"A STUDY ON INVESTORS PERCEPTIONS TOWARDS DIFFERENT INVESTMENT AVENUES"

MANDULA. SATYENDRA KUMAR

Research Scholar, Department of Business Administration, Annamalai University.

Dr. M. C. BALAGURUBARAN

Assistant Professor, Department of Business Administration, Annamalai University.

Abstract

For common and small investors who are eager to take part in the different investmentopportunities accessible in India, economic liberalisation and globalisation have createdheated climate. The capacity to save money and invest in the stock market, gold, real estate, insurance, and post office is available to a significant number of small investors. The view of investors towards different investments from various angles has been the subject of numerousstudies in recent years. There are several studies that are based on the investments that researchers have made on different avenues, according to a survey of investment literatures from the perspective equities, insurance, and mutual funds. The literature on investment avenues is lacking, thus this paper is relevant for that and fills the particular gap. In India, investors typically claim that all investment opportunities are dangerous. The security of the primary amount, liquidity, income stability, approval, and ease of transferability are the basic characteristics of investments. These are a variety of investment options, including stocks, banks, and businesses, gold, silver, real estate, life insurance, postal savings, and more. The investor's choice was determined by the needed rate of return and risk tolerance. The investment may be made in a variety of ways, including national savings certificates, provident funds, mutual fund and insurance plans, chit funds, bank and corporate fixed deposits, company shares, bonds and debentures, government securities, postal savings plans,and real estate. We could draw the conclusion that in this rapidly changing world, we save and earn more money. More risk leads to more profit.

Keywords: Liquidity, Equities, Transferability, Debentures, Income Stability, Investment Avenues.

INTRODUCTION

The growth of a nation's economy is significantly influenced by its financial markets. They make distributing scarce resources easier, by shifting them from savers to borrowers, boosting the nation's investment activity in the process. According to traditional theory, thereis a belief that investors are rational beings and they process their brains a lot before making particular investment decisions. They utilise all the available information in hand and then make rational decisions. Many researches and studies already proved that an irrational behaviour is depicted amongst the investors because of systematic errors during the decision making process. Behavioural finance can be considered to be one of the novel concepts that emerged in the last 25 years which studies how psychology is indulged in finance. It's a combination of behavioural and cognitive psychology theories with conventional economics and finance which gives an explanation for the erratic behaviour of the investors in the financial dealings and the respective economic decisions. [1]

This particular paper tried to examine the investor behaviour regarding their selection of best investment avenues out of the numerous options they have at hand in India. Investment

strategy is generally a plan which is designed to assist the investors to study in detail the available options and to select the best suitable investment portfolio to help them to reach their financial goals that too in a specific time frame. Investing can help to increase personal wealth by more affluence and overall economic growth. The investment process benefits the businesses where the financial markets can raise funds more. Certain kinds of investments bring some additional benefits like advantages to the investor, the company, and society. Indian investors form a large portion of the investment allocations where they calculate the risks and returns involved in different avenues. [2]

Investors are a diverse population; they may be big or tiny, rich or poor, knowledgeable or poor in financial literacy, and not all investors want the same level of security. An investor has three important goals or objectives while investing his hard earned money which are safety of the investment, liquidity of the investment, and the returns on the invested amounts. The returns on investment might be broken down into capital gain and the rate of interest or dividend return on investment. All investments combined, the securities are regarded as the most rewarding and difficult alternative which is accessible. The securities broadly consists of stocks, bonds, derivatives, mutual fund shares, government securities, precious metals, post office savings schemes, government initiatives and many other unmentioned options. An investor could be a person or a business investing money with the intention of gaining highest financial returns.

Investors can put their assets in a variety of investment vehicles. Each of these investing options comes with a different level of risk and potential profits. Investors anticipate higher rewards with competitively fewer risks. With respect to this, the financial advisors need to guide the investors accordingly. The investors receive a variety of recommendations from advisors. The literature on the subject that is currently available is varied. The current work tries to fill this particular gap to a certain extent.

