

**INVESTORS' PERCEPTION TOWARDS VARIOUS AVENUES OF
INVESTMENT IN TIRUNELVELI DISTRICT**

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Abstract

There is often something that underpins a method of making investment decisions, because the expectations of returns are a consideration. Most investors feel uncomfortable when handling their stock market assets, since it is difficult for a person to find companies with growth. There are so many investing options to pick from in the new financial environment, currently it has been interested for everyone to settle on those options in the financial market. Any of these investing strategies offer favourable returns but others suggest reduced returns or very low risks or high risks. This article provides an aggregate overview of these investment opportunities with trade in risk and return. The objectives of this paper are to identify the investors' perception towards the various types of investment avenues among residents of Tirunelveli District, analyse the effect of demographic influences on investor preference and to understand investors' decision with respect to the various investment avenues.

Keywords : Investment avenues, perception, risk, return. portfolio

INTRODUCTION

Investment choices are often found to be difficult because there are different considerations to be weighed when selecting shares or a portfolio in which to invest or sell. Such social, geographic, and attitudinal considerations serve as primary influences for investment decisions. There is often something that underpins a method of making investment decisions, because the expectations of returns are a consideration. Most investors feel uncomfortable when handling their stock market assets, since it is difficult for a person to find companies with growth potential for assets

On recognizing growth-oriented firms and their shares, market activities are often complex, making it impossible for investors to transact and follow up on post-trading formalities in the exchange. The equity investment decisions are mostly influenced by factors like steady and consistent corporate earnings, marketability of the scrips, affordability to buy the scrip, dividend announcements, price earnings ratio, momentum effect, contrarian effect, investment behaviour of FIIs, firm's reputation, corporate social responsibility initiatives and other technical advice. The vertebrae taking place in the stock market depends upon supply and demand.

NEED FOR THE STUDY

There are so many investing options to pick from in the new financial environment, currently it has been interested for everyone to settle on those options in the financial market. Any of these investing strategies offer favourable returns but others suggest reduced returns or very low risks or high risks. This article provides an aggregate overview of these investment opportunities with trade in risk and return. An investment can be defined as a good investment, if it meets all of the investors' needs. Hence, the starting point for looking

for the right investment has to look at the interests of the investor. If the investment satisfies all those requirements then the investment is considered the ideal investment. Hence the issue of investor attitude against various investment paths gained popularity and the selection as the research question for the present study was introduced.

REVIEW OF LITERATURE

Vaidehi et al. (2016)⁵, concluded that contrasting desires were attributed to different investment approaches as motivations and types. It studies the need for greater understanding of paper investors' behavioral trends, the behaviour pattern will allow investment advisors see how investors respond to the market schedule, and encourage them to establish effective allocation strategies for their clients. Among the investment motivations chosen factors, the long-term benefit was obtained, which formed a core factor followed by dividend and growth opportunities and short-term and long-term benefit juggling. Educational credentials, jobs, sex, income and volume of investment in equity

Priti Mane (2016)¹, addressed the impression of the consumer with respect to the mutual funds that the products they choose, the strategies they chose, the factors behind those choices. This work dealt with various investing choices that people choose along with and beyond mutual funds, such as postal saving plans, revolving 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 favourable for them, decisions about the purchasing of limited quantities of shares, deposits, mutual funds, insurance, chit funds.

Researchers have reported that there is a strong degree of association between the variables perceived by the average consumer as being behavioural finance theory and prior scientific evidence. The outcome represented an investment bid to a person's money to receive potential profits in the form of interest, dividends, loan, tax, pension contribution or regular capital acceptance.

OBJECTIVES OF THE STUDY

- To identify the investors' perception towards the various types of investment avenues among residents of Tirunelveli District
- To analyse the effect of demographic influences on investor preference.
- To understand investors' decision with respect to the various investment avenues

RESEARCH METHODOLOGY

In order to conduct the present empirical research work, Descriptive research design was adopted. Both primary and secondary data have been used for the study. Primary data from the respondent investors was collected through schedule method involving a structured questionnaire and direct interview method. The first part of the structured questionnaire deals with the demographic aspects of the respondents and it contains both open and closed ended questions. The second part of the questionnaire contains the information related to investors' perception with regard to various investment options and avenues.

