

An Analysis of Investors Preference Towards Various Investments Avenues in Madurai District

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Abstract - Different avenues and alternatives of investment include share market, debentures or bonds, money market instruments, mutual funds, life insurance, real estate, precious objects, derivatives, non-marketable securities. All are differentiated based on their different features in terms of risk, return, term, etc. All the investors invest their surplus money within the above-mentioned avenues supported their risk-taking attitude. “No pain, no gain” it is the golden principle of investment management. During 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 preferred bank deposits followed by gold investment in the study area.

Index Terms - Avenues, Investment, Returns, Liquidity and Profitability

I. INTRODUCTION

“The term investment means conversion of cash or money into a monetary asset or a claim on future money for a return”. In the financial market, the benefit from investment is called a return. The return may consist of a capital gain or investment income, including dividends, interest, rental income, etc., or a combination of the two. The projected economic return is the appropriately discounted value of the future returns. The historic return comprises the actual capital gain (or loss) or income (or both) over a period of time. Investment generally results in acquiring an asset, also called an investment. If the asset is available at a price worth investing, it is normally expected either to generate income or to appreciate in value, so that it can be sold at a higher price (or both). All the investors invest their surplus money in the above-mentioned avenues based on their risk-taking attitude.

The objectives of the study are to identify the investors’ preference towards various investment alternatives and to know the risk tolerance level and returns associated with each investment avenues. The sample size is 60 selected by random sampling method. The study identifies low risk avenues were selected by most of the investors for sacrificing their money and the returns were low as such. The risks return trade off works. The major suggestions were that Instead of making wrong decisions regarding investment it is advisable that investors should take help of financial planner.

II. STATEMENT OF THE PROBLEM

While investing money, the investors are having a lack of awareness of investment alternatives. 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.

III. REVIEW OF LITERATURE

Gavini and Athma (2009) found that social considerations, tax benefits, and provision for old age were the reasons cited for saving in urban areas, whereas to provide for old age was the main reason in rural areas. Among the post office schemes, Indira Vikas Patra (IVP), KVP and Post Office Recurring Deposit Account (PORD) were the most popular, in both urban and rural areas.

Nasir and Khalid (2014) assessed the behavior of saving and investment in Pakistan using appropriate econometric and statistical techniques and attempted to generate a model on the basis of fundamental theories of saving and investment. They used data from 1971 to 2013, collected from the Economic Survey of Pakistan. The ordinary Least Square

Method was used as an estimation technique. The study concluded that Government Expenditures, the Growth rate of Gross Domestic Product and Remittances Growth were positive and significantly influencing National Savings. Lewis A Sanders (2014) believes that people, irrespective of their location, have their own bias and react differently when investing in financial assets.

Krishnamoorthy C. (2018) in his study has analyzed the profile and awareness of salaried class investors and their attitude and satisfaction towards investment. It has been concluded that all salaried people were aware of bank deposits, PF schemes, insurance schemes, post office savings schemes, gold and however only a few were aware of UTI.

IV. SCOPE OF THE STUDY

The study is confined to the factors considered by the investors while making their investments. Their level of awareness about the various aspects of investment avenues available in the study area is considered.

V. SIGNIFICANCE OF THE STUDY

The Indian economy is growing significantly. It has various investment options. The study has been undertaken to analyze whether the investment avenues have gained importance among the people (or) not. Against this backdrop of the research, the researcher tries to find out the investment preference of the respondents of Madurai District.

VI. OBJECTIVES OF THE STUDY

- To understand the awareness of people towards the various investment avenues
- To analyze the investor’s preference towards the various investment avenues in Madurai Districts
- To offer suitable suggestions to promote the investments

VII. SAMPLING DESIGN

The study is based on the data collected from individual investors in Madurai Districts. The investors are selected by the Stratified sampling technique; the researcher divides the population into 2 groups (Male and Female). Accordingly, the researcher has selected 120 investors in the study area.

VIII. HYPOTHESES

The following hypotheses have been framed in the study:

- There is a significant difference between gender 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 a significant difference between the income and level of awareness of the investments.

IX. STATISTICAL TOOLS

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

- Simple Percentage
- Chi-Square test
- Ranking method

TABLE I. PREFERENCE OF ALTERNATIVE INVESTMENTS

S. No.	Options	Number of Respondents	Percentage
1	Stock Market	6	5.00
2	Gold	33	27.50
3	Real Estate	27	22.50
4	Bank Deposits	32	26.67
5	Postal Savings	7	5.83
6	Insurance	15	12.50
Total		120	100.00

Source: Primary data

The above Table 1 shows that out of 120 respondents 26.67 percentages of the investors prefer to invest their money in Bank deposits; 27.5 of the investors invest their money in gold; 22.5 percentage of the investors invest their money in Real estate and insurance; 5.83 percentages of the respondents invest their money in postal savings and the remaining 5 percent of the investors invest their money in the stock market.

