A Study on Investors Cognizance Towards Various Investment Avenues with Special Reference to Kuzhalmannam Panchayath, Palakkad District

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Abstract

This study deals with the cognizance of investors towards various investment channels. The study is point out different types of factors influence the investment pattern. Area of the study kuzhalmannam panchayath in palakkad district and take 120 samples. Subscribers deposit in different investment channel, it leads to increase in personnel income, and also helpful to contribute the growth of economic development. Investing attitude of subscribers help companies to collect their capital. Indian subscribers are much conscious about risk and return of the investment.

Keywords: *Investment channel, source of information, Investors' perception, decision making, risk factor, investment.*

Introduction

"Investment is the commitment of funds", Investment in different channel is best idea for increase the personnel wealth. After investment in channels, we must consider different factors such as demographic factors, socio economic factors etc. and choose best investment for deposit our idle fund. Subscribers must analyze the risk and return of each and every investment. Every investment channel is not suitable for all investors. So, select suitable investment area for our fulfilling needs and wants, and consider the terms and policy. First of investment is to focus the objective of investment. In this article attempt to made find out the investor's cognizance in various investment channel/area.

Objectives of the study

- To evaluate investor cognizance towards different investment channel
- Examine the link between investment channels and subscribers' characteristics.
- To identify the factors those, influence the choice of investment and expected return.

Scope of the study

1. Focus risk and tolerance level of the individual person and suggest a matching area.

2. To give some recommendations to the investor that where they should invest.

Statement of the problem

Selection of suitable investment avenue is critical issue when an investor is going to invest in an investment option. Some of the key issues that will be examined in this study are stability of income /returns, selection of suitable investment avenue, easy liquidity of investment, availability of information of investments, investor protection and satisfaction of investors.

Research methodology

The study is descriptive and analytical conducted through survey method using well framed questionnaire.

Sources for data collection
First hand source
First hand data are used to collect to fulfill the objective.

Second hand data sources
Second hand data required for this research are Collected through various previous literature reports and websites.

Sample Design
▪ Sample unit

The study is conducted at Kuzhalmannam panchayath
▪ Population

Mainly concentrated on the investors in kuzhalmannam panchayath.
▪ Sample size

Sample is a representation of large population. This study is conducted among 120 investors in kuzhalmannam.

Tools of data collection
Questionnaire was used as a tool for data collection.

Tools of data analysis
▪ Percentage analysis
▪ Chi-square
▪ correlation

Limitations of the study

1. Area is focused in kuzhalmannam panchayath and therefore the conclusion cannot be comprehensive to the entire universe.
2. The findings and suggestion may be applicable only to the investor's perception on investment avenues and its impacts on satisfaction and not for other institutional investors.
3. Reliability and validity of data differ from time to time and investors to investors
4. This study was conducted for only limited period of time.

5. The lack of information of investors about different financial instruments and investment channels are major limitation.

Review of literature

1. Tuan-Hock Ng et al.(2001)[1] investment experience and demographic factors are mainly taken in this study .analysis explicit that the age group between 22 to 30 more thinking about investment.
2. N.Dharani et.al(2002)[2] In the explain of this article women also interested in investment avenues. The incomes between 5000 to 10000 range women are mostly interested.
3. Bhawana Bhardwaj et.al (2002)[3] In this study depict that awareness and knowledge about investment is one of the main factors. So, investment companies should give better investment opportunity and selection of investment options.
4. R sree priya p. Guruswamy(2003)[4] Surplus fund allocation is the main channel of investment aveunues.investors focus additional income from investment channels. and also expected monetary benefits.

Investment avenues

Investment avenues also known as investment choose in the modern era, we have lot of investment channels investors are able to select on their needs and wants.