A Likert scale was used as a measurement scale in order to measure the perceptions levels of the respondent investors. The secondary data was collected from various books, magazines, reports and research articles. With regard to the sampling procedure, convenience sampling method was used to collect the data from the identified respondents. The study was conducted in Vijayawada city in Krishna district of Andhra Pradesh. A sample of 118 respondents were included and data so collected was analysed with the help of statistical tools like frequency distribution, percentage analysis, Chi-square test, and Kruskal-Wallis test with the help of SPSS 20 version software.

DATA ANALYSIS

Table 1 : Demographics of the sample

| Gender | Percent | Age | Percent |
|-------------------|----------------|--------------------|----------------|
| Male | 42.37% | Less than 25year | 29.66% |
| Female | 57.63% | 25 – 35 years | 6.78% |
| Occupation | Percent | 35 – 45 years | 6.78% |
| Business | 10.17% | More than 45 years | 56.78% |
| Home Maker | 6.78% | Education | Percent |
| Professional | 49.15% | Graduate | 47.46% |
| Pvt Employee | 32.20% | Under Graduate | 24.58% |
| Retired | 1.69% | Post Graduate | 23.73% |
| | | Other | 4.24% |

Awareness Level of various Investment Alternatives available in Stock Market:

Table 2 : Respondents awareness level on Shares

| Shares | Responses | Percentage |
|------------------|------------------|-------------------|
| Good knowledge | 12 | 10.17% |
| Have Heard of it | 23 | 19.49% |
| Not Aware | 23 | 19.49% |
| Somewhat Aware | 60 | 50.85% |
| Total | 118 | 100% |

It is clearly shown that majority of investors have only Average level of awareness on Shares in Stock Market.

Table 3 : Respondents awareness level on Mutual Funds

| Mutual Funds | Responses | Percentage |
|---------------------|------------------|-------------------|
| Expert | 2 | 1.69% |
| Good knowledge | 18 | 15.25% |
| Have Heard of it | 33 | 27.97% |
| Not Aware | 17 | 14.41% |
| Somewhat Aware | 48 | 40.68% |
| Total | 118 | 100.00% |

It is clearly shown that majority of investors have only Average level of awareness on Mutual Funds in Stock Market.

Table 4 : Respondents awareness level on Insurance Policies

| Insurance Policies | Responses | Percentage |
|---------------------------|------------------|-------------------|
| Expert | 4 | 3.39% |
| Good knowledge | 46 | 38.98% |
| Have Heard of it | 20 | 16.95% |

| | | |
|----------------|------------|----------------|
| Not Aware | 14 | 11.86% |
| Somewhat Aware | 34 | 28.81% |
| Total | 118 | 100.00% |

It is clearly shown that majority of investors have High level of awareness on Insurance Policies in Stock Market.

Table 5 : Respondents awareness level on Derivatives

| Derivatives | Responses | Percentage |
|--------------------|------------------|-------------------|
| Good knowledge | 2 | 1.69% |
| Have Heard of it | 30 | 25.42% |
| Not Aware | 70 | 59.32% |
| Somewhat Aware | 16 | 13.56% |
| Total | 118 | 100.00% |

It is clearly shown that majority of investors are Not Aware of Derivatives in Stock Market.

Table 6 : Respondents awareness level on Currency/Forex

| Currency/Forex | Responses | Percentage |
|-----------------------|------------------|-------------------|
| Expert | 2 | 1.69% |
| Good knowledge | 11 | 9.32% |
| Have Heard of it | 28 | 23.73% |
| Not Aware | 59 | 50.00% |
| Somewhat Aware | 18 | 15.25% |
| Total | 118 | 100.00% |

It is clearly shown that majority of investors are Not Aware of Currency/Foreign Exchange instrument in Stock Market.

Table 7 : Respondents awareness level on Commodity

| Commodity | Responses | Percentage |
|------------------|------------------|-------------------|
| Good knowledge | 5 | 4.24% |
| Have Heard of it | 35 | 29.66% |
| Not Aware | 52 | 44.07% |
| Somewhat Aware | 26 | 22.03% |
| Total | 118 | 100.00% |

It is clearly shown that majority of investors are Not Aware of Commodity in Stock Market.

