



Investors Attitude Towards Investment Avenues – A Study In Namakkal District

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Abstract:

Investors have a lot of investment avenues to park their savings. The risk and returns available from each of these investment avenues differ from one avenue to another. The investors expect more returns with relatively lesser risks. In this regard, the financial advisors and consultants offer various suggestions to the investors. The available literature relating to the investors' attitude towards investment avenues is very little and failed to provide a lot of information. An attempt has been made in this study to find out the main objective of the investors in Namakkal District towards making investments and to assess the investors' attitude towards the investment avenues. The demographic variables and objectives of the investors have been obtained from the respondents and the relationship between these variables and objectives has been computed. The attitude of the respondents towards the select investment avenues has been ranked. The study also offers suggestions for the marketers of financial services.

Key words: Investors, investment avenues, marketers

1.Introduction

Investors have a lot of investment avenues to park their savings. The risk and returns available from each of these investment avenues differ from one avenue to another. The investors expect more returns with relatively lesser risks. In this regard, the financial advisors and consultants offer various suggestions to the investors. However, the construction of a correct portfolio is a great task in front of every investor. The investment avenues include both financial instruments and other assets. The attitude of investors would vary from time to time and person to person. The objective of investment of investors will also be different.

2.Review Of Literature

Vidhyashankar S (1990) identified a shift from bank or company deposits to mutual funds due to its superiority by way of ensuring a healthy and orderly development of capital market with adequate investor protection through SEBI interference. The study identified that mutual funds in the Indian capital market have a bright future as one of the predominant instruments of savings by the end of the century.

Lal C and Sharma Seema (1992) identified that, the household sector's share in the Indian domestic savings increased from 73.6 percent in 1950-51 to 83.6 percent in 1988-89. The share of financial assets increased from 56 percent in 1970-71 to over 60 percent in 1989-90 bringing out a tremendous impact on all the constituents of the financial market.

Sanjay Kant Khare (2007) opined that investors could purchase stocks or bonds with much lower trading costs through mutual funds and enjoy the advantages of diversification and lower risk. The researcher identified that, with a higher savings rate of 23 percent, channeling savings into mutual funds sector has been growing rapidly as retail investors were gradually keeping out of the primary and secondary market. Mutual funds have to penetrate into rural areas with diversified products, better corporate governance and through introduction of financial planners.

3.Statement Of The Problem

In the dynamic and competitive environment, marketing of financial services has become challenging. It is the responsibility of the persons involved in marketing of financial services and other investment avenues to understand the attitudes of the investors in order to be

successful in their affairs. The present study aims to answer the question that, “what is the attitude of investors towards investment avenues?”

4.Objectives Of The Study

In view of finding the solution to the above question, the present study is undertaken with the following objectives:

- To find out the main objective of the investors in Namakkal District towards making investments.
- To assess the investors’ attitude towards the investment avenues.
- To offer suggestions for the marketers of financial services and other investment avenues.

5.Methodology

The research methodology depicts the flow of research process and serves as guidance for the researcher to carry out the research smoothly. It includes the data source, sample size, sampling technique and tools of analysis. The data source can be classified as primary data and secondary data. The primary data is the data obtained by the researcher as first hand information from the sample respondents. In this study, the researcher has used the primary data obtained from 300 respondents selected in simple random sampling method in Namakkal District. The statistical tools applied for analysis of data include percentage analysis, analysis of variance and Garrett Ranking technique.

6.Limitations Of The Study

Due to the paucity of time, the study has been limited to 300 respondents only and the study is undertaken in Namakkal District only.

7.Analysis And Interpretation

The analysis made in this study includes the analysis of demographic variables, objectives of investment, relationship between demographic variables and objective of investment and ranking of attitude towards investment avenues.

8. Demographic Variables

The demographic variables taken into account in this study include gender, age, educational level, occupation, annual income and annual income. The following tables show the percentage analysis of these demographic variables.

Gender	No. of respondents	%	Age	No. of respondents	%	Educational Level	No. of respondents	%
Male	213	71.00	Below 30 years	112	37.33	School	63	21.00
Female	87	29.00	31 to 40 years	133	44.33	UG	134	44.67
Total	300	100	41 to 50 years	38	12.67	PG	81	27.00
			Above 50 years	17	5.67	Others	22	7.33
			Total	300	100	Total	300	100

Table 1(a): Demographic Variables

According to the Table 1(a), the proportion of male respondents was 71.00 per cent and that of female respondents was 29.00 per cent. It reveals that the male investors are more than the female investors. It is understood that the majority of 44.33 per cent of the respondents belonged to the age group of '31 – 40 years' while the age group of 37.33 per cent of the respondents was 'Below 30 years'. In the age group of '41 to 50 years', there were 12.67 per cent of the respondents. The remaining 5.67 per cent of the respondents belonged to the age group of 'Above 50 years'. It denotes that the majority of the investors are middle aged persons. It is to be noted that 44.67 per cent of the respondents have completed their education at UG level while 27.00 per cent of the respondents have completed their PG level education and 21.00 per cent of the respondents have completed their school level education. The remaining 7.33 per cent of the respondents have other levels of education. It implies that the majority of investors have completed their UG level education.

