



A STUDY ON INVESTMENT BEHAVIOUR OF INDIVIDUAL INVESTOR IN VARIOUS INVESTMENT AVENUES

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ABSTRACT

“No Pain No Gain” it is the golden principle of investment management. Investment is one of the foremost concerns of every individual investor as their small savings of today are to meet the expenses of tomorrow. The Expected utility theory views the individual investment decision as a trade off between immediate Consumption and deferred consumption. Recent studies on individual investor behaviour have shown that they do not act in a rational manner, rather several factors influences their investment decisions. The present study has been carried out to measure the investment behaviour of individual investor in various investment avenues. Sample of 295 investors were collected for the study. Data ware analysed using the statistical tools namely Simple percentage and Chi-square. The result of the study reveals that, Most of the individual are prefer to invest their money in traditional financial products like Deposit & Savings a/c.

Keywords- Investment behaviour, Investment avenues

I. INTRODUCTION

The investment strategy is a plan, which is created to guide an investor to choose the most appropriate investment that will help them to achieve their financial goals within a particular period of time. The mantra of the investment is „Prevention is better than Cure”. According to Lease & Schlarbaum (1974), “any initial increase in investment will lead to increases in income through the investment multiplier”. Hence for structured development of societies, study of investment process has always been of the prime interest to financial and banking, economics, administration and other disciplines of studies.

For economic growth Developing countries needs to promote saving habits among people of the country. These savings, than must be directed to rationally planned profitable investments and add value to ‘individual satisfaction’ and ‘national economic growth’.

Investment has different meaning in economics and finance. In economics, investment means saving and dealing with consumption of money. Whereas in finance investment means placement of money into something with the expectation of future gains over a longer term. All investments include risk. Investment decision may or may not be taken with research and analysis, but most forms of investment included one or other types of risk.

Investment policy varies from businessman to salaried persons. People of different age, education, gender, income and family background are attracted towards different investment activity, the availability of money to invest decides whether investor is potential or not. Nowadays large numbers of investment avenues are available to individual investors worldwide. The investor has to choose Proper Avenue depending upon his specific need, risk preference, and returns expected. Some of these avenues are
Safe/Low Risk Avenues: Savings Account, Bank Fixed Deposits, Public Provident fund, Government Securities, etc., **Moderate Risk Avenues:** Mutual Funds, Debentures, and Bonds. **High Risk Avenues:** Equity Share Market, Commodity Market, FOREX Market. **Traditional Avenues:** Real Estate (property), Gold/Silver, Chit Funds. **Emerging Avenues:** Virtual Real Estate, Hedge Funds & Private Equity Investments, and Art & Passion. These are subject to risk such as inflation risk, exchange risk, business risk, and liquidity risk.

II. REVIEW

Muhammad Nauman said & hafiz Muhammadaq, (2014) in their study, "The effect of demographic factors on the behavior of investors during the choice of investment" studied that there exist that demographic factors like investor's age, qualification, income level, investment knowledge, and investment experience have significant effect on the behaviour of investors and a positive correlation between investor's qualifications, income level, investment knowledge and investment experience with their risk tolerance during the choice of investment. Rajeshwari jain, (2014) studied that investors motive behind the investment is to fulfil their personal and financial goals and husband was the major influence in helping the wife for making the choice of investment.

Keyur Nayak M (2013) "Investment choice of individual investors" have studied the low risk was preferred by the most of the investors. The trend of low risk, high risk and medium risk investments are there in almost all the categories. The association between profile of the respondents-age, gender, religion qualifications, income and profession and the risk taken while making investments is not significant. Ankita Rajdev, (2013) "Effect of demographic factors on investment choice of investors" studied, that there is a relationship between occupation and investment choice made by the investors in shares, real estate, and there exist no relationship between marital status and investment choice. Aparna Samudra and M.A. Burghate (2012) "A Study on investment behaviour of middle class households" studied the investment behaviour of households and found that, bank deposits remain most preferred instrument of investment followed by insurance. Mitta and Vyas (2008), "Personality Type and Investment Choice: An Empirical Study" studied that the demographic information such as age, educational qualification, income and marital status will have significant effect of an investor investment decision.

