

A STUDY ON INVESTOR'S PREFERENCE TOWARDS DIFFERENT INVESTMENT AVENUES SPECIFICALLY IN BARDOLI REGION

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Abstract: This study deals with the preference of the investors' to identify the better investment avenues available. The investment strategy is a plan, which is created to guide an investor to choose the most appropriate investment portfolio that will help them to achieve their financial goals within a particular period of time. By increasing personal wealth, investing can contribute to higher, overall economic growth and prosperity. Specific types of investments provide other benefits for the investor, corporate as well as the society. The investors are very much aware about the risk, return and safety of the principle of the investment. The mantra of the investment is "Prevention is better than Cure" which is expected with more income but less risk.

Keywords: Investment Avenue, Investor, Investment decision.

1. INTRODUCTION

In finance, the notion of traditional investments refers to putting money into well-known assets (such as bonds, cash, real estate, and equity shares) with the expectation of capital appreciation, dividends, and interest earnings. Traditional investments are to be contrasted with alternative investments choices. Modern Investment are essential investment vehicles where people with similar investment objective come together to pool their money and then invest accordingly. In the modern financial system, there are so many investment avenues to choose from today in financial market and it has become difficult for anyone to decide about these avenues. Some of the investment avenues offer attractive returns but with high risks and some offer lower returns with very low risks.

2. REVIEW OF LITERATURE

- V. Alqua Pandian and G. Thangadurai (2013) conducted a research on Investors Preference towards Various Investments Avenues in Dehradun District. The major features of an investment are safety of principal amount, liquidity, income stability, appreciation and easy transferability. "No pain no gain" it is the golden principle of investment management. It brings into being that most of the investors prefer bank deposits followed by gold investment in the study area.
- Ashly Lynn Joseph, Dr. M. Prakash (2014) conducted a research on Preferred Investment Avenues among the People and Factors Considered for Investment. A proper understanding of money, its value, the available investment avenues , various financial institutions providing the facility of investments, the rate of return/risk, etc., are very important to successfully manage one's finance for achieving future goal. This study basically provides awareness among people about various investment avenues available to them and what factors they should consider before making an investment.

- Aghila Sasidharan (2015) conducted a study on Gold as an Investment Option –Investment Pattern of Investors in Kerala. Now a day’s investors prefer to invest in gold because of its high return, Gold is subjected to speculation, also many investors use gold as a hedge against inflation. It focuses about different gold investment schemes available in the market and also the investor’s attitude towards the investment.
- Tejinder Singh (2018) conducted a research on An Empirical Investigation into Investor Awareness of Modern Investment Avenues- a Case Study of Kharar, Punjab. The paper will discuss the impact of various Government initiatives which has resulted in the growth of modern investment avenues. The study highlights that not many investors are aware of mutual fund, their tax structure, indexation benefits offered by these schemes, capital gain taxes etc.
- Dr. B Percy Bose & Dr M Jahnavi (2018) conducted a study on gender difference in investment behavior. The present study emphasizes on factors that influence investment behaviour of men and women and also to perceive is there difference in their investment objective, the level of risk-taking capacity among the investors usually differ but in the current study we are evaluating whether gender also has the impact on measuring the Risk aversion capabilities between the investors. It determines that genders’ can really affect the financial decisions and also identify the patterns of investment involvement and learning preferences.

3. RESEARCH METHODOLOGY

Problem Statement:

“To Study on Investor’s Preference towards different Investment Avenues specifically in Bardoli Region”

The methodology followed for conducting the study included the Descriptive research design, sample size of 50 respondents, use of questionnaire for collecting the data, and graphs were used for analyzing the collected data. The sampling method used is non-probability sampling technique.

Objectives of Study:

- To know the present investment trends in the market.
- To identify the major objectives behind investments.
- To understand the behavior of different people towards different investment avenues available.
- To identify the most trending investment option.
- To identify the important factors that affects the selection of investment avenues.

4. DATA INTERPRETATION

Table 1: Are you aware of the following investment avenues?

Responses	In %
Bank Fixed Deposit	12.4%
Life Insurance	8.8%
Real estate	12.4%
Gold/Silver	9.8%
Savings Account	9.3%
Mutual Funds	10.8%
Debentures or Bonds	8.2%
Equity Share Market	10.3%
FOREX Market	8.2%
Derivatives	9.8%
Total	100.0%

The table shows that awareness for Bank Fixed Deposit and Real Estate is more than the other investment avenues i.e. 12.4%. Now a day, people also prefer to invest in Mutual Funds i.e. 10.8%. Respondents are least aware about the avenues like Debentures or Bonds and FOREX Market i.e. 8.2%.