Safe and low risk
- Savings bank account(SB)
- Money Market Funds (also known as liquid funds)
- Bank Fixed Deposit (Bank FDs)
- Post Office Savings Schemes (POSS)
- National Savings certificates
- Government Security
- Public Provident Fund (PPF)
- Company Fixed Deposits (FDs)

Moderate Risk
- Mutual Funds
- Bonds
- Debentures
- Life Insurance Policies

High Risk
- Equity share market
- Commodity market
- Forex market

Old Investment Channel
- Gold and silver
- Chit funds
- Pension scheme
- Real estate

New Investment Opportunities
- Virtual real estate
- Hedge funds
- Private equity investments
- Art and passion

Unique qualities of money market funds

1. Safety

The investment company should provide proper safe and secure investment alternatives to their subscribers. Mostly common investors prefer low risk investment. The providers are government.

2. Low Initial Investment

In money market instrument require low level of initial investment SO the cost of investment is compare with other investment is low minimum requirements.

3. Accessibility

Money market, investors can easily find out their want investment area with risk analysis.

List of Schemes	Interest Rate and Return	Taxability
Public Provident Fund	7.9% p.a., compounded annually.	A maximum deposit of Rs. 1.5 Lakh per year is exempted under Section 80C
National Savings Certificate	7.9% p.a., compounded annually	Tax deduction up to Rs. 1.5 Lakh p.a. under section 80C
Post Office Monthly Income Scheme	7.7% p.a., return payable monthly.	Interest earned under the scheme is taxable.
Sukanya Samriddhi Accounts	8.4% p.a., compounded annually.	Deposit up to Rs. 1.5 Lakh tax-deductible under section 80C. Earned interest and maturity amount, all are tax- free.
Senior Citizen Savings Scheme	8.6% p.a., compounded annually.	Tax rebate under section 80C up to Rs. 1.5 Lakh of deposit and TDS rebate up to Rs. 50,000 on interest earned.
Post Office Savings Account	4% p.a	Tax exemption up to Rs. 50,000 on interest earned.
Post Office Recurring Deposit Account (5 years)	7.2% p.a., compounded quarterly.	No TDS on interest earned.
		Taxable as per income tax slab applicable on an individual's earning.
Post Office Time Deposit	6.9% p.a. for 1, 2 and 3-year time deposit. 7.7% p.a. for 5-year time deposit.	Tax rebate up to Rs. 1.5 Lakh
		p.a. under Section 80C only for a 5-year term deposit.
Kisan Vikas Patra	7.6%, compounded annually.	TDS on interest earned but corpus tax-free on maturity.

Table No 1: Gender Wise Classification of Respondents

GENDER					
		Respondent	Percent	Valid %	Cumulative Percent
Valid	MALE	74	61.7	61.7	61.7
	FEMALE	46	38.3	38.3	100
	Total	120	100	100	

[Source: primary]

Chart 1.1: Gender Wise Classification of Respondents
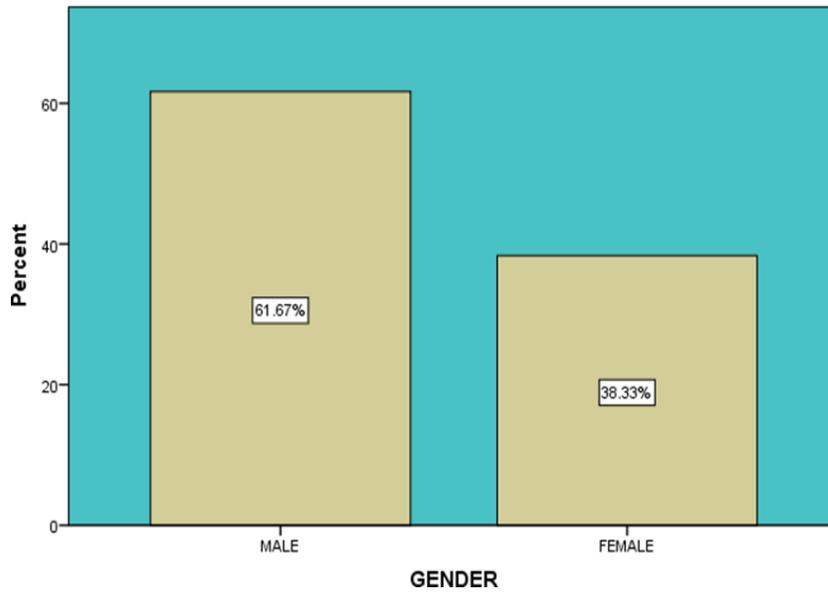
Interpretation:

The above table depict that 61.7% of investors are men and 31.3% are Females.

