

Investors Behaviour Towards Various Investments Alternatives in Tiruchirappalli District – An Analytical Study

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ABSTRACT

The study discusses about the behavior of investors towards the various investment alternatives with special reference to Tiruchirappalli district. The sampling method used was the convenient sampling with sample size as 120. The tool used for data collection is questionnaire. The tools used for the purpose of analysis are simple percentage analysis & ranking method. It is concluded from the study that the investors are monitoring their investments on a weekly basis. The prime most important objective of the sample investors is return factor. The investors are making their investments on a medium term basis. The sample investors are considering liquidity as the important factor before making their investments. The front runner for the investors to make their investment is friends. The respondents had chosen negotiable securities as their first preference the second place is occupied by non negotiable securities followed by real assets. The fourth, fifth & sixth places are occupied by Mutual funds, tax sheltered schemes & life insurance respectively. In case of ranking for the objectives the respondents had chosen hedging against inflation as their first preference. The second place is occupied by safety of principal followed by liquidity. The fourth, fifth & sixth places are occupied by return, retirement benefits and risk respectively.

KEYWORDS: Investment, Savings, Liquidity, Inflation.

INTRODUCTION

"The term investment means conversion of cash or money into a monetary asset or a claim on future money for a return "Investment is considered the sacrifice of certain present value of money in anticipation of a reward. "Investment is the sacrifice of certain present value for the uncertain future reward. Investments are always interesting, challenging and rewarding. Generally when there is a high risk, more rate of return is assured. Risk and reward go together. The major features of an investment are safety of principal amount, liquidity, income stability, appreciation and easy transferability. A variety of investment avenues are available such as shares, bank, companies, gold and silver, real estate, life insurance, postal savings and so on. All the investors invest their surplus money in the above mentioned avenues based on their risk taking attitude.

STATEMENT OF THE PROBLEM

Savings (or) Investments are acknowledged as powerful tools in the alleviation of poverty. Investing even a small amount can produce considerable rewards over the long-term. But we need to make the decision of how much to invest and where to invest. To choose wisely, we need to know the investment options thoroughly. But there will be confusion among the people for the selection of best investment avenues and this is the major problem of the investors. While investing

money, the investors are having a lack of awareness of investment alternatives. When they take investment decisions they have to pay more attention to safety, liquidity, returns, risks, tax benefits and so on in addition to the investments option. The above factors will confuse the investors while investing the money. The investor should be careful in selecting the investment avenue. He should exercise his skill, knowledge and experience in choosing the investment opportunity. In this context, the present study becomes highly essential.

SCOPE OF THE STUDY

The study provides an insight to understand the behavior of investors towards the various investment alternatives in Tiruchirappalli district.

LIMITATIONS OF THE STUDY

1. The sample size taken for analysis is only 120
2. The sampling is restricted to Tiruchirappalli district alone.

OBJECTIVES OF THE STUDY

- To understand the awareness of people towards various investment avenues
- To analyze the investors preference towards various investment avenues in Tiruchirappalli Districts.
- To offer Suitable suggestions to promote investments.

SAMPLING DESIGN

The validity of any research is based on the systematic method of data collection and analysis of the data collected. The study is based on the data collected from individual investors in Tiruchirappalli Districts. The investors are selected by convenient sampling technique. Accordingly the researcher has selected 120 investors in the study area.

HYPOTHESES

The following hypotheses have been framed for the study:

- There is a significant difference between sex and level of awareness about the investments.
- There is a significant difference between the educational qualification and level of awareness of the investments.
- There is significant difference between the income and level of awareness of the investments.

STATISTICAL TOOLS

Various statistical tools are used in analyzing the primary and secondary data the following statistical tools is used to analyse and interpret the data collected. Data representation

- ❖ Table
- ❖ Percentage

The data are analysed by adopting the under mentioned techniques used for Chi-Square test.