Table 2: From the alternatives below rank the avenues as per your preference. (Rank only the avenue in which you have already invested)

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Bank Fixed Deposit	-.526	49	.601	-.100	-.48	.28
Life Insurance	-1.097	49	.278	-.220	-.62	.18
Real estate	.622	49	.537	.120	-.27	.51
Gold/Silver	-1.303	49	.199	-.240	-.61	.13
Savings Account	-.428	49	.671	-.080	-.46	.30
Mutual Funds	-1.040	49	.303	-.180	-.53	.17
Debentures or Bonds	-3.404	49	.001	-.560	-.89	-.23
Equity Share Market	-2.461	49	.017	-.440	-.80	-.08
FOREX Market	-2.078	49	.043	-.360	-.71	-.01
Derivatives	.000	49	1.000	.000	-.36	.36

From the above table result of T-Test, significant value for the avenues like Bank Fixed Deposit, Life Insurance, Real Estate, Gold/Silver, Savings Account, Mutual Funds and Derivatives were accepted based on the greater p-value of avenues, which is respectively 0.601, 0.278, 0.537, 0.199, 0.671, 0.303 and 1.

So, we can say that for the above avenues people/ investors are highly preferable.

But, for the few avenues like Debentures or Bonds, Equity Share Market and FOREX Market i.e. 0.001, 0.017 and 0.043 respectively are less preferable.

Table 3: Do you have a financial advisor?

Responses	In %
Yes	60%
No	40%
Total	100%

The table shows that 60% of the respondents have their personal financial advisor who guides them to allocate their income at profitable avenue. Whereas, 40% of the respondents do not have financial advisor.

Table 4: What are the sources which makes you aware of investment opportunities?

Responses	In %
Family/Friends	22%
Internet	34%
Media	26%
Financial Advisor	8%
Others	10%
Total	100%

The graph depicts that 34% of the respondents gain the investment opportunities by surfing internet, 26% of respondents through media, 22% of respondents by talking to their Family/Friends, 10% from the other sources and 8% of the respondents from their Financial Advisor.

Table 5: What is the objective behind your investment?

			What is the objective behind your investment?						Total	
			Maximizing Returns	Minimizing Risk	Maintaining Liquidity	Tax Saving	Safety of Principal	Capital appreciation		Diversification of Risk
Gender	Female	Count	3	4	5	5	6	3	0	26
		% within Gender	11.5%	15.4%	19.2%	19.2%	23.1%	11.5%	.0%	100.0%
		% within What is the objective behind your investment?	50.0%	33.3%	71.4%	71.4%	75.0%	60.0%	.0%	52.0%
Male	Male	Count	3	8	2	2	2	2	5	24
		% within Gender	12.5%	33.3%	8.3%	8.3%	8.3%	8.3%	20.8%	100.0%
		% within What is the objective behind your investment?	50.0%	66.7%	28.6%	28.6%	25.0%	40.0%	100.0%	48.0%
Total	Total	Count	6	12	7	7	8	5	5	50
		% within Gender	12.0%	24.0%	14.0%	14.0%	16.0%	10.0%	10.0%	100.0%
		% within What is the objective behind your investment?	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.042 ^a	6	.087
Likelihood Ratio	13.162	6	.041
Linear-by-Linear Association	.063	1	.802
N of Valid Cases	50		

From the first table, we can interpret that females prioritize Safety of Principle as the main objective for the investment. They are least concern about the Diversification of Risk while making investment. Whereas, males prioritize Minimizing Risk before making investment in any avenues. They are less bother about Maintaining Liquidity, Tax Saving, Safety of Principle and Capital Appreciation.

H0: There is no significant association between Gender and Investment Objective.

H1: There is significant association between Gender and Investment Objective.

Likelihood Ratio will be in association as the p-value for it is less than 0.05 i.e. 0.041. Therefore, the null hypothesis is rejected. Pearson Chi-Square and Linear-by-Linear Association will be accepted as their p-value is more than 0.05 i.e. 0.087 and 0.802 respectively.

Table 6: What is the period you prefer to invest in?

Responses	In %
Less than 1 Year	26%
1 Year to 5 Years	52%
More than 5 Years	22%
Total	100%

The table shows that out of 50 respondents, 26 of the respondents would prefer to invest within the time frame for 1 year to 5 years, 13 respondents prefer less than 1 year to invest in and only 5 respondents would prefer the time period of More than 5 years to invest in the avenues.

Table 7: What percentage of your income do you invest on an annual basis?

Responses	In %
Below 10%	10%
11% - 20%	32%
21% - 30%	28%
31% - 40%	26%
Above 40%	4%
Total	100%

This table shows that 5 of total respondents invest below 10% of their income on an annual basis. 16 of total respondents invest 11% to 20% of their income on an annual basis. 14 people spend their 21% to 30% of their income as investment on an annual basis. 13 respondents spend their 31% to 40% of their income as investment on an annual basis and only 2 respondents are spending above 40% of income as investment on an annual basis.

Table 8: Please read each statement carefully and rate each statement according to the scale below to indicate how much you agree with them.