Table No 2: Education Wise Classification of Respondents

		Respondent	Percent	Cumulative Percent
	SCHOOL LEVEL	5	4.2	4.2
	DIPLOMA	13	10.8	15
Valid	UG/PG	54	45	60
	PROFESSIONAL /PH.D	48	40	100
	Total	120	100	

[Source: primary]

Chart No 2: Education Wise Classification of Respondents
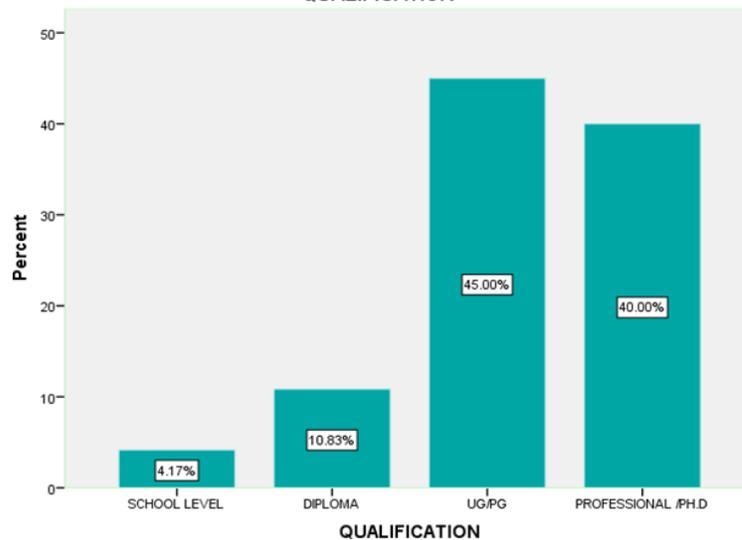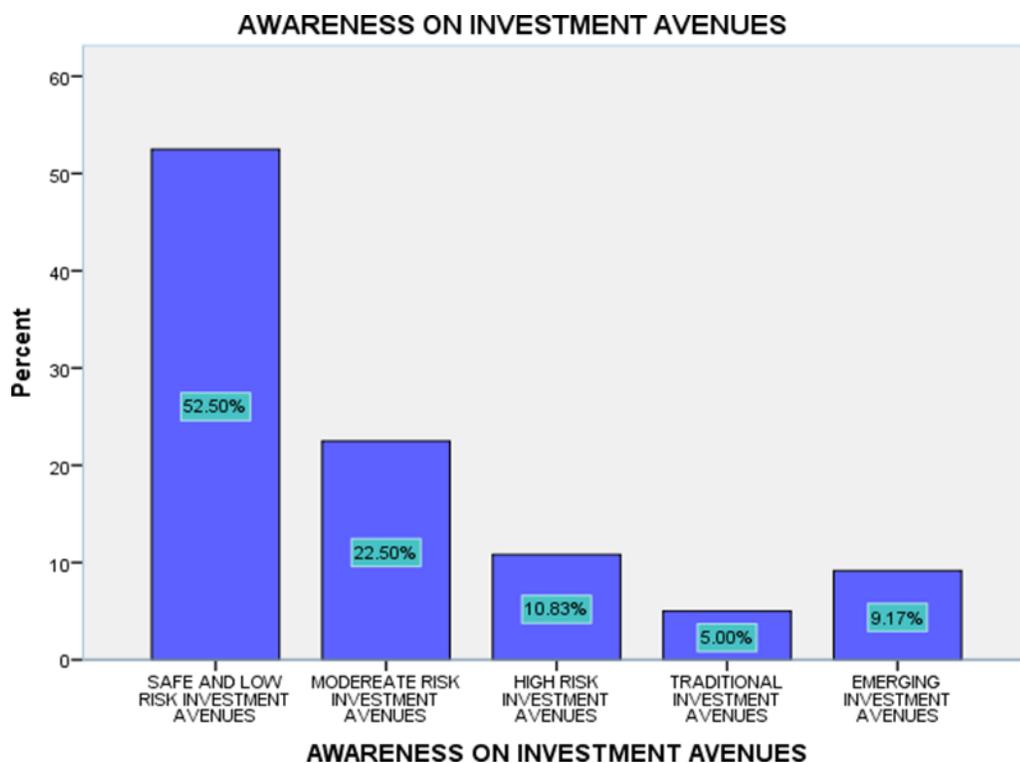
Interpretation:

It clear that most of the investors (45%) are graduates and post graduates and 40 % of investors are professional / ph.d and 15% investors are under graduates.

Table No 3: Awareness on Investment Avenues

		Respondent	Percent	Cumulative Percent
Valid	SAFE AND LOW RISK INVESTMENT AVENUES	63	52.5	52.5
	MODEREATE RISK INVESTMENT AVENUES	27	22.5	75
	HIGH RISK INVESTMENT AVENUES	13	10.8	85.8
	TRADITIONAL INVESTMENT AVENUES	6	5	90.8
	EMERGING INVESTMENT AVENUES	11	9.2	100
	Total	120	100	

[Source: primary]

Chart 3: Awareness on Investment Avenues
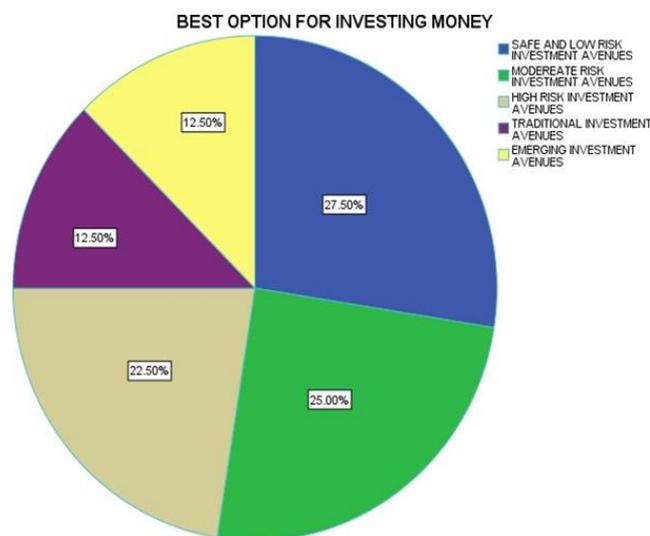

Interpretation:

The table clear that most of the respondents (52.50%) are aware about safe ,low risk investment avenues,22.50% of respondents are aware about modereate risk investment avenues,10.83%are aware about high risk investment avenues and the rest were aware about traditional and high risk investment avenues

Table 4: Best Option Chosen for Investing Money

		Respondent	Percent	Cumulative Percent
Valid	SAFE AND LOW RISK INVESTMENT AVENUES	33	27.5	27.5
	MODEREATE RISK INVESTMENT AVENUES	30	25	52.5
	HIGH RISK INVESTMENT AVENUES	27	22.5	75
	TRADITIONAL INVESTMENT AVENUES	15	12.5	87.5
	New INVESTMENT AVENUES	15	12.5	100
	Total	120	100	

[Source: primary]

