



INVESTORS PERCEPTION ON DIFFERENT INVESTMENT AVENUES BY WORKING PROFESSIONALS IN BANGALORE

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Abstract: This study is an evaluation to understand "The Investment Perception towards Different Investment Avenues by Working Professionals in Bangalore. The sample selected is 60 working professionals from the city of Bangalore to measure the investment perception. Here in this research study, we have identified, the preferred investment avenues among individual investors using questionnaire and analysed that majority of the respondents are moderate risk takers and most of them prefer to invest in traditional investment rather than investing in financial investments.

Keywords: Investment, Risk, Perception and Avenues

1. INTRODUCTION

Investment is the employment of funds with the aim of achieving additional income or growth in value. The essential quality of investment is that, it involves 'waiting' for a reward. It involves the commitment of resources which have been saved or put away from current consumption in the hope that some benefits will accrue in future. Investment is the allocation of monetary resources to assets that are expected to yield some gain or positive return over a given period of time. These assets range from safety investment to risky investments.

Investments in this form are also called financial investments. Most investments are considered as transfer of financial assets from one person to another. To the economists, investment means the net additions to the economy's capital stock which consists of goods and services that are used in the production of other goods and services.

Investments are important and useful in the context of present-day conditions. Some factors that have made investment decision increasingly important are longer life expectancy or planning for retirement, increasing rates of taxes, high interest rates of inflation, larger incomes and availability of a complex number of investment outlets. Investors have different investment avenues based on his/her risk tolerance level. They are real and financial assets. Real assets refer to tangible assets ie., land and buildings, furniture, gold, silver, diamonds or artefacts. A financial asset is a claim represented by securities. These assets are popularly called paper securities - Shares, bonds, debentures, bills, loans, derivatives and fixed deposits.

Investors are classified into different groups depending on their attitude towards risk. Each investor also has an indifference point at which his own expectations of return match with the risk that he can take. Broadly, he should be able whether he is a risk averter, risk neutral or risk deposits (G. C. Venkataiah, 2018).

2. REVIEW OF LITERATURE

As per **Shukla** investor's preference towards investment avenues depends on salary earned by different individuals. The researcher concluded that majority of the respondents' investment

decisions depend on their educational background and the reason behind their investments is for purchasing home and long-term investment.

Vanish Kumar Singh (2015) - study provides suggestions to the investors to make investment. There are many investment avenues such as shares, debentures, fixed deposits, gold, silver, commercial papers and certificate of deposits. Depending upon each investor's attitude, they are categorised into different groups. As per this study, people like to invest in stock market even if they face losses because they need higher returns in short span.

Rastogi – analysed the behaviour features in the investment choice. Behavioural finance provides solution to many problems until now answered suitably by the usual finance theory. The study concluded that behavioural biases not affected by the combined categories of gender and occupation.

Kumar (2015) - brings out that income played a significant role in terms of trading decisions in the stock market with respect to mode of selection for trading and market segment selection. The investor analyses the prevailing prices of investments and takes the decision about the investment he/she should invest.

Prof. Sanket Charkha and Dr. Jagdeesh Lanjekar Sanket (2018) - analysed savings and investment patterns of salaried people with special reference to Pune city, India. After analysis and interpretation, the researcher concluded that investors consider safety and good return on investments on a regular basis.

Awasi ET - explored the factors which influence the decision-making process of investors. According to the research, the decision of the investors depends upon the degree of the risk factors. Finally, they found that increased level of knowledge about financial information could improve investor's decisions which leads to earn higher returns by managing the risk efficiently.

Sunil Gupta (2008) - talks about the preferences and analyses the importance of demography that leads to the investor's decision towards making investment. Demographic factors include gender, age, education, occupation, saving and family size. This study found that all the age groups give more importance to invest in equity and except people who are above 50 years of age who give importance to insurance, fixed deposits and tax saving benefits.

Amudha - analysed the performance of investment behaviour concerned with choice of investment in small amounts in securities, deposits, mutual fund, insurance, and chit funds. The results described that investment offers to a person to gain future income in the form of interest, dividend, premium, pension, and profit or appreciated value of their standard capital.

According to Jitha Thomas - investors are aware about investment avenues that are available in India, but still investors preferred to invest in bank deposit, insurance, tax saving schemes etc, as safety is an important factor while doing investment. He concluded that most of the investors prefer secured regular income on investment.

Avinash Kumar Singh (2006) - analysed the investment pattern of people in Bangalore city and Bhubaneswar, which concluded that investors are more aware about various investment avenues and the risks associated with it.

Dr. S. Mathivannan and Dr. M. Selvakumar (2011) - revealed that majority of the respondents are regular investors and the main avenues of investments for the teachers were bank deposits, insurance and government securities. The factors influencing their decision in investment are safety and tax concession. The investors are risk averse and prefer small but regular returns on their investment.

Sudalaimuthu and Senthil Kumar (2008) - researchers revealed that investors consider mutual funds as flexible investment options as mutual fund companies efficiently manage assets while investing directly in stock market is very risky.

