	45
4	Tax savings	14	7
5	Capital appreciation	16	8
Total		**200**	**100**

It is observed from the table that regular income has been the most desirable objective with 45% of investment in stock markets. The majority of the respondents expressed their opinion that regular income is their main investment objective. Constant flow of returns expected by the investors will be the reason to give first priority to regular income. From other objectives, it is observed that more income, savings for old age, capital appreciation and tax savings in investments are also well considered.

Table 6: Investorspreference of various Investment Avenues:

Sl. no.	Options	No. of Respondents	Percentage (%)	Mean
1	Bank FD	65	32.5	4.44
2	Mutual Funds	30	15	3.17
3	Bonds/ Debentures	25	12.5	3.15
4	Stock Markets	45	22.5	3.90
5	Gold and Silver	35	17.5	3.65
Total		**200**	**100**	**3.66**

It is clearly seen that the respondents prefer bank fixed deposits. The risk-averse nature of the respondents is depicted as they are more favorable towards cash and bank savings when compared to investing the same cash in instruments like insurance funds, shares and debentures and mutual funds. Here it may also be inferred that the investors/ respondents exhibits a clear personality type of external locus of control where an individual places importance on external environment on his life. This may also refer to the contingency orientation of the investor where the investor would like to have easy access to liquid cash to face an unforeseen contingency and therefore would not like to tie up the cash in not-so-easily retrievable instruments.

V. FINDINGS AND CONCLUSION:

The study found that majority of respondents aware of all the savings schemes like national mutual funds, insurance schemes, bank fixed deposits, shares, bonds and debentures, government securities etc.As per the respondents opinion many of them are showing interest in the fixed deposits savings and it was followed by stock markets, mutual funds, gold/silver and bonds/debentures respectively. Regarding savings avenues the majority of respondents were opined that fixed deposits in bank was a preferred savings avenue. Whereas the least preferred option was meant to bonds and debentures 12.25 per cent. The same finding was also reflected the mean scores, because of 4.44 mean score was opted by fixed deposits in bank and the least mean score was 3.15 for bonds and debentures. The study distinctly comes out with the regular income was prime objective for investment and it was followed by more income/ profit, capital appreciation and safety return of capital and interest respectively.

The analysis and interpretations very clearly shows that the investors have different views like investment pattern by market movement, factors influencing their decision, frequency of investment, alternatives available and investment preferences truly influence their perception towards different investments in market. Thus study concludes that the Indian investment community have shown much interest in investing in safer investment like bank deposits and also other different financial products available in the markets developing due to the spiraling growth of Indian GDP, better performance by the companies, liberal rules and regulations by the authority like SEBI to protect the investors' interest and this process will grow much quicker in the future.

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