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RESEARCH ARTICLE

INVESTORS PERCEPTION TOWARDS DIFFERENT INVESTMENT AVENUES.

Dr. S. Poorna Prabhat, N. Srivani and Ch. Varalakshmi.

Assistant Professor, Department Of MBA, Andhra Loyola College Vijayawada-Ap.

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Abstract

Investors have different investment avenues to employ their funds. The risk and returns of these investment alternatives differ from one Investment Avenue to another. The investor wants more returns with lesser risk. The required level of return and risk tolerance decide the choice of investment avenues by the investors.

In the present scenario there is wide variety of investment alternatives for the investors to choose. The alternatives are national savings certificates, fixed deposits, commercial papers, certificate of deposits, shares, debentures, bonds etc...Through this study an attempt has been made to analyze investors behavior towards different investment avenues from the respondents of Vijayawada city. The demographic variables and objectives of the investors have been obtained from respondents and the relationship between variables has been analyzed. The study also offers suggestions to the investors to make investments.

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Introduction:-

Investment is the employment of funds with the aim of achieving additional income or growth in value. The essential quality of investment is that, it involves 'waiting' for a reward. It involves the commitment of resources which have been saved or put away from current consumption in the hope that some benefits will accrued in future. Investment is the allocation of monetary resources to assets that are expected to yield some gain or positive return over a given period of time. These assets ranged from safety investments to risky investments. Investments in this form are also called financial investments. Most investments are considered to be transfers of financial assets from one person to another. To the economist investment means the net additions to the economy's capital stock which consists of goods and services that are used in the production of other goods and services.

Investments are both important and useful in the context of present day conditions. Some factors that have made investment decisions increasingly important are longer life expectancy or planning for retirement, increasing rates of taxes, high interest rates, and high rates of inflation, larger incomes and availability of a complex number of investment outlets. Investors have different investment avenues based on his/her risk tolerance level. They are real and financial assets. Real assets refer to tangible assets, land and buildings, furniture, gold, silver, diamonds or artifacts. A financial asset is a claim represented by securities. These assets are popularly called paper securities. Shares, bonds, debentures, bills, loans, lease, derivatives and fixed deposits.

Investors are classified into different groups depending on their attitude towards risk. Each investor also has an indifference point at which his own expectations of return match with the risk that he can take. Broadly, he should be able to identify whether he is a risk averter, risk neutral or risk taker.

Corresponding Author:- Dr. S. Poorna Prabhat.

Address:- Assistant Professor, Department Of Mba, Andhra Loyola College Vijayawada-Ap.

Review Of Literature:-

- Brahmabhatt ,P.S.Raghukumari,Dr.Shamira Malekar in their study “a study of investor behavior in investment avenues in Mumbai Feni (September 2012),examined that people like to invest in stock market even if they face huge losses .They give more preference to savings an safety but at the same time they want higher interest at low risk in shorter span.He also examined that most of the percentage of the income that they invest depend on their annual income
- Dr.E.Apparao and Professor N.Kishore babu examined through their study “a survey on investors perception towards investment avenues in Godavari district of Andhra Pradesh(January 2015)that majority of respondents obtained their information regarding investment through their friends and relatives as a first priority and then national newspapers. They also noted that majority of respondents having savings for the purpose of safety for future, capital appreciation, regular returns, speculative gains and tax benefits. They proved that most of respondents agreed bank deposits are the safety investment avenue.
- Neha.S.Shukla in her study “investors preference towards investment avenues with special reference to salaried personnel in North Gujarat region “(January 2016) analyzed that investors invest in multiple avenues ,mostly respondents refer to invest their investment to purchase a home, fixed deposit, post office schemes and gold. He also explained that respondents depend on friends and relatives followed by financial planner /advisors for investment advice. He analyzed with the help of chi square between factors and various investment avenues that respondents invest for specific purpose in specific investment avenues
- Hina Kothari in her study “investors behavior towards investment avenues :a study with reference to Indore city “states that investors belonging to different age groups have different behavior while doing investment and their selection of any investment avenue highly depends upon their age .
- G.Velmurugan ,V Selvam ,N.Abdul Nazar in their study “An Empirical Analysis on perception of investors “ towards investment avenues ,stated that investment doe in various investment avenues with the expectation of capital appreciation and short and long term earning .He also expressed that the decision making an investment avenues are same among the gender on gold and the perception of order of investment towards post office are different among the various income level of the respondents