X. AWARENESS ABOUT THE INVESTMENT AVENUES

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

TABLE II. AWARENESS ABOUT THE INVESTMENT AVENUES

S. No.	Awareness-investment avenues	Number of Respondents	Percentage
1	Yes	72	60
2	No	48	40
Total		120	100

Source: Primary Data

From the above table, we can know that out of 120 respondents 60 percentages had knowledge on various investment avenues of investment and the remaining 40 percent of them had no knowledge about various investment alternatives.

The above table indicates that most of the respondents know about the various investment avenues of the investments.

XI. TESTING OF HYPOTHESIS

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

TABLE III. OBSERVED FREQUENCY

Gender	Awareness	Not Awareness	Total
Male	45	12	57
Female	42	21	63
Total	87	33	120

Source: Primary data

TABLE IV. CHI – SQUARE TEST

O	E	(O –E)	(O –E) ²	(O –E) ² / E
43	41.32	1.68	2.82	0.06
26	15.67	10.33	106.70	6.80
32	45.67	13.67	186.86	4.09
19	17.32	1.68	2.82	0.16
Total				11.11

Source: Computed data

Hence it is concluded that “there is no significant relationship between the gender and the investment awareness level”

A. Testing Hypotheses

“There is a significant relationship between income level and awareness of the investors”.

TABLE V. CHI – SQUARE TEST

O	E	(O –E)	(O –E) ²	(O –E) ² / E
6	19.55	-13.55	183.60	9.39
28	14.45	13.55	183.60	12.71
31	24.15	6.85	46.92	1.94
11	17.85	-6.85	46.92	2.63
9	6.90	2.10	4.41	0.64
3	5.10	-2.10	4.41	0.86
12	10.35	1.65	2.72	0.26
6	7.65	-1.65	2.72	0.36
11	8.05	2.95	8.70	1.08
3	5.95	-2.95	8.70	1.46

Total	31.33
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Source: Computed data

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

TABLE VI. FACTORS INFLUNCING FOR SELECTING GOLD

S. No.	Causes	I	II	III	IV
1	Safety	10	8	2	18
2	Liquidity	14	4	12	8
3	Profitability	6	14	12	6
4	Marketability	8	12	12	6
Total		38	38	38	38

Source: Primary Data

TABLE VII. WEIGHTED AVERAGE ARITMETIC MEAN

S. No.	Factors	WAM	Rank
1	Liquidity	2.632	I
2	Marketability	2.57	II
3	Profitability	2.52	III

Source: Computed data

From the above analysis, it is quite evident that the majority of the investors invest their money in gold for the purpose of more liquid than other investment avenues.

XII. REASONS FOR SELECTING REAL ESTATE

In modern days, real estate investment is a popular one. Most of the investors want to purchase land. So the researcher wanted to investigate the reasons for selecting real estate for investments. In this regards the researcher has used weighted arithmetic mean score value. The results and the allocation of points are given below and the analysis is made on that basis.

TABLE VIII. REASONS FOR SELECTING REAL ESTATE

S. No.	Reasons	WAM	Rank
1	Appreciation value	3.94	I
2	Profitability	2.88	II
3	Profitability	2.88	II
4	Safety	2.75	IV
5	Liquidity	2.50	V

Source: Computed data

The above ranking technique reveals that appreciation value has got the first rank among the various reasons, profitability and prestige have got the second rank, safety has got the fourth rank and liquidity has got the fifth rank.

From the above analysis, it is clear that the majority of the investors invest in real estate for the purpose of appreciation of land value.

XIII. FINDINGS

- The researcher brought out the educational level of the respondents. Among the sample investors, 35 percent of them are educated to school level.
- Occupation is one of the important deciding factors in the investor's behavior in making an investment.
- People are investing irrespective of their occupation and the study reveals that most of the investors are businessmen.
- Money is the most important factor while making investment decisions and the inevitable 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 used "chi-square test" to test the hypothesis that there is a significant relationship between the gender and the awareness level". The hypothesis has been rejected. There is no relationship between gender and level of awareness.
- The researcher has applied "chi-square test" to test the hypotheses that there is a significant relationship between educational level and awareness level. The hypothesis has been rejected. There is no relationship between educational level 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 the level of incomes and the level of awareness.

XIV. 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 real estate investors can purchase urban land because it will have increased 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 opt for the insurance schemes.

XV. CONCLUSION

The proper investment in required sectors is an important pre-requisite for sustained growth and development of any situation. "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 gold, investment followed by bank deposits in the study Area.

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