



INVESTORS' PERCEPTION TOWARDS VARIOUS INVESTMENT AVENUES – AN EMPIRICAL ANALYSIS IN AMBASAMUDRAM TALUK

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Abstract

Investors are a heterogeneous group, they may be large or small, rich or poor, expert or lay man and not all investors need equal degree of protection (Mayya, 1996). An investor has three objectives while investing his money, namely safety of invested money, liquidity position of invested money and return on investment. The return on investment may further be divided into capital gain and the rate of return on investment as interest or dividend. Among all investment options available, securities are considered the most challenging as well as rewarding. Securities include shares, debentures, derivatives, units of mutual funds, Government securities etc. An investor may be an individual or corporate legal entity investing funds with a view to derive maximum economic advantage from investment such as rate of return, capital appreciation, marketability, tax advantage and convenience of investment.

Keywords: *Investment, Investment Avenues, Share Market, Stock markets.*

Introduction

We earn money to meet all our demands. But from our present earnings we are eager to set aside a small part towards our future use, keeping in tune the old adage “save for the rainy day”. As we save regularly the need arises to ensure safe-custody of our savings. We therefore choose to entrust our savings with an investment institution. When it is entrusted with a financial or commercial agency it is *investment*. The decision to choose the particular investment agency and further to select a particular investment product is termed as an investment decision. A wise investor when making the investment decision will keep the following three principal objectives as under:

- **Security Consideration:** Whether the money entrusted for investment will remain safe and secure?
- **Liquidity Consideration:** Whether the investor will be able to get back his savings whenever demanded by him. In other words whether there would be a quick and easy exit route from the investment deal.
- **Profitability Consideration:** Whether he would gain and earn sufficiently out of his investment.

Review of Literature

Anil Sharma, and Neha Seth (2012) have done a study on stock market integration. The purpose of this study to organize and take stock of the present situation of research on stock market integration by reviewing the available literature, to provide quick and easy access for future researchers. Another objective of the study is to classify the literature and to provide the comprehensive bibliography on stock market integration and to analyze the findings and results of the studies taken into consideration for review. They found in their study classifies the past literature on stock markets integration and finds that the research work on the same area has been increased during the recent time period, especially from 2005 to 2010 and coverage of stock market integration across emerging economies has increased in recent years.

Objectives of the Study

The present study is carried out with the following objectives:

- To bring out the profile of the sample investors selected for the study.
- To analyze the investor's perception towards various investment patterns in Ambasamudram Taluk.
- To offer suitable suggestions.

Methodology

The respondent investors were identified with the help of share brokers and Karvy Stock Broking Ltd, Ambasamudram Branch. The sample respondents were selected by using convenient sampling technique. A total of about 60 investors were identified in and around Ambasamudram Taluk and questionnaires were sent to them. A response of 30 valid questionnaires was received from those investors who were willing to spend their time and wished to contribute to this study. The study is based only primary data. The data were analyzed quantitatively and qualitatively and interpreted in relation to the objectives stated in this study. The quantitative variables were coded in terms of their actual values and the qualitative variables were pre coded. After processing the data, it was presented in tables in one or more forms to derive conclusions from this study. Each table is accompanied by appropriate analysis and explanation of the data and their significance. The period of the study was December 2017 to February 2017.

Profile of Sample Respondents

In this section, efforts have been made to highlight the profile of the representative sample investors.

Age Group: The most important social profile among the respondents is age since it determines the exposure, eagerness to learn, readiness to take risk and adjustability among the respondents. Therefore, the age of the sample respondents is included in the study. The sample respondents were distributed according to their age group and the data in this regard are shown in Table 1.

Table 1: Distribution of respondents according to Age

Age (in Years)	No. of Respondents	% to total
Below 30	12	20.00
30-50	32	53.33
Above 50	16	26.67
Total	60	100.00

Source: Primary data

Table 1 indicates investment habit was more popular in the age group of 30-50, followed by the age group above 50, followed by the age group Below 30. In the study area investment in stock was not popular among the age group of below 30 years.

Gender: The data presented in Table 2 offers Gender wise classification of the sample respondents.

Table 2: Distribution of respondents according to Gender

Gender	No. of Respondents	% to total
Male	48	80
Female	12	20
Total	60	100

Source: Primary data

Males are the dominant investors in the study area. Within the samples 60 respondents 48 were Male (80%) and only 12 (20%) were female which indicates and investment in stock among women were not popular in the study area.

Educational Status: Since the level of education is one of the important factors that determine the level of understanding, scientific orientation and risk orientation among the respondents, it is included in the present study. The sample respondents were distributed according to their educational status and are presented in Table 3.