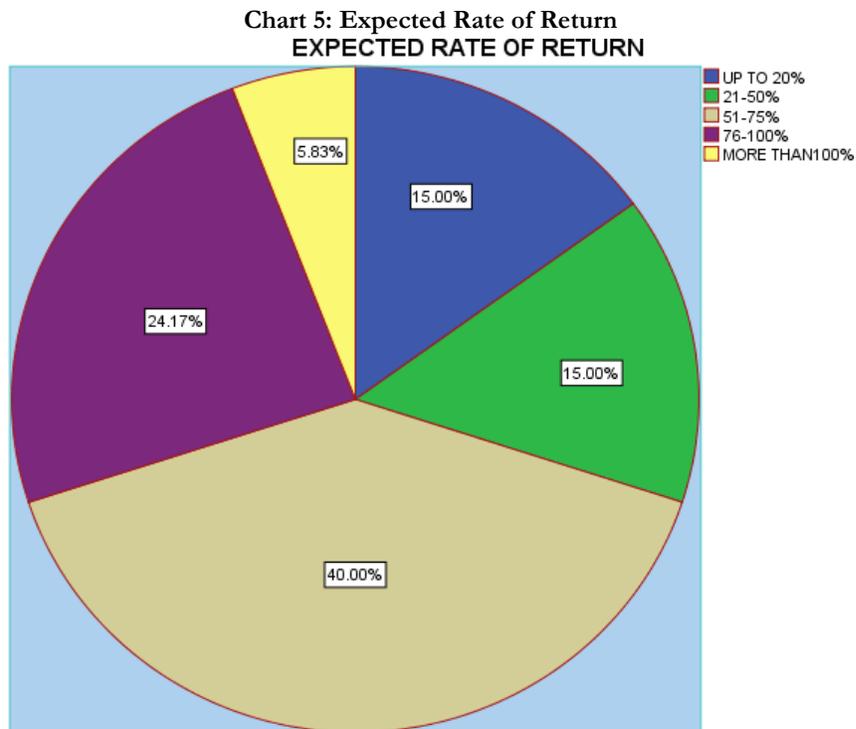**Chart 4: Best Option Chosen for Investing Money**

Interpretation:

The table shows that most of the participants (27.50%) are chosen safe , low risk investment avenues as best investment options. It implies many of them are non risk takers.25%are chosen moderate risk investment avenues and rest of them were choose high, traditional and emerging investment avenues.

Table 5: Expected Rate of Return

EXPECTED RATE OF RETURN					
		Respondent	Percent	Valid %	Cumulative Percent
Valid	UP TO 20%	18	15	15	15
	21-50%	18	15	15	30
	51-75%	48	40	40	70
	76-100%	29	24.2	24.2	94.2
	MORE THAN100%	7	5.8	5.8	100
	Total	120	100	100	

[Source: primary]

Chart 5: Expected Rate of Return

EXPECTED RATE OF RETURN

Legend:
- UP TO 20%
- 21-50%
- 51-75%
- 76-100%
- MORE THAN100%

5.83%
15.00%
24.17%
15.00%
40.00%

Interpretation:

The above chart shows that 40% of respondents expect 51-75% rate of return on their investments .24.2% of respondents expects 76-100% rate of return on their investments. 30 % of respondents expect the up to 20 % of rate of return and 21 - 50 % of rate of return on their investments equally. Only 5.83 % of respondents expect more than 100% rate of return on their investment. Hence it is found that majority of respondents expect 76 -100%rate of return on their investment

Table 6: Objective of Investment

OBJECTIVE OF YOUR INVESTMENT				
	Response	Percent	Valid %	Cumulative Percent
FOR CHILDRENS EDUCATION	5	4.2	4.2	4.2
FOR MARRAIGE OF CHILDREN	10	8.3	8.3	12.5
TO MEET CONTIGENCIES	41	34.2	34.2	46.7
FOR PURCHASE OF ASSETS	33	27.5	27.5	74.2
FOR TAX BENEFITS	6	5	5	79.2
TO REAPY OR REDUCE LOAN	6	5	5	84.2
TO PROVIDE FOR RETIREMENT	1	0.8	0.8	85
TO EXTEND INVESTMENT	14	11.7	11.7	96.7
PLAN A MAJOR HOLIDAY	4	3.3	3.3	100
Total	120	100	100	

[Source: primary]

