A Study Of Investor Behaviour Towards Investment Avenues Abstract

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This is a paper about the study of the analysis is to determine the investment behavior of investors and investment preferences for the same. The kind of volatility we witnessed in the asset class (Equity markets) in recent times is unprecedented. It is true with other asset classes like Gold, Currencies, and Bonds as well. This leaves the investor baffled at times. If we get into further details, it can be finding that the continuous volatility is affecting investor behavior in a big way. Therefore, one has to get into an investor's mind and experience the upheavals going on there. In earlier times investor had the option of investing in plain vanilla Bank Deposits, Government Bonds, Post Office schemes like NSC, Indira Vikas Patra, Kisan Vikas Patra and Monthly Income Schemes. If he wanted exposure in real estate, he was buying land primarily. He bought gold mainly for his personal use on occasions like festival, marriage and never seriously thought of it as an asset class. The purpose of the analysis is to determine the investment behavior of investors and investment preferences for the same. Investor's perception will provide a way to accurately measure how the investors think about the products and services provided by the company. Today's trying economic conditions have forced difficult decision for companies. Most are making conservative decisions that reflect a survival mode in the business operation. During these difficult times, understanding what investors on an ongoing basis is critical for survival.

Key Words: conservative, decision, investment, knowledge, principal amount, role, return

Introduction

The economic liberalization, globalization has bought a fervent environment for the common and small investors who are willing to participate in the various investment avenues available in India. As money plays a very important role in the today's life, people want to invest their hard money in the financial asset where he gets safety of principal amount and high liquidity. Every individual or institution would try to save the money for the future and as idle cash earns nothing, they would try to commit their funds in an activity which gives them a return. This commitment of funds for a future return is investment. In the traditional time people only save or deposit their money in banks, PPF, gold etc. but in these recent times many investment alternatives are available for the investors in India where people can invest. To get higher return now investors invest in like mutual funds, funds, shares, debentures, and many other stocks market products. The

investment process starts with an understanding of the investment objectives and them sorting out the investment policies. This will depend upon the investor's perception. The perception of investors differs around based on different factors like age, gender, occupation, qualification, income levels and knowledge about investment alternatives. The main objective of the study is to know the customer perception towards various investment avenues and to know about the investor's knowledge and preference of investing in investment.

Savings structure a critical value to the economy of any country. With the saving funds put resources into different alternatives accessible to the general public, the money becomes a driver for development of the nation. Indian financial system also provides a plenty of roads to the investors to invest their money into various avenues. Investment benefits the country and its economy. It is an outgrowth of monetary advancement and the development of modern capitalism. For the economy all in all, total investment authorized in the present time frame is a main consideration in deciding total demand and subsequently serves as a dimension of economy. In the long haul, current investment decides the economy and its future productivity and, at last, determines development of the country. The investment decision making process is one crucial step for the investors. The normal view of investors is to purchase when the market underpins in uptrend and not to put their resources into the falling time. They sit tight for the stabilization in the market; so in this scenario, we want to draw a reasonable picture on the patterns of investors and their behaviour in different investor avenues.

STATEMENT OF THE PROBLEM

The study aims to put emphasis on the Investors behaviour and preferences towards various Investment avenues, which may get affected by investor's educational qualification. The Investors behaviour can be predicted by their investment and savings purposes and objectives, also with their risk taking ability which fluctuates with different avenues. Hence, the paper aims to explore the relationship of investors behavioural pattern in savings and investments.

OBJECTIVES OF THE STUDY
• To study investor behaviour in terms of investment and savings decision making.
• To analyse the relationship between investor preference towards various investment avenues
  and investor's education.
• To analyse the relationship between investors risk taking ability and the preferred sector of investment.

When it comes to education as a factor affecting investment decision making, (Grshsm, C.R., & H., 2009) suggested that risk tolerance and education are positively related, while (Gumede, 2009) stated that there is no relationship between both. Researchers have also found occupation as an important factor affecting investment decisions and risk tolerating ability. People who run their own business tend to invest in more risky investments than salaried people (MacCrimmon & Whrung, 1986). Similarly, income level also plays a role in investment decision making process. People, who earn more, are ready to take more risk while investing (Terry & Parker, 2002). Higher wealth creates the room for tolerating high risk and probabilities of losses and hence, wealthier people can bear high level of risk as compared to others (Barber & Odean, 2001). (Nayak, 2013) Concluded that majority of people prefer low risk involved investments and only few investors have gone for highly risky investments. The investment decisions are therefore affected by age and gender.

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The investment decisions are therefore affected by age and gender; and are also affected by other demographic variables like educational qualification of the investor, occupation, annual income and savings of the investor (Geetha & Ramesh, 2012) (Palanivelu & Chandrakumar, 2013). Behind each investment made, there are financial, psychological and social objectives and needs of the investor to obtain benefits like security, regular returns, capital appreciation, hassle free purchase and tax benefits (Harikanth & Pragathi). The study by (Mohanta & Debasish, 2011) stated that even though people were found interested in investing for their needs, their always have their confidence in secured future.