Table 3: Distribution of respondents according to Educational Status

Educational Status	No. of Respondents	% to total
HSC	8	13.33
Graduates	32	53.34
Post Graduates	20	33.33
Total	60	100.00

Source: Primary data

The study reveals that 13.33% of the respondents are not Graduates. Majority of the investors are Graduates (53.34%) and Post Graduates (33.33%) indicates that there is a strong relationship between educational qualification and investment habit.

Monthly Income: It is a general belief that only the persons who have high income will have a tendency to invest in stock. Keeping this in view information was collected from the sample respondents about their income and the data in this respect are given in Table 4.

Table 4: Distribution of respondents according to Income

Monthly income (Rs)	No. of Respondents	% to total
Below 10000	8	13.33
10000 - 20000	12	20.00
20000 - 30000	18	30.00
Above 30000	22	36.67
Total	60	100.00

Source: Primary data

It is observed from Table 4 that vast majority of the sample investors falls in the income group of above Rs.30000, followed by Rs.20000 to 30000, followed by Rs.10000 to 20000. It also indicates the popularity of investment habit is low among income group of below Rs.10000.

Occupational Status: Generally the investment habit depends upon the occupational status. The sample respondents are classified according to their occupational status and are presented in Table 5.

Table 5: Distribution of respondents according to the occupational status

Occupational Status	No. of Respondents	% to total
Agriculture	4	6.66
Business	16	26.67
Employment	28	46.67
Professionals	12	20.00
Total	60	100.00

Source: Primary data

The study reveals that 46.67% of respondents are employed, 26.67% are doing Business, 20% are professionals and 6.66% were Agriculturists. The Employed classes are much attracted to the investment habit.

Purpose of Investment: The sample respondents are classified according to their purpose of investment and are presented in Table 6.

Table 6: Distribution of respondents according to the Purpose of Investment

	SA 5	A 4	UN 3	DA 2	SDA 1	Weighted Mean Index	Rank
Marriage Expenses	21	16	12	5	6	221	3
Medical Expenses	12	13	7	23	5	184	7
Construction of Land and Buildings	16	18	14	4	8	210	5
Childrens' Education	24	19	7	6	4	233	1
Retirement Benefit	3	5	12	18	22	129	8
Getting jobs	22	17	10	4	7	223	2
Purchase of Vehicles	15	23	11	2	9	213	4
Consumer Durables	18	14	8	13	7	203	6

SA= Strongly Agree A=Agree UN = Undecided DA = Disagree SDA = Strongly Disagree

According to the Weighted Mean Index Ranking Children's Education is the prime most reason cited by the sample respondents to prefer investment. Getting job is the second reason given by the sample investors. Marriage Expenses is the third reason for preferring investment. Retirement Benefit is the last reason cited by the sample respondents.

Tenure of Investors: The sample investors were grouped according to tenure of becoming investor in stock market and the data in this regard are shown in Table 7.

Table 7: Distribution of respondents according to tenure of account

Tenure (in years)	No. of Respondents	% to total
Less than 3 years	8	13.33
3-6	12	20.00
6-12	16	26.67
More than 12	24	40.00
Total	60	100.00

Source: Primary data

Table 7 reveals the categorization of the tenure of 60 respondents. Among these 8 were being investors for less than 3 years. 12 were being investors for 3-6 years. 16 were being investors for 6-12 years and 24 were being investors for more than 12 years.

Motivating Factors to Prefer the Investment Scheme

The sample respondents are asked to state on what motivating factors to prefer the investment scheme and are presented in Table 8.

Table 8: Motivating factors to prefer the investment scheme

Factors	No. of Respondents					Total
	I	II	III	IV	V	
Safety	32	18	2	3	5	60
More Return	23	16	8	5	8	60
Easy formality	20	14	15	6	5	60
No or less risk	28	15	4	8	5	60
Loan facility	11	13	13	14	9	60
Popularity	17	19	14	4	6	60
Liquidity	20	16	19	2	3	60
Income Tax Benefit	12	14	16	8	10	60

Table 9: GRRETT'S Ranking Result

Factors	Total Score	Average	Rank
Safety	4298	71.63	I
More Return	4049	67.48	IV
Easy formality	4005	66.75	V
No or less risk	4159	69.32	II
Loan facility	3709	61.82	VIII
Popularity	3986	66.43	VI
Liquidity	4075	67.92	III
Income Tax Benefit	3766	62.77	VII

According to Garrett's ranking results, the foremost motivating factors by the sample respondents, is the safety. The second rank is given to the No or less risk. Liquidity, is the third motivating factors cited for regular repayment. Loan from other sources, fear of legal action, self ethic, income from employment also have motivated the women beneficiaries to repay the loans. Income from investment of loan amount is the last reason cited by the women beneficiaries.

