

A Study On Investors' Preference In Investment Avenues With Reference To Kumbakonam

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Abstract

Investment means the commitment of current financial resources in order to achieve higher gains in the future. Time and future arises as they are two important elements in investment. 'No pain no gain' it is the golden rule of investment management. In this fast moving world, we can earn more and more money. More risks are also incurred in to earn a more profit. Investors' cannot avoid risk but they can minimize their risk by investing money in various investment avenues, So that they can get a moderate profit. Hence the researcher has concluded that most of the investors' preferred bank deposits because of the safeguard of their principal investment.

Keywords: Investors, Investment avenues, Preferences- Safety

INTRODUCTION

Investment means the commitment of current financial resources in order to achieve higher gains in the future. Time and future arises as they are two important elements in investment. Investment means the action or process of investing money to earn profit.

In economic sense, investment is the purchase of goods that are not consumed today but are used in the future to create wealth. Investment goals vary from person to person and business to business. While somewhat security, others give more important to returns. 'No pain no gain' it is the golden rule of investment management. In this fast moving world, we can earn more and more money. More risks are also incurred in to earn a more profit. Investors' cannot avoid risk but they can minimize their risk by investing money in various investment avenues, So that they can get a moderate profit.

CHARACTERISTICS OF INVESTMENT:

Risk:

The risk depends on the following factors:

The longer the maturity period, the larger is the risk. Thus, deposits of two years carry a higher rate than one-year deposits.

The more the creditor's worthiness of the borrower or agency issuing securities, the less is the risk. Thus, the risk of loss of interest and principal is less with the government or semi-government bodies than with the private corporate units.

The risk of variability of return is more in the case of ownership capital as the return varies with the net profits after all commitments are met as such equity and preference shares of companies are more risky than debenture or bonds. Among the ownership instruments, equity is more risky than preference shares or other forms of ownership instruments such as partly or fully convertible debentures, convertible and cumulative preference shares as equity holders are residual owners of the firm.

Return:

A major factor influencing the pattern of investment is its return, which is the income plus capital appreciation if any. The difference between the purchase price and the sales price is capital appreciation and the yield is the interest on dividend divided by its purchase price.

Safety:

The safety of the capital is the certainty of return on capital without loss of money or time involved. In all cases of money lent, some transactions costs and time are involved in getting the funds back. But, leaving aside such general costs like stamp duty, postal charges, etc. are the time involved and it is also an important factor. Thus, the safety of capital is to be

assured and then riskless return as in the case of government bonds is to be chosen. If the return is higher, as in the case of private securities, the degree of safety is less.

Liquidity:

If a capital asset is easily realizable, saleable or marketable, it is said to be liquid. If an investment can be encashed with a time lag as in the case of equity shares or with loss of money as the case of corporate deposits, they are less liquid. If, on the other hand, there is a good market for the capital asset and no risk of loss of money or capital and no uncertainty of time involved, the liquidity of the asset is good. If the liquidity is high, the return may be low as in the case of bank saving deposit or UTI units.

An investor generally prefers liquidity for his investments, safety of his funds, a good return with a minimum risk or minimization of risk and maximization of return (dividend plus capital appreciation).

Marketability:

This refers to transferability or salability of an asset. Those listed on a stock market are more easily marketable than those that are not listed. Public limited companies will have their shares more easily transferable than those of private limited companies.

PROFILE OF THE STUDY

Kumbakonam is a town and has a special grade municipality in Thanjavur district. It is located 40km (25mi) from Thanjavur and 273 km (170mi) from Chennai. Kumbakonam is known as a “temple city” due to the prevalence of number of temples here and is worthily noted for its Mahamaham Festival which attracts the people from all over the country. It is the third largest city in Central Tamil Nadu Region next to Thiruchirapalli and Thanjavur. It is also the second largest city in Cauvery Delta Region. In Kumbakonam, various investment avenues are available. There are nearly, 14 Nationalised banks, 16 Private banks, 6 Chit funds, 3 Post offices, 5 Mutual Funds, 8 Insurance Companies and 9 Mutual Benefit funds.