Objectives of the study:-

- To study the impact of risk on investors’ investment decisions
- To study the relationship between various factors and the level of risk taking ability of investors

Research Methodology:-

- Primary data was collected by using the questionnaire approach from 100 investors of Vijayawada region
- Chi-Square test was used to test whether there was a relationship between various factors and the level of risk taking ability of the investors

Hypothesis of the study:-

H₀: Different variables have an impact on investors’ investment decisions

H₁: Different variables don’t have an impact on investors’ investment decisions

Data analysis and interpretation:-

Table 1:- Different characteristics of the respondents.

Parameter	No. of investors	Percentage
Gender		
Male	46	46
Female	54	54
Total	100	100
Age group		
Below 30	34	34
30-50	26	26
Above 50	40	40
Total	100	100
Qualification		
Under graduates	35	35

Graduates	35	35
Post Graduates	30	30
Total	100	100
Marital status		
Single	26	26
Married	66	66
Widowed	3	3
Divorced	5	5
Total	100	100
Occupation		
Student	20	20
Self employed	30	30
Employed	50	50
Total	100	100
Annual income		
0.5L-1 L	40	40
1L-3L	30	30
Above 3L	30	30
Total	100	100
Experience in investment		
Below 2years	25	25
2-5 yrs	30	30
5-10 yrs	5	5
10-15 yrs	10	10
Above 15 yrs	30	30
Total	100	100
Frequency		
Daily	0	0
Monthly	25	25
Quarterly	35	35
Bi-annually	0	0
Annually	40	40
Total	100	100
Investing area		
Equity and stock	5	5
Debt market	0	0
Mutual funds	0	0
Insurance	30	30
Real estate	10	10
Commodities	0	0
Bank fixed deposits	45	45
Post office savings	10	10
Total	100	100
Sources of investment		
Savings	50	50
Inherited amount	20	20
Margin financing	0	0
Money from business	30	30
Personal borrowing	0	0
Total	100	100
Objectives of the investment		
Children education	25	25
Home purchase	30	30

Children's marriage	5	5
Healthcare	10	10
Wealth creation	30	30
Total	100	100

Chi-square Test:-

Chi-square is a statistical test commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis

❖ the impact of different variables on an investor's risk taking ability has been studied and analysed separately

Extent of relationship between investors gender and risk taking ability(table2,3):-

H₀: There is no relationship between investors gender and level of risk taking ability

H₁: There is relationship between investors gender and level of risk taking ability

Table 2:- Degree of Relationship between investors gender with their risk taking ability.

		Gender			
Risk	Low	Count	MALE	FEMALE	TOTAL
		Expected count	20	26	46
	Moderate	Count	21.16	24.84	46
		Expected count	10	16	26
	High	Count	11.96	14.04	26
		Expected count	16	12	28
	total		12.88	15.12	28
		total	46	54	100

Table 3:- Chi-square test

	Value	Df
Pearson Chi-Square	1.851	2
N of valid cases	100	

calculated value of Chi-Square is 1.851. Chi-Square value at 5% significance level and 2 degrees of freedom is 5.991. As calculated value of Chi-Square is less than the critical value.

Null hypothesis is accepted and alternative hypothesis is rejected, disclosed that there is no relationship between investors gender and level of risk taken by him/her

Extent of relationship between investors age and risk taking ability(table4,5):-

H₀: There is no relationship between investors age and level of risk taking ability

H₁: There is relationship between investors age and level of risk taking ability

Table 4:- Degree of Relationship between investors age with their risk taking ability.