Types of Investment

An attempt has been made to classify the sample respondent investors on the basis of categories of investment they currently possess. The data in this regard are presented in Table 7.

Table 7: Classification of respondent investors on the basis of type of investment

Types of Investment	Number of Respondents	% to total
Company Fixed Deposits	-	-
Bank Deposits	6	10.00
Equity shares	28	46.67
Government Bonds	8	13.33
Mutual Funds	8	13.33
Debentures(secured)	4	6.67
Post Office Scheme	4	6.67
National Savings Certificate	2	3.33
Chit Funds	-	-
Total	60	100.00

Source: Primary data

It could be observed from Table 7 that investment in equity share is most popular mode of investment among investors. The mutual fund and Government Bonds are equally popular among investors. It could be observed that Chit Fund and Company deposits become unattractive among investors.

Investors Awareness on Various Investment Avenues

This section of this chapter deals with the level of awareness found among the investors on the various investment avenues. To measure the awareness of the investor, nine investment avenue indicators as shown in Table 8 have been identified.

The respondents were given the option to indicate whether or not he/she was aware of the investment avenues. As there is no ready-made scale to measure the awareness level, awarding scores has developed a scale namely "Awareness Scale".

A two-point scale is used to study the awareness of sample Investors. Accordingly the points were given as follows: For Yes 2 and For No 1.

If the respondents were aware of all the ten investment avenues, then he was awarded total scores of 20. If the respondents were not aware of any of the ten investment avenues, then he was awarded a total score of 10 at the rate of 1 for each indicator.

Table 8: Awareness about various Investment Avenues

Investment Avenues	YES	NO	Total
Fixed Deposits (Company)	54	6	60
Bank Deposits	22	38	60
Equity Shares	42	18	60
Government Bonds	16	44	60
Mutual Funds	12	48	60
Debentures	12	48	60
Post Office Scheme	20	40	60
National Savings Certificate	14	46	60
Chit Funds	4	56	60

Source: Primary data

From the above table 8, it could be observed that out of 60 respondents, 54 were quite aware of fixed deposits, 42 were of equity shares, 22 were aware of bank deposits and 12 were aware of debentures and Mutual Funds.

Summary of Findings

This study attempts to examine the profile of the sample investors and their perception towards various investment avenues. The findings of the study are presented in the following paragraphs:

- The study observed that the males are the dominant investors in the study area and further indicates that investment habit was more popular in the age group of 30-50.
- It is a general belief that only the person who has high income will have a tendency to invest in stock. Keeping this in view information was collected from the sample respondents and it was revealed that vast majority of the sample investors' fall in the income group of above Rs.30,000.
- The study reveals the majority of the investors are Graduates and it indicates that there is a strong relationship between educational qualification and investment habit.
- Generally the investment habit depends upon the occupational status. The study revealed that the employed classes are much attracted to the investment habit. The study observed that investment in equity share is most popular mode of investment among investors.
- To measure the awareness of the investors, nine investment avenue indicators have been identified. The study observed that out of 60 respondents, 54 were quite aware of fixed deposits, 42 were of equity shares, 22 were aware of bank deposits and 12 were aware of debentures and Mutual Funds.

Suggestions

Based on the findings, the following suggestions are made:

- Most of the matured and educated investors prefer the secured investments of Post office savings scheme and nationalized Bank deposits and less educated people prefer Chit funds because they are not aware of other scheme. Hence other type of investment must be made popular among the people.
- Government must create more awareness among middle class people about the investment schemes as tax benefit availed through it have not reached the people properly.
- The interest rates have to be increased for the bank account that will include the investors to invest more.



- Salaried class people may be given awareness about the tax saving investments.
- Seminars may be arranged in colleges and schools to create awareness among the students about the investment avenues.
- The investors though educated but located in a rural area that is why they deposited investments mostly in Post office savings scheme and Bank deposit. The other attractive investment having high rate of return such as shares, debentures and mutual funds must be made known to these type of rural invest by conducting investors meeting conducted by Stock Broking Agency or Regional stock exchanges.

Conclusion

In India people are having the habit of saving minded then spent thrift. But 70% of the population is still not literate. Because of this fact, many unregistered chit funds, finance company cheated the investors by offering attractive investment. Hence there is a great need for the government to play a key regulatory role to protect the interest of investors and save them from the cheaters. Further the government though established Institutional Investors offer long term safer, but high rate of interest with flexibility to withdraw amount has to be offered to the public.

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