Therefore, the literature review helped us to identify various factors which directly or indirectly affect the investor behaviour and their decision making when it comes to investing in various investment avenues.

RESEARCH METHODOLOGY

A Research design is an absolute planning framework for a study that guides the collection and analysis of the data. The study aims to find the investors preferences towards various investment avenues. The study design used in this study is Descriptive in nature.
The primary data is used in analysis, with the help of questionnaire method. The total responses obtained are 140 in numbers and were collected as per the purpose of the research and hence, convenience sampling technique is used.

The research tools used in data analysis are Bar Charts and Percentage Analysis (descriptive statistics) and Chi-Square Test (Inferential Statistics).

DATA ANALYSIS AND INTERPRETATION

**Age wise classification of Respondents**
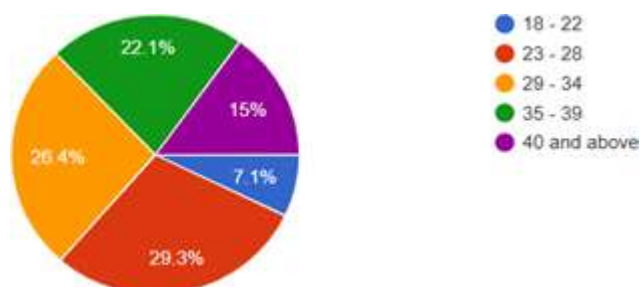
Inference: The above analysis shows that the majority of investors belong to the following age groups; 29% of investors are from the age group of 23-28, 26% from the age group of 29-34 and 22% from the bracket of 35-39. Investors from the age of 40 and above are relatively less as compared to other age groups.

**Education wise Classification of Respondents**
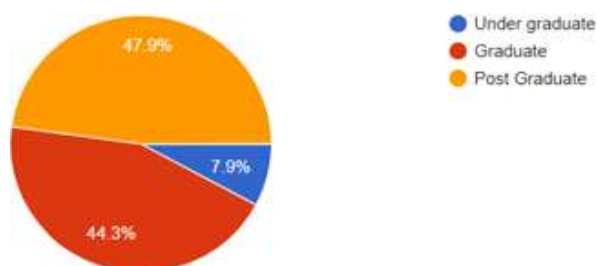
Inference: The above analysis shows that only 8% respondents are under graduate while rest of the respondents are educated.

Occupation wise Classification of Respondents
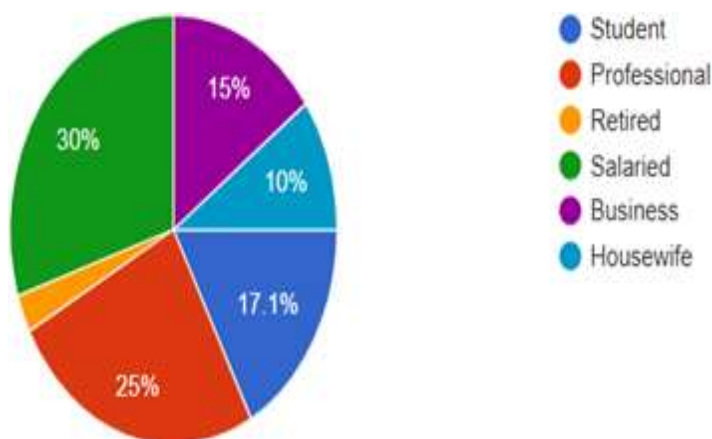
Inference: The above analysis depicts that the proportion of retired respondents and housewives is significantly less than that of others, which shows that students, professionals, business and salaried respondents are investing more in various investment avenues as compared to retired and housewives.