		Age				
Risk			Below 30	30-50	Above 50	Total
	Low	Count	20	15	20	55
		Expected count	18.7	14.3	22	55
	Moderate	Count	10	7	15	32
		Expected count	10.8	8.32	12.80	32
	High	Count	4	4	5	13
		Expected count	4.42	3.38	5.2	13
		total	34	26	40	100
		34	26	40	100	

Table 5:- chi-square test

	Value	Df
Pearson Chi-Square	1.1113	4
N of valid cases	100	

Calculated value of Chi-Square is 1.1113. Chi-Square value at 5% significance level and 4 degrees of freedom is 9.488. As calculated value of Chi-Square is less than the critical value.

Null hypothesis is accepted and alternative hypothesis is rejected, disclosed that there is no relationship between investors age and level of risk taken by him/her

Extent of relationship between investors income level and risk taking ability(table6,7):-

H₀: There is no relationship between investors income level and level of risk taking ability

H₁: There is relationship between investors income level and level of risk taking ability

Table 6:- Degree of Relationship between investors level of income with their risk taking ability.

		Income level				
Risk	Low	Count	25	10	5	40
		Expected count	16	12	12	40
	Moderate	Count	10	10	5	25
		Expected count	10	7.5	7.5	25
	High	Count	5	10	20	35
		Expected count	14	10.5	10.5	35
	Total	Count	40	30	30	100
		Expected count	40	30	30	100

Table 7:- Chi-Square Test.

	Value	Df
Pearson Chi-Square	27.4	4
N of valid cases	100	

Calculated value of Chi-Square is 27.4. Chi-Square value at 5% significance level and 4 degrees of freedom is 9.488. As calculated value of Chi-Square is more than the critical value.

Null hypothesis is rejected and alternative hypothesis is accepted, disclosed that there is a relationship between investors income and level of risk taken by him/her

Extent of relationship between investors education and risk taking ability(table8,9)

H₀: There is no relationship between investors education and level of risk taking ability

H₁: There is relationship between investors education and level of risk taking ability

Table 8:- Degree of Relationship between investors educational qualification with their risk taking ability

		Education				
Risk	Low	Count	20	15	5	40
		Expected count	14	14	12	40
	Moderate	Count	10	15	5	30
		Expected count	10.5	10.5	9	30
	High	Count	5	5	20	30
		Expected count	10.5	10.5	9	30
	Total	Count	35	35	30	100
		Expected count	35	35	30	100

Table 9:- chi-square test

	Value	Df
Pearson Chi-Square	26.7627	4
N of valid cases	100	

Calculated value of Chi-Square is 26.76. Chi-Square value at 5% significance level and 4 degrees of freedom is 9.488. As calculated value of Chi-Square is more than the critical value.

Null hypothesis is rejected and alternative hypothesis is accepted, disclosed that there is a relationship between investors education and level of risk taken by him/her

Extent of relationship between investors occupation and risk taking ability (table 10, 11)

H₀: There is no relationship between investors occupation and level of risk taking ability

H₁: There is relationship between investors occupation and level of risk taking ability

Table 10:- Degree of Relationship between investors occupation with their risk taking ability.

		Occupation				
Risk	Low		student	Self employed	employed	Total
		Count	15	10	15	40
	Moderate	Expected count	8	12	20	40
		Count	3	15	15	33
	High	Expected count	6.6	9.9	16.5	33
		Count	2	5	20	27
	Total	Expected count	5.4	8.1	13.5	27
		Count	20	30	50	100
		Expected count	20	30	50	100

Table 11:- Chi-square test.

	Value	Df
Pearson Chi-Square	18.861	4
N of valid cases	100	

calculated value of Chi-Square is 18.861. Chi-Square value at 5% significance level and 4 degrees of freedom is 9.488. As calculated value of Chi-Square is more than the critical value.

Null hypothesis is rejected and alternative hypothesis is accepted, disclosed that there is a relationship between investors occupation and level of risk taken by him/her

Conclusion:-

- This study concludes that various factors like age, gender, income, education, occupation have major impact on investment decision of the investor
- Various factors like gender and age have no impact on investment decision of the investors
- The variables like income level, occupation and education shows an impact on investment decision of the investors

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