3. RESEARCH METHODOLOGY

3.1. Research Design:

This study is based on the sample survey method. This study mainly assesses the level of awareness of various investment avenues and also to know the perceived investors' opinion and to measure investors' attitude (college lecturers). The research provides the knowledge and information to solve the problems and to meet the decision-making challenges.

3.2. Statement of Problem:

In our country, individuals tend to invest more in traditional investments rather than in financial investments which has resulted in lower allocation of capital to the required sectors of our economy. In addition to this, the return on traditional investments is also very less.

The research attempts to know the preference of investors, percentage of savings, risk appetite and significant demographic factors that affects investment decisions. The study will help us to know the awareness and exposure of college lecturers on various investment avenues available.

3.3.Objectives of the Study:

To find out the various investment avenues available.

To determine the factors considered by the investors while investing.

To know the level of awareness about the financial instruments.

To find out the risk appetite of different type of investors.

3.4. Scope of the Study:

The topic is selected to analyse investors' perception towards different investment avenues in which the study focuses on the college lecturers of Bangalore. The study covers the information which will help to know the investors perception towards various investment avenues and understand the decision-making power of investors over the various available investment avenues. The study will help to gather feedback and suggestions from investors.

3.5. Type of Research:

3.5.1. Source of Data Collection:

- **Primary Data:** Survey method will be used for gathering primary data.

The information will be collected using questionnaire.

- **Secondary Data:** Data is collected from magazines, journals , newspapers etc.,

3.5.2. Sample Plan:

- **Sample unit:** The sample units selected for the study are college lecturers.
- **Sample size:** The sample size is 60.
- **Sampling technique:** Convenience sampling technique is used for collecting data from investors.

3.5.3. Tools for Data Collection: The tool for data collection is questionnaire.

4. DATA ANALYSIS and INTERPRETATION

Table 4.1: Demographic variables of respondents

Demographic variables		No. of respondents	Percentage of respondents
Age	20-30	40	67
	30-40	11	18
	40-50	6	10

	50-60	3	5
	Total	60	100
Gender	Female	45	75
	Male	15	25
	Total	60	100
Status	Married	0	55
	Unmarried	0	45
	Total	60	100
Income	Up to Rs. 30,000	14	23
	30,0001-50,000	27	45
	50,001-70,000	12	20
	Above Rs. 70,000	7	12
	Total	60	100

The above table explains that majority of the respondents are in the age group of 20-30 i.e., 67% and only 5% of the respondents are in the age group of 50 - 60. It can be seen that 75% of the respondents are female and 25% are male. It can also be seen that majority of the respondents i.e. 45% of the respondents are in the income bracket of 30,001-50,000 per month.

Table 4.2: Savings Objective of Respondents

Saving Objective	No. of respondents	Percentage of respondents
Children's education	6	10

Retirement plan	14	23
House purchase	6	10
Children's marriage	1	2
Health care	6	10
Others	27	45
Total	60	100

It is observed from the above table that majority of the respondent's i.e.45% of respondents saving objective is for other reason like starting their own business.

Table 4.3: Investment Objective of Respondents

Saving Objective	No. of respondents	Percentage of respondents
Income and capital preservation	3	5
Growth and Income	21	35
Long-term Growth	30	50
Short-term growth	4	7
Others	2	3
Total	60	100

50% of them preferred to invest for long-term growth followed by for growth and income i.e, 35%.

Table 4.4: Factors considered before Investment

Factors	No. of respondents	Percentage of respondents
Safety of Principal	9	15
Return on investment	19	32
Liquidity	0	0
Tax savings	4	7
All the above	28	47
Total	60	100

Out of 60 respondents (100%), 47% chose “all of the above” (i.e. Safety of principal, Return on investment, Tax savings). None of the respondents chose liquidity alone as a factor. Only 7% chose tax saving as a factor and 15% as safety of principal. The rest 32% chose return on investment.

Table 4.5: Purpose behind Investment

Purpose	No. of respondents	Percentage of respondents
Wealth creation	20	33
Tax savings	11	18
Regular Income	7	12
Future expenses	22	37
Total	60	100

The percentage of respondents who responded for the purpose of investment as “Future expenses” were 37% being the highest of all. 33% chose for “Wealth Creation”, 18% for “Tax savings” and 12% for “Regular income”.

Table 4.6: Investment Preference of Respondents

Investment Avenues	Percentage of respondents
Life insurance	22
Banks	21
Post office	7
Equities	8
Real Estate	8
Mutual funds	17
Govt. securities	5
Gold	6
Chit fund	4
Others	4
Total	100

Here the number of investment avenues opted by each respondent were more than one therefore investments in avenues is based on the number of avenues selected. It is clearly seen that most respondents prefer both bank and life insurance i.e. 22% and 21% respectively. The risk-averse nature of the respondents is depicted as they are more favourable towards cash and bank savings. 17% of the respondents invested in mutual funds and least number of respondents invested in chit fund, equities, real estate and other, which shows that most of respondents are risk averse and not risk takers.