Chart 6: Objective of Investment
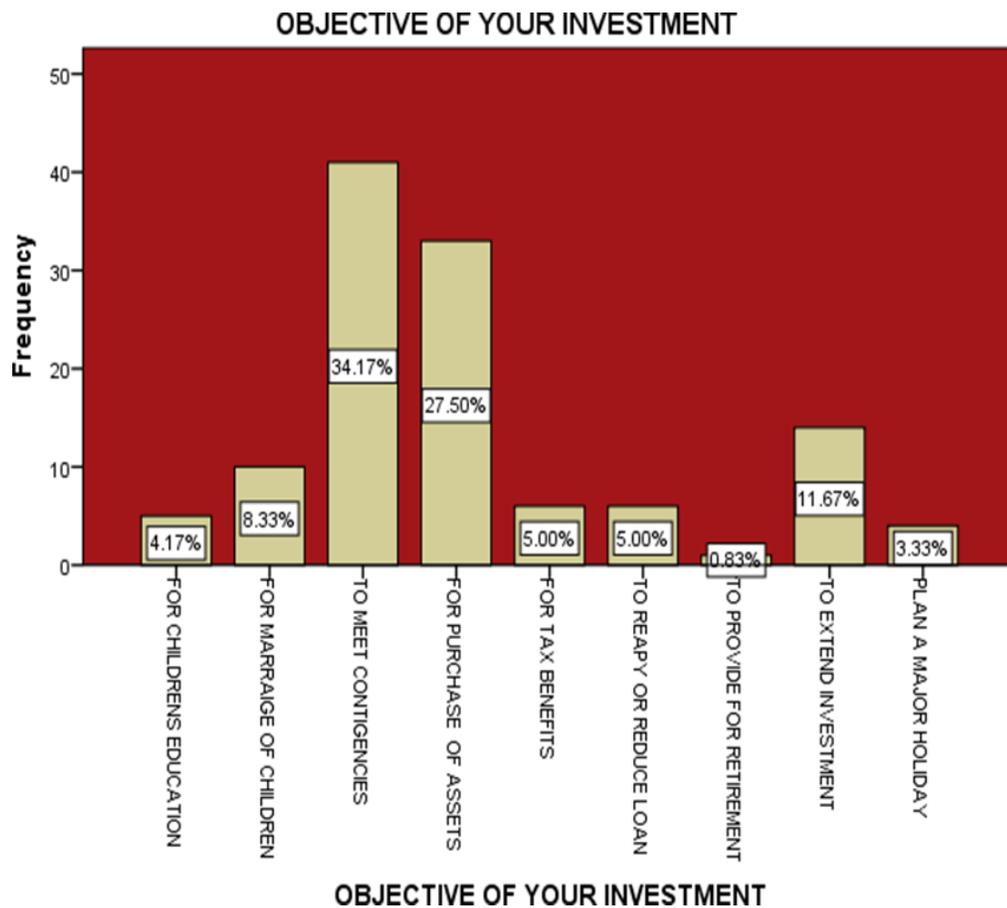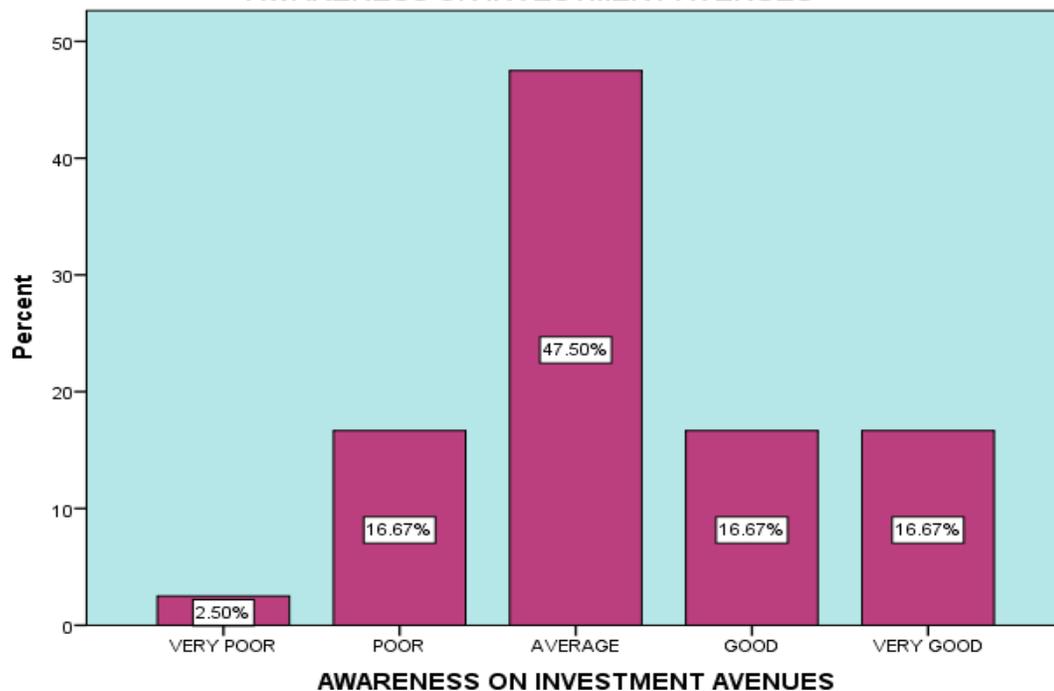