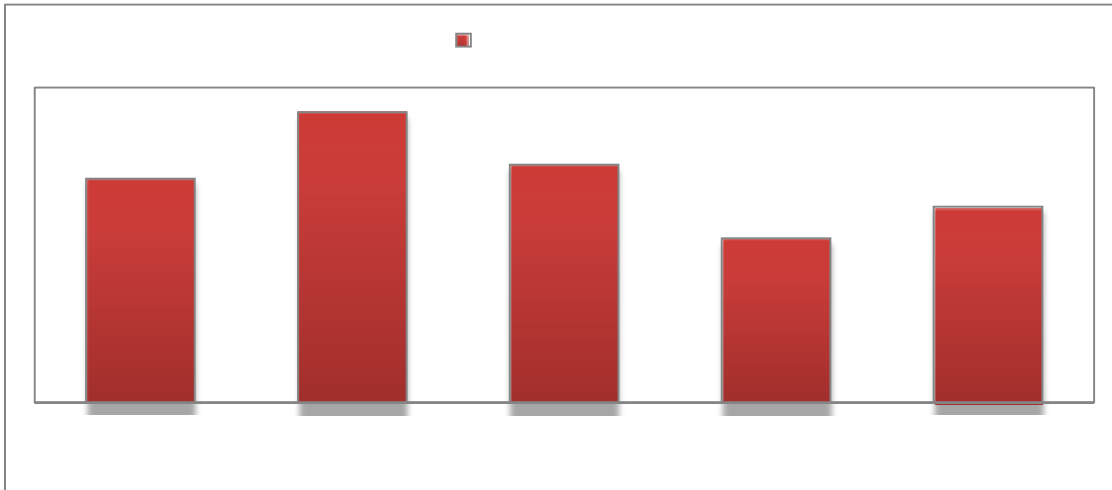**Time Period Preference of Respondents**
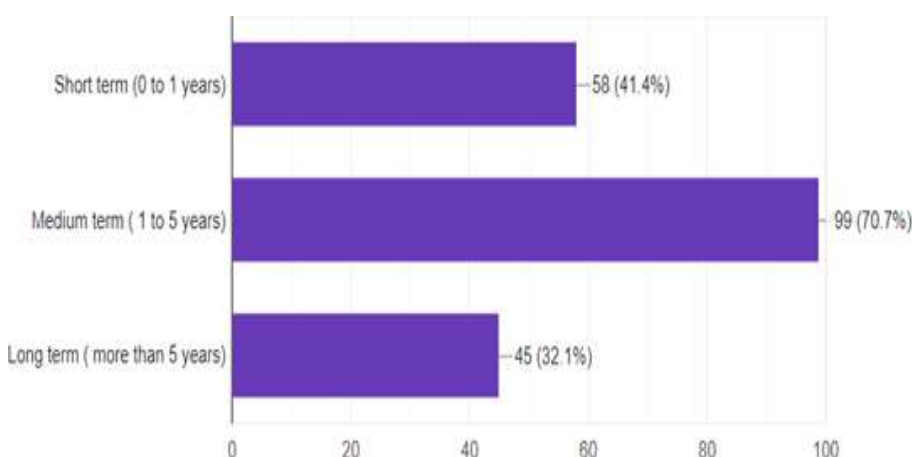
Inference: Out of all respondents, 71% of them have a medium term period preference for their investments i.e. people are more willing to invest their money for 1 to 5 years than to invest it for a longer period of time.

Investment and Savings Objectives of Respondents
Purpose of Investment

Inference: For the given graph 1: The data depicts that the prime purpose of investment for respondents is creation of wealth. People are mostly interested to maximize their wealth, while saving of taxation and future expenses are the least considered choice among all.

For the above graph 2: It is seen that people are mostly doing savings to purchase home and for the retirement purposes. The least considered choice is children's marriage but still it manages to get enough responses to make it one crucial purpose of savings.

Hence, the purpose of savings and investment is to build wealth in terms of assets like house, earn returns, save for post-retirement and healthcare.

Relationship between Investors Preference towards various Investment Avenues and Investors educational qualification

Construction of hypotheses :

H_0: There is no association between Investors Preference towards various Investment Avenues and Investors educational Qualification.

H_1: There is an association between Investors Preference towards various Investment Avenues and Investors educational Qualification.

Chi squaretest :

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
2. In which investment you would like to Invest? * Qualification	140	100.0%	0	0.0%	140	100.0%

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	159.949ᵃ	120	.009
Likelihood Ratio	148.750	120	.039
N of Valid Cases	140		

a. 182 cells (99.5%) have expected count less than 5. The minimum expected count is .08.

Result: Since the chi-square value is less than the significant value (0.009 < 0.05). We accept the alternative hypothesis at the significant level of 5%.

Inference: We conclude that there is an association between Investors Preference towards various Investment Avenues and Investors educational Qualification.
Relationship between Investors risk taking ability and their preferred sector of Investment.

Case Processing Summary							
				Cases			
		Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent	
12. Can you take the risk of losing your principal investment amount? * 4. In which sector do you prefer to invest your money?	140	100.0%	0	0.0%	140	100.0%	

Construction of hypotheses :H0: There is no association between Investors risk taking ability and their preferred sector of making an Investment.H1: There is an association between Investors risk taking ability and their preferred sector of making an Investment.Chi square test :

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	32.190[a]	11	.001
Likelihood Ratio	32.083	11	.001
N of Valid Cases	140		

a. 14 cells (58.3%) have expected count less than 5. The minimum expected count is .23.

Result: Since the chi-square value is less than the significant value (0.001 < 0.05). We accept the alternative hypothesis at the significant level of 5%.

Inference: We conclude that there is an association between Investors risk taking ability and their preferred sector of making an Investment.

Conclusion

Investors are familiar with different investment avenues available in India, while they prefer less
to invest in real estate and more in fixed deposits and savings account. This depicts investors are inclined towards returns but at the same time are conscious about risk and ease of access to their funds. A natural behavioral pattern is observed that investors prefer to earn returns with minimum risk involved. The time frame preference of people's investments is found to be medium term i.e. for one to five years and they do not wish to invest for a longer period of time. Investors care about liquidity as well as returns. We found a significant association between Investors risk taking ability and the sector they prefer to invest, foreign sector which involves huge risk on investments is not really preferred by respondents. Also, a significant association found between Investors education and their preference to different investment avenues, people who are graduate or post graduate tend to invest in various securities, while under graduate people invest in limited

kind of investments. It has been noticed that the majority of people invest their money for the purpose of wealth creation andsavings for the purpose of long term goals like house purchase.

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