REVIEW OF LITERATURE

A TEXT BOOK PORTFOLIO MANAGEMENT ICAFI UNIVERSITY (2005) state Investing is considered as a rational decision making process in which an investor attempts to invest in securities with the expectations of income or profit. There are various investment avenues available such as treasury bills, mutual funds, equity market, real estate, etc. instead of investing all the money in one avenue, the investor should spread his pool of resources in different assets and thus create an asset portfolio.

HOSAMANE AND NIRANJAN (2010) Understanding of the behavior of investment provides an important insight into the process of economic development. The economic growth critically depends on capital accumulation and it stems from investment. The economy "s productive capacity can be expanded by investment spending as a dynamic variable, on long life capital goods which embody technical advance.

P. NEELAKANTAN ET.AL (2011) in their article entitled "Impact of Risk analysis in selection of investment avenues- A study on Debt Market Investors" suggested that investment in Debt Market instruments as become an imperative choice of the investors with the objectives of return optimization. Uncertainty of expected returns is a vital part of the investment option in debt market. Variations in the anticipated returns and actual returns lead to the possible consequences of the decision related to selection of debt market investment vehicle. Risks in debt market instruments are poised of the demands that bring variations in the return of income. Market price and interests play a significant role on the risk associated with the debt markets which are being influenced by the various internal and external considerations. Uncontrollable external risks have a greater impact of the volatility of returns on the investment vehicles and they are of systematic in nature.

PRITIMANE (2016) discussed the customer perception with regard to the mutual funds that the schemes they preferred, the plans they are opting, the reasons behind such selections. This research dealt with different investment options, which people prefer along with and apart from mutual funds, like postal saving schemes, recurring deposits, bonds, and shares. Conclude that mutual fund linked with share market and investors are not taking advice from authority advisor to lead them for their investment in mutual fund so it creates the difficulty to select the mutual fund plan favorable for them.

AWAIS ET AL.(2016) explored that the factors which influence the decision-making process of investors. According to their research, the decisions of the investors depend upon the degree of the risk factors. Finally, they found that the increased level of knowledge about financial information and the increased ability of analyzing that information, investor could improve the capacity jump into risky investments for earning high returns by managing investment efficiently.

SHUKLA (2016) attempted this research paper, about investor's preference towards investment avenues and the study focused on the salaried person only. The author concluded that majority of the respondents invested their money based on education background and they invested in purchasing home and long-term investment. Respondents have the criteria of investment as safety and low risk.

AMUDHAN ET AL. (2016) analyzed the performance investment behaviour concerned with choices about purchases of small amounts of securities, deposits, mutual fund, insurance, Chit Funds. Researcher confirmed that there looks to a positive degree of correlation between the factors that behavioral finance theory and previous empirical evidence identified the average investor. The result described investment offer to a person’s money to gain future income in the form of interest, dividends, rent, premium, pension profit or approval of the value of their standard capital.

PREFERENCE OF ALTERNATIVE INVESTMENTS

There are so many investment avenues available in the market, so the investors have to take investment decision very carefully. A study is made to identify their investment preference. The following table displays the investment options.

**TABLE-1
PREFERENCE OF ALTERNATIVE INVESTMENTS**

S.NO.	OPTIONS	NO. OF RESPONDENTS	PERCENTAGE
1.	Stock Market	10	8.33
2.	Gold	20	16.67
3.	Real Estate	16	13.33
4.	Bank Deposits	43	35.83
5.	Postal Savings	15	12.5
6.	Insurance	16	13.33
	Total	120	100

Source: Primary data

The above table shows that out of 120 respondents 35.83 percentages of the investors prefer to invest their money in Bank deposits; 16.67 of the investors invest their money in gold; 13.33 percentage of the investors invest their money in Real estate and insurance; 12.5 percentage of the respondents invest their money in postal savings and the remaining 8.33 percentage of the investors invest their money in stock market.

Most of the investors invest their money in Bank Deposits, because they want only safety to their investment amount.

AWARENESS ABOUT THE INVESTMENT AVENUES

A survey was made among the respondents about their knowledge on various investment avenues and the result of that has been presented in the following table.