Occupation	No. of respondents	%	Annual Income	No. of respondents	%	Annual Savings	No. of respondents	%
Professional	84	28.00	Below Rs.1 lakh	81	27.00	Below Rs.50000	208	69.33
Business	103	34.33	Rs.1 lakh to Rs.3 lakhs	141	47.00	Rs.50000 to Rs.1 lakh	72	24.00
Salaried	102	34.00	Rs.3 lakhs to Rs.5 lakhs	33	11.00	Above Rs.1 lakh	20	6.67
Retired	11	3.67	Above Rs.5 lakhs	45	15.00	Total	300	100
Total	300	100	Total	300	100			

Table 1(b): Demographic Variables

Table 1(b) evinces that a higher proportion of 34.33 per cent of the respondents were doing business, 34.00 per cent of the respondents were employed and 28.00 per cent of the respondents were professionals and the remaining 3.67 per cent of the respondents were retired persons. It denotes that the majority of investors were businessmen. Out of the total respondents, 47.00 per cent of the respondents earned an annual income of Rs.1 lakh to Rs.3 lakhs, 27.00 per cent of the respondents earned an annual income below Rs.1 lakh while the annual income of 11.00 per cent of the respondents was found to be 'Rs.3 lakhs to Rs.5 lakhs'. The remaining 15.00 per cent of the respondents earned an annual income above Rs.5 lakhs. It signifies that the annual income of most of the respondents lies between Rs.1 lakh and Rs.3 lakhs. It is evident that 69.33 per cent of the total respondents had an annual savings of less than Rs.50000 while the annual savings of 24.00 per cent of the respondents was between Rs.50000 and Rs.1 lakh and that of 6.67 per cent of the respondents was found to be more than Rs.1 lakh. It reveals that the most of the respondents had an annual savings less than Rs.50000.

9.Objectives Of Investment

In order to find out the main objective of investment, the respondents were asked to state their primary objective. In this regard, the objectives of investment have been categorized as

retirement, tax reduction, contingencies, children education and purchase of assets. The table 2 shows the objectives of investment of the sample respondents.

Objectives	No. of respondents	%
Old age support	158	52.67
Tax reduction	39	13.00
Contingencies	25	8.33
Children Education	28	9.33
Purchase of assets	21	7.00
Marriage	29	9.67
Total	300	100.00

Table 2: Objectives of investment

It is observed from the Table 2 that 52.67 per cent of the total respondents made investments for old age support while 13.00 per cent of the respondents made investments with a view to have tax reduction and 8.33 per cent of the respondents intended to meet contingencies out of investments. Children education was the objective of investments made by 9.33 per cent of the respondents. The prime objective of 7.00 per cent of the respondents was purchasing assets from the investments. The remaining 9.67 per cent of the respondents had made investments with aim of meeting marriage expenses. It indicates that the main objective of making investments for the majority of investors was old age support.

10. Relationship Between Demographic Variables And Objective Of Investments

An attempt has been made in this study to understand the relationship between the demographic variables and objective of investments. In this regard, demographic variables such as gender, age, educational level, occupation and annual income have been selected. The following hypotheses has been framed and tested by performing analysis of variance:

Null Hypothesis: There is no significant relationship between demographic variables and objective of investments.

Alternative Hypothesis: There is a significant relationship between demographic variables and objective of investments.

Variables	F value	P-value	Table value	Significance
Gender	2.8202	0.1196	4.3874	Not Significant
Age	3.2950	0.0275	2.7729	Significant
Educational Level	5.1197	0.0043	2.7729	Significant
Occupation	6.5428	0.0012	2.7729	Significant
Annual Income	5.6453	0.0027	2.7729	Significant

Table 3: Relationship between Demographic variables and Objectives of investment

Table 3 elucidates that there is no significant relationship between gender and objectives of investment. However, the demographic variables such as age, educational level, occupation and annual income have significant relationship with the objectives of investment. It denotes that the objectives of investment vary significantly among the investors with respect to their age, educational level, occupation and annual income. However, the objectives of investment do not vary significantly among the investors with reference to their age.

11. Attitude Towards Investment Avenues

The retail investors have several savings opportunities which are called savings avenues. The preference of investors would differ from one person to another. In order to understand the attitude of the respondents towards the savings avenues, the respondents were asked to rank following savings avenues:

- Currency
- Postal Savings
- Real Estate
- Bank Deposit
- Pension & Provident Fund
- Mutual Funds
- Chits
- Gold
- Life Insurance and
- Shares

The responses given by the sample respondents have been grouped and analyzed with Garrett Ranking Method. Accordingly, the total scores and mean scores of these savings avenues have been ascertained and the ranks have been assigned. The Table 4 shows the Investors' attitude towards savings avenues.

