

# Study on Investors Behaviour and Various Investment Avenues

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## ABSTRACT

Investment means allocation of money value to different kinds of assets in order to earn some gain or benefit over a given period of time. In other words anything saved for future by creating a limit on current consumption pattern can be also termed as investment. In the modern era there is a number of investment avenues available to those people who is searching for safety gains to their funds with limited risk. The general objective of the study was to discuss the investors behaviour towards various investment avenues. The target population of the study was the investors in Alappuzha district Kerala. Convenient sampling was used as a technique of collecting data and 100 investors were taken as the sample population. The research design adopted was descriptive research and primary data were collected through Google forms. The result of analysis by use of hypothesis study and application of paired samples t-test revealed that there is significant difference exist in percentage of savings and investment objectives across categories of monthly income.

**Keywords:** Investment, Investment avenues, Assets, Risk

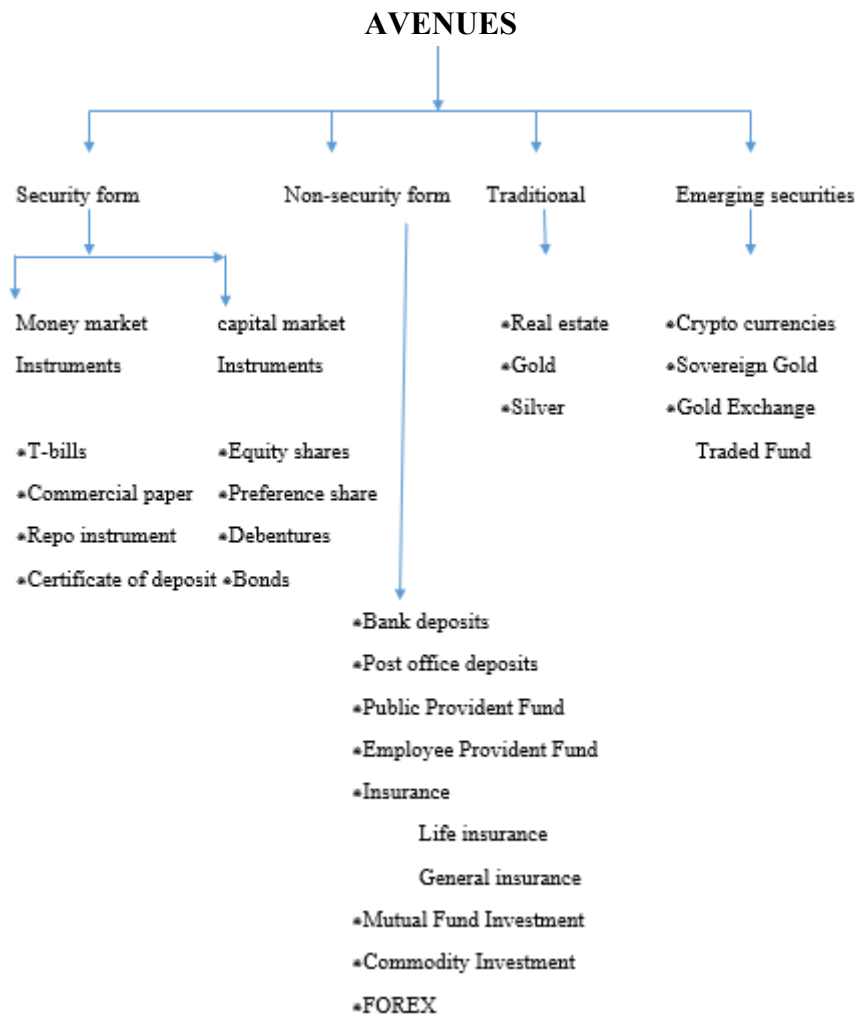
## INTRODUCTION

In the modern era investment environment becomes one of the top most area which gets a higher priority as compared to others. The reason behind such drastic change was uncertainty in the future. Because of such uncertainty most of the people prefer to save something for future for a secured life. Therefore we can say that investment means anything saved for future by creating a limit on current consumption pattern. In technical sense we can termed it as a 'postponed consumption'.