Table 8 : Respondents awareness level on Bank and Post Office Deposits

| Deposits | Responses | Percentage |
|-----------------------|------------------|-------------------|
| Expert | 9 | 7.63% |
| Good knowledge | 52 | 44.07% |
| Have Heard of it | 7 | 5.93% |
| Not Aware | 13 | 11.02% |
| Somewhat Aware | 37 | 31.36% |
| Total | 118 | 100.00% |

It is clearly shown that majority of investors have High level of Awareness of Bank and Post Office Deposit instrument.

Table 9 : Respondents awareness level on Real Estate

| Real Estate | Responses | Percentage |
|-----------------------|------------------|-------------------|
| Expert | 6 | 5.08% |
| Good knowledge | 31 | 26.27% |
| Have Heard of it | 13 | 11.02% |
| Not Aware | 25 | 21.19% |
| Somewhat Aware | 43 | 36.44% |
| Total | 118 | 100.00% |

It is clearly shown that majority of investors have Average level of Awareness of Real Estate but there is not much variation between High level of Awareness. Hence, investors have Good level of awareness of Real Estate instrument.

Table 10 : Respondents awareness level on Metals

| Precious Metals | Responses | Percentage |
|------------------------|------------------|-------------------|
| Expert | 6 | 5.08% |
| Good knowledge | 44 | 37.29% |
| Have Heard of it | 6 | 5.08% |
| Not Aware | 19 | 16.10% |
| Somewhat Aware | 43 | 36.44% |
| Total | 118 | 100.00% |

It is clearly shown that investors have High level of awareness in Precious Metals instrument but there is only 1% variation between High and Average level of awareness. So, we can consider that investors have High level of awareness of precious metals instrument.

Table 11 : Respondents awareness level on Bonds/Debentures

| Debentures/Bonds | Responses | Percentage |
|-------------------------|------------------|-------------------|
| Good knowledge | 16 | 13.56% |
| Have Heard of it | 30 | 25.42% |
| Not Aware | 58 | 49.15% |
| Somewhat Aware | 14 | 11.86% |
| Total | 118 | 100.00% |

It is clearly shown that majority of investors are Not Aware of Bonds and (or) Debenture instruments in Stock Market.

Table 12 : Respondents awareness level on National Savings Certificate /Provident Fund / Public Provident Fund

| NSC/PF/PPF | Responses | Percentage |
|-----------------------|------------------|-------------------|
| Expert | 4 | 3.39% |
| Good knowledge | 40 | 33.90% |
| Have Heard of it | 11 | 9.32% |
| Not Aware | 24 | 20.34% |
| Somewhat Aware | 39 | 33.05% |
| Total | 118 | 100.00% |

It is clearly shown that investors have High level of awareness in NSC/PF/PPF instrument but there is only 1% variation between High and Average level of awareness. So, we can consider that investors have High level of awareness of NSC/PF/PPF instruments.

Table 13 : Investors Perception towards various Investment Avenues based on their Age and annual Income

| Investment Avenue | Age (In years) | Chi-square | Asymp. Sig. | Annual Income (in Rs.) | Chi-square | Asymp.Sig. |
|---------------------|---|------------|-------------|---|------------|------------|
| Stock Markets | < 25 Years 25-35 Years 35-45 Years | 24.812 | <0.001** | Up to 2 lakhs 2- 4 lakhs 4-6 lakhs Above 6 lakhs | 2.489 | 0.442 |
| Gold | < 25 Years 25-35 Years 35-45 Years >45 Years | 17.869 | <0.001** | Up to 2 lakhs 2- 4 lakhs 4-6 lakhs Above 6 lakhs | 4.719 | 0.159 |
| Real Estate | < 25 Years 25-35 Years 35-45 Years >45 Years | 6.126 | 0.126 | Up to 2 lakhs 2- 4 lakhs 4-6 lakhs Above 6 lakhs | 2.845 | 0.368 |
| Insurance | < 25 Years 25-35 Years 35-45 Years >45 Years | 7.296 | 0.074 | Up to 2 lakhs 2- 4 lakhs 4-6 lakhs Above 6 lakhs | 6.514 | 0.054 |
| Bank Savings | < 25 Yrs 25-35 Yrs 35-45 yrs >45 Yrs | 15.394 | <0.001** | Up to 2 lakhs 2- 4 lakhs 4-6 lakhs Above 6 lakhs | 0.814 | 0.692 |
| Post Office savings | < 25 Yrs 25-35 Yrs 35-45 yrs >45 Yrs | 15.816 | <0.001** | Up to 2 lakhs 2- 4 lakhs 4-6 lakhs Above 6 lakhs | 9.164 | 0.014* |