One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I make investment decision on my own.	-1.794	49	.079	-.300	-.64	.04
I consult my family members before taking investment decisions.	-1.261	49	.213	-.220	-.57	.13
I prefer investment where there is no loss of capital.	-1.744	49	.087	-.300	-.65	.05
I review my investment decision frequently.	-.423	49	.674	-.080	-.46	.30
I prefer investment opportunities with potentially large return even if they are more risky.	-.433	49	.667	-.080	-.45	.29
Publicity gives information and help us to take good investment decision.	-1.676	49	.100	-.300	-.66	.06
Investment decision do have impact on lifestyle.	-2.160	49	.036	-.400	-.77	-.03
I never withdraw my investment before maturity.	-2.042	49	.047	-.400	-.79	.00
I never put all money in a single investment option.	-1.067	49	.291	-.200	-.58	.18
Good investment opportunities induce behaviour investment	-1.544	49	.129	-.300	-.69	.09

H0: All these statements are not agreed while making investment decision.

H1: All these statements are agreed while making investment decision.

In the above table, the p-value of the investment decision statements like I make investment decision on my own (0.078), I consult my family members before taking investment decisions (0.213), I prefer investment where there is no loss of capital (0.087), I review my investment decision frequently (0.674), I prefer investment opportunities with potentially large return even if they are more risky (.0667), Publicity gives information and helps us to take good investment decision (0.100), I never put all money in a single investment option (0.291) and Good investment opportunities induce behavior investment (0.129) is greater than 0.05. Therefore, it can be concluded that the null hypothesis is rejected and the alternative is accepted. Hence, people/investors rate more for these statements as they agree with the same when making investment decision.

H0: These statements are agreed while making investment decision.

H1: These statements are not agreed while making investment decision.

In the above table, the p-value of the investment decision statements like Investment decision do have impact on lifestyle (0.036) and I never withdraw my investment before maturity (0.047) is less than 0.05. Therefore, it can be concluded that the null hypothesis is accepted and the alternative is rejected. Hence, people/investors rate less for these statements as they do not agree with the same when making investment decision.

Table 9: Give your views about the below factors affecting the investment choices (Traditional Investment Avenues)

	One-Sample Test					
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
Lower					Upper	
Low risk	.753	49	.455	.160	-.27	.59
High Return	-.805	49	.425	-.160	-.56	.24
Safety of Principal	-.841	49	.405	-.160	-.54	.22
Maturity Period	-.722	49	.473	-.140	-.53	.25
Government Policies	-1.511	49	.137	-.280	-.65	.09
Confidence	-1.170	49	.248	-.220	-.60	.16
Image and prestige of avenues	-.942	49	.351	-.180	-.56	.20

H0: All these factors do not affect the investment choices.

H1: All these factors do affect the investment choices.

In the above table, the p-value of the investment factors like Low Risk (0.455), High Return (0.425), Safety of Principle (0.405), Maturity period (0.473), Government Policies (0.137), Confidence (0.248), and Image and Prestige of avenues (0.351) is greater than 0.05. Therefore, it can be concluded that the null hypothesis is rejected and the alternative is accepted. Hence, people/investors think that these investment factors do affect while making traditional investment decision.

Table 10: Give your views about the below factors affecting the investment choices (Modern Investment)

	One-Sample Test					
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
Lower					Upper	
Low risk	-1.021	49	.312	-.200	-.59	.19
High Return	-.114	49	.909	-.020	-.37	.33
Safety of Principal	-.700	49	.487	-.140	-.54	.26
Maturity Period	-.107	49	.915	-.020	-.39	.35
Government Policies	-1.802	49	.078	-.340	-.72	.04
Confidence	-.489	49	.627	-.100	-.51	.31
Image and prestige of avenues	-.990	49	.327	-.200	-.61	.21

H0: All these factors do not affect the investment choices.

H1: All these factors do affect the investment choices.

In the above table, the p-value of the investment factors like Low Risk (0.312), High Return (0.909), Safety of Principle (0.487), Maturity period (0.915), Government Policies (0.078), Confidence (0.627), and Image and Prestige of avenues (0.327) is greater than 0.05. Therefore, it can be concluded that the null hypothesis is rejected and the alternative is accepted. Hence, people/investors think that these investment factors do affect while making traditional investment decision.

5. FINDINGS

- From the research it was marked that most of the people in Bardoli region are aware of the different investment avenues.
- It was found that majority of the respondents are well know with the Bank Fixed Deposit 12.4% and Real Estate 12.4% and least known about Debentures or Bonds 8.2% and FOREX Market 8.2%.
- It was found that majority of the people's motive behind the investment is Safety of Principle and Minimizing the Risk behind any investment.
- More than 50% of the respondents makes investments which holds period of one to five years.

6. CONCLUSION

The present study endeavored to give a look on behavior of investors towards different investment avenues. The different avenues can be preferred provided it is put forth before different age group and different working profession. Facts revealed in this study highlight the perception of varied age group of investors who desire to invest in different avenues which give high returns at minimum risk, keeping growth prospect in the center. Investments are highly affected by the perception of the group of people and also the information and knowledge they have about the different investment schemes available in the present market. There are also group of people who are aware about the various investment schemes but hesitate to invest because of the high fluctuations in the current economy of the country. People invest with different intentions behind their investments like tax savings, children's education and marriage, retirement plans, etc. Therefore, it has become so difficult today to decide which investment avenues is best, which can give an attractive return with high risk or some investment offers low returns with low risk.

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