Savings / Score	X	81	70	63	57	52	47	42	36	29	18	Total Score	Mean Score	Rank
Currency	F	53	17	23	29	22	29	18	29	20	60			
	Fx	4293	1190	1449	1653	1144	1363	756	1044	560	1020	14472	25.71	VII
Postal Savings	F	31	47	28	38	27	27	26	34	31	11			
	Fx	2511	3290	1764	2166	1404	1269	1092	1224	868	187	15775	28.02	IV
Real Estate	F	23	24	36	25	37	30	31	45	40	9			
	Fx	1863	1680	2268	1425	1924	1410	1302	1620	1120	153	14765	26.23	VI
Bank Deposit	F	25	20	46	54	27	39	39	26	16	8			
	Fx	2025	1400	2898	3078	1404	1833	1638	936	448	136	15796	28.06	III
Pension & PF	F	7	6	12	13	47	48	33	42	32	60			
	Fx	567	420	756	741	2444	2256	1386	1512	896	1020	11998	21.31	X
Mutual Funds	F	42	46	39	25	23	29	28	29	15	24			
	Fx	3402	3220	2457	1425	1196	1363	1176	1044	420	408	16111	28.62	II
Chits	F	10	34	26	29	20	19	45	29	43	45			
	Fx	810	2380	1638	1653	1040	893	1890	1044	1204	765	13317	23.65	VIII
Gold	F	62	59	37	36	31	11	11	30	13	10			
	Fx	5022	4130	2331	2052	1612	517	462	1080	364	170	17740	31.51	I
Life Insurance	F	28	29	25	32	33	37	32	16	54	14			
	Fx	2268	2030	1575	1824	1716	1739	1344	576	1512	238	14822	26.33	V
Shares	F	19	18	28	19	33	31	37	20	36	59			
	Fx	1539	1260	1764	1083	1716	1457	1554	720	1008	1003	13104	23.28	IX

Table 4: Attitude towards Investment Avenues

From the Table 4, it is understood that the gold has been the investment avenue first preferred by the investors, mutual fund has been the second preferred investment avenue and bank deposit has been found to be the third preferred investment avenue. Postal savings have been ranked in the fourth order and life insurance in the fifth order. The sixth preferred investment avenue according to the sample respondents was found to be the real estate while currency trading was the seventh preferred investment avenue and chits have been the eighth preference of the investors. Shares and Pension funds have been ranked in the ninth and the tenth places respectively. It denotes that the gold has been the most preferred investment avenue for the investors.

12.Major Findings

The study was undertaken to understand the attitudes of the investors in Namakkal District towards the investment avenues. A survey method was conducted for the collection of data from the respondents and the data so obtained have been put through the statistical analysis for drawing valid conclusion. The results of the study reveal the following major findings:

It is found that the proportion of male investors is greater than that of female investors. The majority of 44.33 per cent of the respondents belonged to the age group of 31 to 40 years. The educational level of the majority of 44.67 per cent of the respondents was found to be at the UG level.

It is observed that the business people and salaried persons invest more than any other persons. The annual income of the majority (47 per cent) of the respondents was found to be Rs.1 lakh to Rs.3 lakhs. It is also indicated that the most of the investors (69.33 per cent) could save less than Rs.50000 per annum.

The main objective of investment of the majority of the investors (52.67 per cent) was found to be the support in the old age.

It is understood that there is no significant relationship between gender and the objective of investment. However, the relationship between age of the investors and their objective of making investment is statistically significant. Educational level and occupation of the investors have been found to be significantly related to their objective of making investment. There was a strong statistically significant relationship between annual income of the investors and their objective of making investment.

It is found that the gold and mutual funds have been the most preferred investment avenues of the majority of the investors while shares and pension funds have been the least preferred investment avenues.

13.Suggestion

It is suggested that woman investors shall be encouraged to make investment in avenues other than gold, like mutual funds, shares and securities, currency, etc. Since the Mutual fund has been the second preferred investment avenue of the investors, the schemes shall be designed in such a way to attract the old age investors. In this regard, one time investment with regular repayment or lump sum returns at the expiry of a specified short term period would draw the attention of the old age investors.

Monthly investment schemes shall be announced for the salaried persons with a facility to deduct the minimum instalment of investment from the salary which could attract the employees.

14.Conclusion

From the results observed in this study, it is concluded that investors prefer less-risky investment avenues like gold, mutual funds and bank deposits. This could probably because of their tendency to avoid high risks. However, if the high risk investment

avenues are designed with higher returns in a organized manner, the investors would come forward to prefer those avenues.

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