**TABLE-2
AWARENESS ABOUT THE INVESTMENT AVENUES**

S.NO	AWARENESS ABOUT THE INVESTMENT AVENUE	NO OF RESPONDENTS	PERCENTAGE
1	Yes	69	57.50
2	No	51	42.50
	Total	120	100

Source: Primary Data

From the above table-2, we can know that out of 120 respondents 57.50 percentages had the knowledge on various investment avenues of investment and the remaining 42.50 percentage of they had no knowledge about various investment alternatives. It is inferred that most of the respondents know about the various investment avenues of the investments.

TESTING OF HYPOTHESIS

“There is a significant relationship between sex and the investment awareness level”. To test the above hypothesis the researcher has used the chi square test.

**TABLE-3
GENDER WISE AWARENESS -CHI-SQUARE TEST**

Gender	Awareness	Not awareness	Total
Male	55	33	88
Female	6	26	32
Total	61	59	120

Source: Primary Data

1 degrees of freedom 5% level of significance is 3.841. The calculate value (15.29) is more than the table value. So hypothesis is rejected.

Hence it is concluded that “there is no significant relationship between the sex and the investment awareness level ”Testing Hypotheses “There is a significant relationship between income level and awareness of the investors”.

**TABLE-4
INCOME WISE AWARENESS -CHI-SQUARE TEST**

S.NO	INCOME LEVEL	AWARENESS	NOT AWARENESS	TOTAL
1	Below 10000	6	28	34
2	10000 to 20000	31	11	42
3	20000 to 30000	9	3	12
4	30000 to 40000	12	6	18
5	40000 to 50000	11	3	14
	Total	69	51	120

Source: Primary data

4 degrees of freedom 5% level of significance is 9.488 the calculated value is more than the table value. So hypothesis is rejected.

Hence it is concluded that, “There is no significant relationship between income level and awareness of the investors”

FINDINGS

- ❖ In the study the researcher has investigated 120 respondents and the study on sex reveals that 73.33 percentages of the respondents are male. So it is inferred that most of the Investment decisions are taken by male respondents only.

- ❖ Money is the important factor while making investment decisions and the investable amount depends upon the monthly income of the family. It is understood that most of the investors have a monthly income of Rs.15000 to Rs.20000.
- ❖ The respondents are getting income from other sources apart from their regular income and most of the investors get such other incomes from letting of their house properties.
- ❖ Regarding the investment options majority of the investors have made their investment only in banks.
- ❖ The researcher has also found out the awareness of the investors. It is clearly visible that 69 percentages of them had the awareness.
- ❖ The researcher has used “chi-square test” to test the hypothesis that there is a significant relationship between the sex and the awareness level”. The hypothesis has been rejected. There is no relationship between sex and level of awareness.
- ❖ The investigator has applied “chi-square test” to test the hypotheses that there is a significant relationship between income level and the awareness level of the investors. The hypothesis has been rejected. There is no relationship between level of incomes and the level of awareness.

SUGGESTIONS

- ❖ Before entering into the stock market, the investors have to learn a complete knowledge about the stock market.
- ❖ The investor has to invest their money in less risky securities like mutual fund, debenture. Because the above securities have a minimum risk. While comparing equity shares.
- ❖ The gold investors can optimum the gold bars or gold coins because it has no wastages.
- ❖ The real estate investors can purchase urban land because it will have increase in value day by day.
- ❖ Post office may offer more savings schemes compared with banks. So that the investors can properly invest their money in postal schemes.
- ❖ If the investors preferred to cover their risk of life and to get tax benefits they can optimum the insurance schemes.

CONCLUSION

“No pain no gain” it is the golden principle of investment management. In this fast moving world, we can earn more and more money. More risk leads to more profit. Investors cannot avoid risk but they can minimize the risk by investing their money in various forms of investments so that they can get a moderate profit.

Hence the researcher has concluded that most of the investors prefer bank deposits followed by gold investment in the study Area.

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