Interpretation:

shows that 34.17 % of subscribers deposit money in investment avenues to meet contingencies 27.50% of respondents invest money for purchase of assets .11.6 7 % of respondents invest money to extend the investment. 8.33 % of respondents invest for marriage of children and the rest of the investors invested money for the purpose of tax benefits to repay for reduce loan, to plan a major holiday, for children's education and to provide for Retirement.

Table 7: Awareness and Knowledge on Investment Avenues

		Response	Percent	Cumulative Percent
Valid	VERY POOR	3	2.5	2.5
	POOR	20	16.7	19.2
	AVERAGE	57	47.5	66.7
	GOOD	20	16.7	83.3
	VERY GOOD	20	16.7	100.0
	Total	120	100.0	

[Source: primary]

Chart 7: Awareness and Knowledge on Investment Avenues

Interpretation:

The above chart shows that 47.50% of respondents has an average knowledge about various investment avenues. Only 2.50 % of respondents were poor knowledge about investment avenues.

Portfolio of investment

TABLE 8

PORTFOLIO OF INVESTMENT	NO *10	N O* 9	N O* 8	N O* 7	N O* 6	N O* 5	N O* 4	N O* 3	N O* 2	NO *10	Weighted Average	Rank
Bank deposits	220	135	224	98	72	50	20	6	22	1	848	1
Postal savings(NSC, KVP, PPF, SSA, etc.)	300	90	32	140	108	5	84	24	4	6	793	5
Chits	280	126	80	63	18	60	44	21	20	16	728	6
Pension / Provident Fund / Insurance	320	162	32	70	90	65	48	3	26	2	818	3
Real estate	180	126	96	231	72	25	40	9	8	9	796	4
Bullions (Gold, Silver, Diamonds, etc.)	380	180	72	63	66	10	32	18	10	12	843	2
Shares	260	90	40	63	120	65	32	36	6	14	726	7
Debentures/Bon ds/Company Deposits	150	108	48	112	78	60	40	24	20	18	658	10
Government Securities	240	108	64	21	96	70	32	36	16	15	698	9
Mutual Funds	350	72	72	28	18	55	48	30	30	13	716	8

Interpretation:

In the table, investors have many investments opportunity. investors mostly prefer bank deposit and least prefer investment in debenture and bond.

Table 9: Correlation Between Monthly Family Income and Best Option Chosen for Investing Money

Descriptive Statistics			
	Mean	Std. Deviation	N
MONTHLY FAMILY INCOME	1.90	.738	120
BEST OPTION CHOSEN FOR INVESTING MONEY	2.58	1.345	120

[Source: primary]

TABLE 9.1

Correlations		MONTHLY FAMILY INCOME	BEST OPTION FOR INVESTING MONEY
MONTHLY FAMILY INCOME	Pearson Correlation	1	.922**
	Sig. (2-tailed)		.000
	N	120	120
BEST OPTION CHOSEN FOR INVESTING MONEY	Pearson Correlation	.922**	1
	Sig. (2-tailed)	.000	
	N	120	120
**. Correlation is significant at the 0.01 level (2-tailed).			