REVIEW OF LITERATURE

Sai Kumar and Vikramman (2010), stated in his article that the investor preferred to invest in gold followed by bank for the safe investment. For the security purpose the investors are preferred to invest in insurance.

Gurusamy.M (2011), in his study titled, “ A study on Investors’ Preference towards various investment avenues in mutual funds at Salem City, Tamilnadu”. He concluded that, it reveals that a better and steady return is the reason for investment in mutual funds. Majority of the investors’ are satisfied with their investment in mutual funds.

Shukla,(2016), Studied about investors preference towards the investment avenues and the study focused on salaried persons only. The author concluded that majority of the respondents invested their money based on educational background and they invested in purchasing home and long-term investment. Respondents have the criteria of investment as safety and low risk.

OBJECTIVES OF THE STUDY

To know the demographic profile of investors’.

To analyse the investors’ preferences towards various investment avenues in Kumbakonam.

RESEARCH METHODOLOGY

The present study has been collected from both primary and secondary sources. The primary data was collected on the basis of issue of questionnaire. The study area has been identified investment avenues in Kumbakonam. The questionnaire was designed and contained several questions for collection of data from the investors. The overall sample size was only 150 respondents from various investment avenues. The method of sampling used is convenience sampling. The secondary data was collected from related research publications in books, journals and Expert’s opinion published in various print media. For the purpose of data analysis with the tool of percentage analysis and ranking method.

HYPOTHESIS

The study is related with the following hypotheses.

*There is no difference between the investment avenues.

ANALYSIS AND INTERPRETATION

Table No:1 Demographic Profile of the Investors

Particulars	Frequency	Percentage
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1. Gender		
Male	50	33
Female	100	67
2. Age		
Below 20 Years	-	-
20-30 Years	65	43
30-40 Years	30	20
40-50 Years	25	17
Above 50 Years	30	20
3. Marital Status		
Married	95	63
Unmarried	55	37
4. Monthly Income		
Below Rs.50,000	65	43
Rs.50,000-Rs.1,00,000	45	30
Rs.1,00,000-Rs.1,50,000	30	20
Rs.1,50,000-Rs.2,00,000	5	3
Above Rs.2,00,000	5	3

Source: Primary Data

The above table clearly shows that the 67% of the investors are female. It found that the 20% of the investors fall under the age group of above 50 years. 63% of the investors are married. And majority of the investors' monthly income is below Rs. 50,000.

Table No:2 Preferences of Investment Avenues

Investment avenues	N	Mean	Std. Deviation	Std. Error Mean	t- value	Sig	Rank
Banking	150	3.6300	1.81829	.18183	19.964	.000	1
Insurance	150	3.5800	1.61546	.16155	22.161	.000	2
Mutual fund	150	3.4500	1.79997	.18000	19.167	.000	3
FMCG	150	3.5200	1.72609	.17261	20.393	.000	4
Post office savings	150	3.3900	1.61367	.16137	21.008	.000	5

Source: Primary Data

From the above table, it can be seen that the mean values range from 3.6300 to 3.3900 with the respective standard Deviation. 1.81829, 1.61546, 1.79997, 1.72609, 1.61367. The ranking analysis is applied on these mean values and found that the Factors for investors preference to various investment avenues. Banking is ranked first with 3.6300 mean values. Insurance and Mutual fund got rank 2 and 3 respectively. FMCG and Post office savings placed fourth and fifth position. One sample t-test found the t- values (19.964, 22.161,

19.167, 20.393 and 21.008) are statistically significant at 5% level. Null hypothesis is rejected.

CONCLUSION

This study concluded that the investors to expect from their investment, 'No pain no gain' as per the golden rule we can earn more and more profit with less risk. So all the investors are preferred for investment in Banking sectors for their safety investment.

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