REVIEW OF LITERATURE

According to **Dr. K. Meena, Dr. Vimala, (2014),** "Understanding household saving and investment is of importance for several reasons. At national level, household investment provide the main source of investment financing both for government and for the corporate sector. Rapid GDP growth leads to risings household income and higher the savings rate. This is true for Asia as it has been elsewhere in world. But for the individual household, saving is done in order to achieve specific short-term and long-term goals, notably financial security. Opening a regime in a particular field has created a shift from regulation to liberalization in investment environment integration of domestic financial markets with the international markets, a wide range of financial instruments are designed according to the specific expectation of investors. This paper particularly discuss about how demographic variable influence the investment decision and how information technology has also deeply influenced the operations of financial markets. The changed scenario has also led to shift in the perception of the individual investors towards various avenues." [3]

According to **Brahmabhatt, Raghu, Shamira (2014)**, "The project is the study anoutanalysis is to determine the investment behaviour of investors and investment preferences for the same.

The kind of volatility, they witnessed in the asset class in recent times is unprecedented. It is true with other asset classes like gold, currencies, and bonds as well. Thisleaves the investor baffled at times. If we get into further details, it can be finding that the continuous volatility is affecting investor behaviour 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 investors 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."[4]

According to Tulasipriya, (2015), "India needs very high rate of investments to make a bound forward in efforts of attaining high level of growth. Since the beginning of planning, the prominence was on investments the primary instruments of economic growth and increase in national income. This study attempted to premeditate the investment preference of salaried group of people using convenient sampling method. The outlook from the employees belongs to salaried earners, and the population is fixed as 500. Instead of studying the complete range of investors, it is focusing only one segment called government employees. A variety of statistical tools are employed to analyse the data like Friedman Rank test, Chi square test, etc., to identify the right relationship among the factors related with investment. Finally, it is concluded that salaried group nevertheless of age and annual income, besides their occupation and marital status they used to prefer the investment option which will provide the long term benefit and highly secured cum profitable avenues."[5]

According to **Yesh Pal Davar, Suveera Gill, (2007)**, "There has been substantial theoretical as well as applied evidence about the explanatory facets of investor's perception and investment decision making (IDM). The study reported here investigates the underlying dimensions in the selection of different investment avenues for investors. Examination of a sample of 500 investor respondents reveals the extent to which the significant IDM variables account for variations in present and future investment in various investment avenues. The results suggest that investors' preferences are supposedly related to the actual performance of investments and the same is taken into account while forming an opinion about making future investment decision. Further, demographic factors like age and education have a significant influence on IDM process. The underlying dimension in selection of investments reveals emphasis on familiarity, opinion and demographic measures for all investment avenues. The analysis in the paper reiterates the fact that rational human beings learn from their past present experiences and utilize the same for their future activities."[6]

According to **Sushanth Nagpal, Bodla BS, (2009)**, "In the financial services industry, an acceptance of demographics as the total basis of marketing strategy means an acceptance of the fact that affluent individuals each earning the same income and living in similar omes in the same area have the same financial needs. The individuals may be equal in all aspects, may even be living next door, but their financial planning needs are very different. In this context, demographics alone no longer suffice as the basis of segmentation of individual investors. It is by using lifestyles or psychographics along with demographics that synergism between

investors can be generated. In fact, an investor-driven marketing strategy necessitates an understanding of the demographic, socioeconomic and lifestyle characteristics of the investors. The present study is an attempt to bring out lifestyle characteristics of the respondents and their influence on investment preferences. The study concludes that investors' lifestyle predominantly decides the risk taking capacity of investors."[7]

According to **Abhinandan, Aiman AL-Asbahi, Ebrahim AL-Gamal,(2019)**, "In India, investors have a lot of investment avenues to invest their savings. The risk and returns involved in each of these investment avenues differ from one to another. The investors are ready to invest after evaluating the main features of investments such as security of principal amount, liquidity, income stability, easy transferability, etc., shares, bank, gold, silver, life insurance, postal savings etc., are the available investment avenues. This paper tried to review the investment pattern of different class of people based on previous research. This paper focuses on investment pattern of working women, salaried employees and teachers. Data were collected various journals, websites and research articles. " [8]

According to **Dr.Madhavi Karanam, Dr.R.Shenbagavalli, (2019),** "The paper studies the investment patterns of the millennial generation (20-35 years) to know the relationship and the major influencer with respect to their pattern of investments. To measure the association, a descriptive research is conducted with the sample of 350 working professionals in and around Chennai by administrating a structured questionnaire. The correlation analysis is used to examine the association among age, income, occupation and the pattern of investment. The correlation analysis indicated positive relationship among the level of income and occupation and the study reveals very high association between the profession and the investment choices. Thus, we can conclude that occupation is a major influencer with respect to risk-return perspective and the investment choice. Income is the base on which investment options are suggested as well as decided. Working professionals in Chennai have overall shown preference towards, stocks, mutual funds and real estate as their most preferred avenues of investment."[9]

OBJECTIVES OF THE STUDY

1) To identify various investment avenues where the investor shows interest.
2) To examine the perceptions of investors towards different investment avenues.