Interpretation:
It has been used to analyze the relationship between investors monthly family income and best option chosen for investment on the basis of income. correlation between investors monthly family income and best option chosen for investment has
highly positive relationship (0.922) and high positive correlation. The relationship between two variables is significant.

Chi- Square

Table 10: Income and Investment Proportion of Respondents
Table of Observed Frequencies

Income	Only 1	2-5	6-10	Above 10	Total
up to rupees 25000	36	16	0	0	52
25000-50000	24	5	1	0	30
50000- 100000	16	10	5	7	38
Total	76	31	6	7	120

[Source: primary]

- Null hypothesis H0: Income level and number of investments made in a year are independent
- Alternative hypothesis H1: The income level and number of investments made are non-independent.

Income	Only 1	2-5	6-10	Above 10
up to rupees 25000	52/120*76=32.93	52/120*31=13.43	52x120*6=2.6	52/120*7=3.03
25000-50000	30/120*76=19	30/120*31=7.75	30/120*6=1.5	30/120*7=1.75
50000-100000	38/120*76=24.07	38/120*31=9.82	38/120*6=1.9	38/120*7=2.22

TABLE 10.1

O	E	(O-E)²	(O-E)²/E
36	32.93	9.4249	0.2862
24	19	25	1.3157
16	24 .07	65.1249	2.7056
16	13.43	6.6049	0.4918
5	7.75	7.5625	0.9758
10	9.82	0.0324	0.00329
0	2.6	6.76	2.6
1	1.5	0.25	0.1666
5	1 .9	9.61	5.0578
0	3.03	9.1809	3.03
0	1.75	3.0625	1.75
7	2 .22	22.8484	10.292
TOTAL			28.671

$\chi2 = \sum(O-E)^2/E$

= 28.671

Degree of freedom=(c-1) (r-1)

=(4-1) (3-1)

=3*2= 6

The Table value at 5% level of significance = 12.5 92

Here the calculated value is greater than the Table value, hence we reject the Null hypothesis(H0)
That is the income level of respondents and the number of investments made by investors are not independent.

Interpretation:
That the number of investments made by the respondent is dependent on their income level. Those who getting higher income are willing to invest more than two investments and the one who receives low income invest less than two investments.

Findings

- It focusses male investors most common investors in the market.
- Most of investors are come under the age of 20 to 30.
- Married persons are more interested in investing rather than unmarried.
- Most of the investors are between the income level of 25000-50000.
- Majority of the respondents (52.50%) are aware about safe and low risk investment avenues.
- The investor selecting investment avenues by considering the security of the investment avenues.
- The investors gave preference to both private sector and public sector instead of government sector and foreign sector.
- Most of the investors invest up to Rs. 1, 00, 000 during a year.
- Investors investing their fund for earns return in future.
- Mostly investors invest in long term investment avenues.
- The investment objective of investors is to meet contingencies. They expect growth in their investment and to extend their investment.
- Most of the subscribers are aware about investment avenues through different media sources (own Knowledge, family members, relatives or friends, colleagues).
- Women are interested in investment in gold compare with other investment avenues.
- Majority of the investors (27.50%) are neutral satisfaction level and perception towards various investment avenues.
- According to statistical test conducted, found that there is a positive correlation between family income and investment.
- According to statistical test those who getting higher income are willing to invest more than two investment and the one who receives low income invest less than two investments

Suggestions

- Most of the people are unaware about investment opportunities. So, companies should provide campaign.
- Investors should make the investment with proper planning keeping in mind their investment objectives.
- The investment companies should arrange and encourage the investment habit of women's
- Investors should continuously monitor their investments.
- The companies should provide all relevant information to the investors and tax saving benefits

Conclusion

Investors are mostly preferred to investment in low and moderate risk, the data analysis depict that there is lot of investment opportunities they can prefer their own wants and needs. Most of investors selected bank deposit. Now a days increase the attention in the area of insurance and post office savings schemes also.

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