Note : ** Significant at 1% level

* Significant at 1% level

The above table shows that there is a significant relationship between investment avenues and age of the respondents. Excepting the calculated values of Kruskal- Wallis test for the investment avenues like insurance and real estate, all the other variables like share market, gold, bank savings and post office savings are less than the hypothetical value at 5% level of significance.

Hence the proposed Null- hypothesis (Ho) is rejected and it can be concluded that there is a significant association between investors perception on various investment avenues and their age factors. It was also observed that the order of preference on investment avenues like insurance and real estate are same across the respondents age group and varies with regard to the investment avenues like stock markets, gold, bank savings and post office savings.

The table no.3 further shows the perception towards investment avenues by basing on their income levels. The calculated value for the investment avenue like post office is less than the hypothetical value at 5% level of significance. Hence the proposed Null-Hypothesis (Ho2) is rejected and it can be concluded that there is a significant association between perception of investors on various investment avenues and their level of income. The other

investment avenues have no significant relationships. Hence it can be concluded that the perception of investors on investment avenues differ in the aspects like stock markets, gold, bank savings and real estate.

Table 14 : Investors' perception towards the dimensions of investment like Safety, Liquidity and High returns

| Avenues for investment | Value | Safety | Liquidity | High Returns |
|-------------------------------|--------------|---------------|------------------|---------------------|
| Stock Markets | Mean | 3.38 | 3.06 | 3.39 |
| | N | 118 | 118 | 118 |
| | S.D | 1.105 | 1.253 | 1.359 |
| Gold | Mean | 3.49 | 3.27 | 3.46 |
| | N | 118 | 118 | 118 |
| | S.D | 1.232 | 1.186 | 1.224 |
| Real Estate | Mean | 3.38 | 3.26 | 3.54 |
| | N | 118 | 118 | 118 |
| | S.D | 1.262 | 1.308 | 1.439 |
| Insurance | Mean | 3.26 | 3.11 | 3.34 |
| | N | 118 | 118 | 118 |
| | S.D | 1.472 | 1.074 | 1.136 |
| Bank Savings | Mean | 3.82 | 3.39 | 3.52 |
| | N | 118 | 118 | 118 |
| | S.D | 1.423 | 1.489 | 1.223 |
| Post Office Savings | Mean | 3.79 | 3.53 | 3.59 |
| | N | 118 | 118 | 118 |
| | S.D | 1.322 | 1.152 | 1.286 |
| Total | Mean | 3.52 | 3.27 | 3.48 |
| | S.D | 1.322 | 1.256 | 1.279 |
| | F Value | 3.516 | 2.212 | 0.662 |
| | Significance | 0.003 | 0.050 | 0.610 |

Investors' perception towards the various aspects of investment like safety, liquidity and high returns has been included in the above table. In the case of stock markets, the aspect of safety had achieved the mean score of 3.38 and for gold the value is 3.49. with regard to the aspect of real estate, the mean score of safety is 3.38, for insurance it is 3.26 and for bank savings the value is 3.82 and for the aspect of post office saving the mean score value is 3.79. The F value for the safety aspect is 3.516 with a significance of 0.003 and the significant value is less than 0.05. It shows that the mean differences existing for safety as the reason for investment across various investment avenues are statistically significant at 5 % level of significance.

CONCLUSION

It can be concluded that the investors preferential choices on investment avenues are same across their gender and the decision-making process on various investment avenues are same on the investment aspects like gold. The preferential choices across the age group of the investors is same towards the avenues like Real estate and Insurance sectors and they differ in the aspects like stock markets, gold, bank savings and post office savings. The present study further concludes that the perception of order of investments among the investors is different towards post office savings

among the various income group levels of the investors. Finally, the study concludes that investments by the investors towards various investment avenues were done with the expectation of capital appreciation and earnings comprising both short term and long-term periods.

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