Data analysis

A questionnaire with 16 questions was framed to collect data. Nearly 130+ respondents gave their opinions or perceptions regarding the investment avenues. The tools used to analyse the collected data are:

1. Percentage analysis
2. Correlation.
3. Multiple regression analysis.

Percentage analysis

A percentage frequency distribution is a display of data that specifies the percentage of observations that exist for each data point or group of data points. It is a particularly useful method of expressing the relative frequency of survey responses and other data. Many times, percentage frequency distributions are displayed as tables or as bar graphs or pie charts.

The process of creating a percentage frequency distribution involves first identifying the total number of observations to be represented; then counting the total number of observations within each data point or grouping of data points; and then dividing the number of observations within each data point or grouping of data points by the total number of observations.

Correlation

The degree of association is measured by "r" after its originator and a measure of linear association. Other complicated measures are used if a curve is needed to represent the relationship. The coefficient of correlation is measured on a scale that varies from +1 to -1 through 0. The complete correlation among two variables is represented by either +1 or -1. The correlation is positive when one variable increases and so does the other; while it is negative when one decreases as the other increases. The absence of correlation is describedby 0.

Regression

Regression analysis is a set of statistical methods used for the estimation of relationships between a dependent variable and one or more independent variables. It can be utilized to assess the strength of the relationship between variables and for modelling the future relationship between them.

Regression analysis includes several variations, such as linear, multiple linear, and nonlinear. The most common models are simple linear and multiple linear. Nonlinear regression analysis is commonly used for more complicated data sets in which the dependent and independent variables show a nonlinear relationship.

Statistical analysis

Relation between gender and investment avenues

Gender * which of the following investment avenues are you interested in?

			Bank Products	Bonds	Common Stock	Crypto Currency	Debentures	Fixed Deposits	Gold and other precious metals	Life Insurance	Mutual Funds	National Pension Scheme	None	Postal Schemes	Pradhana Manthri Vaya Vandana Yojana	Public Provident Fund	Real Estates	Total
Gender	Female	Count	3	0	0	0	1	5	7	3	10	0	6	0	0	1	4	40
		% within Gender	7.5%	0.0%	0.0%	0.0%	2.5%	12.5%	17.5%	7.5%	25.0%	0.0%	15.0%	0.0%	0.0%	2.5%	10.0%	100.0%
	Male	Count	4	1	18	3	0	7	6	8	24	1	6	3	2	1	9	93
		% within Gender	4.3%	1.1%	19.4%	3.2%	0.0%	7.5%	6.5%	8.6%	25.8%	1.1%	6.5%	3.2%	2.2%	1.1%	9.7%	100.0%
Total		Count	7	1	18	3	1	12	13	11	34	1	12	3	2	2	13	133

Inference

From the above table it is identified that 5.3% of the respondents are interested to invest in bank products, 0.8% in bonds, 13.5% in stock market, 2.3% in cryptocurrency, 0.8% in debentures, 9% in fixed deposits, 9.8% in gold and other precious metals, 8.3% in life insurance, 25.6% in mutual funds, 0.8% in national pension scheme, 2.3% in postal schemes, 1.5% in Pradhana Mantri Vayo Vandana Yojana scheme, 1.5% public provident fund, 9.8% in real estate, where as 9% of the respondents were interested in investing in none of the options.

Relationship between avenues with high risk and attitude of risk aversion

Ho: There is no significant correlation between avenues with high risk and attitude of risk aversion.

H1: There is significant correlation between avenues with high risk and attitude of riskaversion.