There is three important elements in investment are time, risk & return. In Govt. securities only time is important because it is risk free. In the case of derivatives risk element is important. In yet another investment like bank deposits return is the dominant aspect. There is a lot of investment avenues available in the modern world. Financial planning helps the investors in taking investment decisions like selecting the investment avenues or schemes in which they will get a higher rate of return with a limited risk.

## INVESTMENT AVENUES

Investment avenues means a particular system in which an investor can place his surplus fund in order to get a benefit in the future. Different avenues have different features based on its risk, return, time etc. Investment avenues are broadly classified in to following types.



**STATEMENT OF THE STUDY**

There is a number of investment alternatives available in the market but in the absence of financial education most of the public don't know how to access the available investment strategies. As a result they will invest their money in low income investments or high risky schemes. Due to this they are being affected because of the middle agents. In order to overcome such situation they need adequate flow of information. Hence, the study has been conducted.

**OBJECTIVES**

- To study the relationship between monthly income & percentage of savings of investors.
- To find out the objectives of savings & investment.

**HYPOTHESIS**

H<sub>0</sub>: There is no significant difference in percentage of savings/ investment objectives and purpose of investing across categories of monthly income

H<sub>1</sub>: There is significant difference in percentage of savings/ investment objectives and purpose of investing across categories of monthly income

## RESEARCH DESIGN

Descriptive research is carried out to describe the circumstances. Descriptive research design attempts to describe behaviour, attitude, value & characteristics. In this study objectives formulated, method of data collection formed, sample population was selected & data collected was analyzed to find out the result.

## POPULATION OF THE STUDY

The study focused on the investors in Alappuzha district Kerala. All categories of investors are considered for the study. Convenience sampling was used and data collected through Google forms. Statistical Package for Social Science (SPSS) 16.0 was used to analyze and present data

## REVIEW OF LITERATURE

**Srivastava (2007)** has conducted a study on “An Analysis of Behaviour of Investors in India”. The study attempts to examine the expectation and confidence of retails investors in Indian stock markets. In this study they concluded that the investors in India do not believe in the stock market efficiency.

**Dashl (2010)** has conducted a study on “Factors Influencing Investment Decision of Generations in India: An Econometric Study”. The objectives of the study is to find out the factors which may influence investment behaviour and ways these factors impact investment risk tolerance and decision making process among men and women and among different age groups.

**Thulasipriya (2014)** carried a study on investment pattern of Government employees. The objectives of the study was to analyse the range of investment options preferred by the Govt.employees and to classify the profitable investment option opted by Government employees. The learning reveals that in most cases Government employees’ across higher age categories taking up the bank deposits & a significant portion of employees’ also shows keen favourite towards provident fund and private chit. Mainly the female employees show their fervour towards the bank deposits. Higher income group focused on share market & the lower and average income group shows keen preference towards insurance and banks

**Lodhi (2014)** has carried out a study on “Factors Influencing Individual Investor Behaviour: An Empirical Study of City Karachi”. In this study he checked the impact of financial literacy, accounting information, openness to experience and information asymmetry on individual investor’s decision making. They have taken five variables including; financial literacy, high experience, use of accounting information, importance of analysing financial statements and age that might affect the investment decision of any individual.

**Kengatharan et al (2014)** has conducted a study to find out the influence of behavioural factors in investors’ decision at the Colombo Stock Exchange. The result shows that there are four behavioural factors affecting the investment decisions of individual investors.