Table 4.7: Investment Source on Investment

Sources	No. of respondents	Percentage of respondents
Brokers	9	15
Banks	18	30
Friends	16	27
T.V/Newspapers/Magazines	1	2
Internet	13	22
Others	3	5
Total	60	100

It is observed that 30% of the respondents chose bank as a source of investment advice. Friends, Internet and Brokers got 27%, 22% and 15% respectively. TV/Newspaper just got 2% and remaining 5% is for others.

Table 4.8: Investment Time Horizon of Investors

Time period	No. of respondents	Percentage of respondents
Short term	5	8
Medium term	23	38
Long term	32	53
Total	60	100

The above table shows that, 53% of the total respondents preferred long term, 38% medium term and 10% short term. It can be inferred that investors prefer investing for long term or medium term rather than investing for short term. The long-term investments can be equity,

mutual funds, PF/PPF, life insurance, real estate, and gold etc. Short-term or Medium-term investments can be fixed deposits, equities, mutual funds, chit funds etc.

Table 4.9: Frequency of Monitoring Investments

Particulars	No. of respondents	Percentage of respondents
Daily	4	7
Weekly	8	13
Monthly	24	40
Occasionally	24	40
Total	60	100

The number of respondents who monitor their investment “monthly” and “occasionally” are both 40% each. 13% of the respondent monitored their investment weekly and 7% daily. It can be inferred that frequency of monitoring the investments by investors depends upon the nature of investment or on the time horizon.

Table 4.10: Risk taking Appetite of Investors

Type of Investor	No. of respondents	Percentage of respondents
Risk Averse	12	20
Moderate	44	73
Risk Takers	4	7
Total	60	100

73% of the respondents’ risk-taking appetite is moderate. 20% are risk averse investors and only 7% are risk takers.

Table 4.11: PF/PPF Investment Preference of Respondents

PF/PPF	No. of respondents	Percentage of respondents
Yes	57	95
No	3	5
Total	60	100

Out of 60 respondents (100% respondents), 95% invested in PF/PPF and the rest 5% did not invest in PF/PPF, as most of the respondents belong to salaried class.

Table 4.12: Awareness of Financial Instruments

Financial instrument awareness	No. of respondents	Percentage of respondents
Totally ignorant	7	11
Partial Knowledge	31	52
Fully aware	22	37
Total	60	100

52% of the respondent had partial knowledge about the various financial instruments. 37% were fully aware of the instruments and only 11% were totally ignorant of the financial instruments.

5. FINDINGS

- Out of the total respondents, majority of the respondents are Female i.e. 75%.
- Most of the respondents earn a monthly income ranging between 30,001-50,000

- Majority of the respondents (i.e. 45%) savings objective is other than Children's education, Retirement plan, House purchase, children's marriage and Healthcare.
- 50% of the respondents investing objective is long-term growth.
- 47% of the respondents consider all the factors before investing i.e. safety of principal, return on investment, liquidity and tax savings.
- Most of the respondents' purpose behind investment is to meet their future expenses and wealth creation i.e. 37% and 33% respectively.
- Around 43% of the respondents have opted for life insurance and Banks as their investment avenues.
- Out of the total respondents, 30% of the respondents get the source of investment advice from brokers
- 53% of the respondents prefer to invest their savings for long period of time.
- Around 80% of the respondents monitor their investment monthly and occasionally.
- Around 73% of the respondents manage their investment alone and with family.
- From the study it is inferred that 73% of the respondents are moderate risk takers.
- 95% of the respondents invest in PF/PPF, as it is mandatory for most of the salaried class people.
- Out of total respondents, 53% of them are partially aware about the financial instruments and 37% of them are fully aware about the financial instruments available for investments.

6. SUGGESTION

- Around 20% of the respondents are only invested in Equities, Government securities, Real estate etc., it is suggested to investors to diversify their investment in both traditional and modern financial instrument as they can earn more return and it will also be helpful for the growth of our economy.
- Many respondents manage their investment alone and with family. This will not help them to manage risk or gather information about the investments, which will help to increase return. It is suggested to the respondents to take suggestions from other sources like financial advisors and chartered accountants to control and manage future uncertainty.
- Majority of respondents monitor their investments occasionally and on monthly basis even though investing in financial instruments like mutual funds. It is suggested to the respondents to start monitoring the investments especially financial investments, at least on a weekly basis to control risk.
- Even though majority of the respondents have partial and full knowledge about financial instruments, only a least percentage of the respondents are invested in such instruments. Therefore, it is suggested to the investors to apply their knowledge and invest in financial instruments where they can earn high returns on investment.

7. CONCLUSION

This study is done so as to know the Investment perception over different investment by working professionals of Bangalore city. The major part of the analysis is based upon the

percentage analysis. Thus, the study conclude that investors consider safety for selecting the mode of savings and insurance was considered as the main option of the investment followed by bank deposits.

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