Correlations							
		Crypto currency	Mutual funds	Private companies investments	Real estate	Share market	Attitudeof Risk Aversion
Crypto currency	Pearson Correlation	1	.251**	.309**	.218*	.153	.467**
	Sig. (2-tailed)		.004	<.001	.012	.079	<.001
	N	133	133	133	133	133	133
utualfunds	Pearson Correlation	.251**	1	.410**	.203*	.274**	.375**
	Sig. (2-tailed)	.004		<.001	.019	.001	<.001
	N	133	133	133	133	133	133
Private companis investment	Pearson Correlation	.309**	.410**	1	.237**	.195*	.384**
	Sig. (2-tailed)	<.001	<.001		.006	.024	<.001
	N	133	133	133	133	133	133
Real estate	Pearson Correlation	.218*	.203*	.237**	1	.290**	.458**
	Sig. (2-tailed)	.012	.019	.006		<.001	<.001
	N	133	133	133	133	133	133
Share market	Pearson Correlation	.153	.274**	.195*	.290**	1	.350**
	Sig. (2-tailed)	.079	.001	.024	<.001		<.001
	N	133	133	133	133	133	133

Attitude of risk aversion	Pearson Correlation	.467**	.375**	.384**	.458**	.350**	1
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	<.001	
	N	133	133	133	133	133	133

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Inference:

From the above table it is observed that there is correlation between attitude of riskaversion and remaining risky investment avenues is significant.

Relationship between low risk attitude and traditional investment avenues:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of theEstimate
1	.811ᵃ	.658	.650	4.121

a. Predictors: (Constant), Investing savings in precious metal like gold, silver, diamond etc.., Postal scheme., Life Insurance policies

ANOVAᵃ

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4211.159	3	1403.720	82.658	<.001ᵇ
	Residual	2190.721	129	16.982		
	Total	6401.880	132			

Dependent Variable: Low Risk attitude

a. Predictors: (Constant), Investing savings in precious metal like gold, silver, diamondetc.., Postal scheme., Life Insurance policies.

Coefficientsᵃ

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.058	2.406		5.844	<.001
	Life Insurance	2.548	.438	.317	5.819	<.001
	Postal scheme	3.579	.416	.451	8.614	<.001
	Investing savings in precious metal like gold, silver, diamond etc	3.581	.452	.428	7.918	<.001

a. Dependent Variable: low risk attitude

Inference

From the above analysis it is identified that there is a significant impact on the lowrisk attitude and traditional investment avenues.

Observations

The respondents selected different investment avenues according to the awareness of all the pros and cons they possess.

Highest number of respondents nearly one-fourth of the total population selected showed interest in mutual funds.

Stock market, real estate are the next most chosen options by the investors, which created their interest.

Investments in gold, precious metals and life insurance are given average importance compared to the other given options.

The government schemes are given least importance showing that most of the people are not even aware of the policies or schemes to avail the benefits.

A higher percentage of non-investors also exist.

It is observed that risky avenues are having more investments because they give more return in comparison to low risk avenues.

It is clearly proved that high risk investment avenues are always sought after even though the risk factor plays an important role.

From the data it is observed that traditional investment avenues has very low risk attitude portrayed by the investors.

Traditional investment avenues like life insurance, postal schemes, investments in precious metals like gold, silver, diamonds etc., are always considered to be safer options as they have definite returns and are very less risky in comparison to the modern investment options like crypto currency and mutual funds.

CONCLUSION

In India, investors typically claim that all investment opportunities are dangerous. The security of the primary amount, liquidity, income stability, approval, and ease of transferability are the basic characteristics of investments. There are a variety of investment options, including stocks, banks, and businesses, gold, silver, real estate, life insurance, postal savings, and more. The investor's choice was determined by the needed rate of return and risk tolerance. The investment may be made in a variety of ways, including national savings certificates, provident funds, mutual fund and insurance plans, chit funds, bank and corporate fixed deposits, company shares, bonds and debentures, government securities, postal savings plans, and real estate. We could draw the conclusion that in this rapidly changing world, we save and earn more money. More risk leads to more profit. For the purposes of total liquidity, income stability, and a variety of other examples, such as shares, bank companies, gold and silver, real estate, life insurance, postal, etc., most respondents preferred mutual funds because they invested more money in banks and for long term growth, but most investors are unaware of the benefits of investing in cryptocurrency and shares. More discussion and misunderstandings about investment patterns

and outlets are there. To better understand the investment pattern, the researcher intends to compare this article to past studies on investorsamong investment outlets.

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