## DATA ANALYSIS AND INTERPRETATION

### Income wise classification of respondents

Table 1

Income	No. of Respondents	Percentage
Upto 20000	28	28
Rs. 20000-40000	31	31
Rs.40000-60000	29	29
Above Rs.60000	12	12

Total	100	100
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**Savings percentage wise Classification**

**Table 2**

Saving Percentage	N0. Of Respondents	Percentage
0-10	43	43
10-20	33	33
20-30	15	15
30 and above	9	9
100	100	100

**Purpose of investing wise classification**

**Table 3**

Savings Objectives	No. of Respondents	Percentage
Children’s education	31	31
Marriage	21	21
Post retirement	21	21
Purchase of dwelling house	23	23
Others	52	52
Total	100	100

**Investment objective wise classification**

**Table 4**

Investment objective	No. of Respondents	Percentage
Income & Capital appreciation	15	15
Long term growth	28	28
Short term growth	7	7
Growth & Income	50	50
Total	100	100

**1. Paired Sample t -Test – Monthly Income- wise**

A paired sample t-test was conducted for each pair of monthly income and percentage of savings, monthly income and investment objectives as well as monthly income and purpose of investing. The descriptive statistics of each of the three pairs are shown in Table 5

**Table 5 Monthly income-wise Paired Samples Statistics**

		Mean	N	Std. Dev	Std. Error Mean
Pair 1	Monthly Income	2.2900	100	1.00800	.10080
	Percentage of Savings	1.9300	100	.98734	.09873
Pair 2	Monthly Income	2.2900	100	1.00800	.10080
	Investment Objectives	2.9100	100	1.18146	#####
Pair 3	Monthly Income	2.2900	100	1.00800	.10080
	Purpose of Investing	2.4900	100	1.37433	#####

Higher means were observed in the cases of investment objectives and purpose of investing while savings percentage of savings was found to have the lowest mean in pair-wise analysis.

The **correlations** that exist between occupation and different test variables are shown in Table 5.1

**Table 5.1 Paired Samples Correlations – Monthly income-wise**

		N	Correlation	Sig.
Pair 1	Monthly Income & Percentage of Savings	100	.406	<b>.000</b>
Pair 2	Monthly Income & Investment Objectives	100	.141	.162
Pair 3	Monthly Income & Purpose of Investing	100	-.089	.378

Figures in bold indicate significant at 5% level

None of the correlations, except that between monthly income and percentage of savings, were found to be significant. A higher positive correlation of 0.406 was observed in the case of monthly income and percentage of savings. A positive correlation between monthly income and investment objectives (0.141). a negative correlation was found to exist between monthly income and purpose of investing - 0.89 which was not significant.

The results of paired samples t- test are shown in Table 5.2

**Table 5.2 Paired Samples t- Test (Monthly Income -wise)**

		Paired Differences			t	df	Sig. (2-tailed)
		Mean	Std. Dev	SE Mean			
Pair 1	Monthly Income - Percentage of Savings	.36000	1.08730	.10873	3.311	99	<b>.001</b>
Pair 2	Monthly Income - Investment Objectives	-0.62000	1.44096	.14410	-4.303	99	<b>.000</b>
Pair 3	Monthly Income - Purpose of Investing	-0.20000	1.77525	.17753	-1.127	99	.263

Figures in bold indicate significant at 5% level

The following null hypothesis is tested

H<sub>0</sub>: There is no significant difference in percentage of savings/ investment objectives and purpose of investing across categories of monthly income.

The null hypothesis gets rejected in all the cases, except purpose of investing, at 5% significance level, since the p value of t-statistics falls below 0.05.

Hence it may be inferred that significant differences exist in percentage of savings and investment objectives across categories of monthly income. However, in the case of purpose of investing no significant difference was found to exist between categories of monthly income.

## CONCLUSION

The present study has important implications for investment managers. As it come out with certain important facts of an individual investor's.

This study confirms that there exist a significant difference between monthly income and percentage of savings and investors in Alappuzha district prefer to play safe even if they are high income, well-educated and salaried. Which means they prefer to invest in high return avenues with less risk.

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