Mittal et al, (2007) "Personality Type and Investment Choice: An Empirical Study" stated that service class, business class, housewives, professionals and students are preferred to invest in equity/mutual fund, debenture/bonds, real estate/ bullions, post office deposits/derivatives and derivatives/equities respectively. IIM Data work (2007) "Invest India Income and Savings Survey" analyzed that there is an association between education level and financial behavior of the investor. Irrespective of the educational deposits in the bank is popular among all the investor.

Chalam (2003) "Investors Behavioural Pattern of Investment and Their Preferences of Mutual Funds" argued that the majority of the investor the first choice of investment is real estate and the second preference to the mutual fund schemes followed by gold and other metals. The above literature shows the important contribution on investors perception towards various investment avenues. It is also evident from the above literature that majority of the investors prefer first safety and security for the investment and secondly they interested to get maximum benefits for their investments. In light of above literature, the Present study attempts to identify the problems on the perception of investors towards investment avenues

STATEMENT OF THE PROBLEM

Investors have various avenues of investment in which they can invest their money. Savings are invested in assets depending on their risk and return characteristics. There are lots of difficulties in taking an appropriate decision on how to go about in investing in the various financial assets available in the market. In order to enable the correct investment decision to be made, investors have to know the features and the key factors associated with different types of investment avenues open before them. Large number of sources of information are available to an investor generally investors need the necessary knowledge, competence and experience to make the best use of the available information. Majority of the studies prove contradictory results of investor's perception towards various investment avenues. The present work takes care of this research gap.

III. OBJECTIVES OF THE STUDY

The study makes an attempt to seek solution to the questions raised. Accordingly, the objectives framed are,

- To study socio economic and investment behavior of investors
- To find out the association between components of investment behaviour and investment avenues.

METHODOLOGY

The data required for the study has been collected through questionnaires. The questionnaires have been divided into three parts, socio-economic profile of investors, the source of investment information, details of investment behaviour.

IV. SAMPLING

The sample was drawn from Pollachi Taluk. In Total of 350 questionnaires were distributed, out of which response form 315 investors were received. From these 315 questionnaires, 20 questionnaires were discarded due to incomplete data. Finally, 295 questionnaires were used for the study.

V. FRAME WORK OF ANALYSIS

To give a scientific back up to the study the statistical tools have been applied. Simple percentage method is used to explain the collected data. In order to identify the association between selected socio economic variables investment behaviour, the Chi – Square technique (χ^2), has been administered. Hypotheses were framed to find out the association between the selected variables and investment behaviour of individual investors. Null hypotheses framed and tested.

VI. SIGNIFICANCE OF THE STUDY

The findings of the study will be immensely helpful to Insurance Authorities, bank officials, mutual fund operators, stock exchange dealers, jewellery mart owners and real estate brokers to introduce new investment schemes and to remove the wrong

myth that prevails among the public in general. The Regulatory bodies, investor's forum and also find out a place to use the finding of the study to take necessary step to safeguard the interest of investors who would like to invest their hard earned money. Investors get enlightened about investment avenues, risk and the various precautions that the government has initiated.

VII. FINDINGS

Table 1 show that Out of 295 investors, Majority of 51.2% of them are from rural area. 26.1% are in the age group which ranges from 25 to 35years and of the total investors Majority of 51.2% are male. In relation to the qualification of investors 27.8% of them are highly educated with Post Graduate. Of the total investors only 20.7% of them are in business class. In relation to investors family type Majority of 53.9% are belongs to joint family and 41.0% investors said four members in their family And of the total investors 43.4% investors have two dependents in their family and Majority of 54.9% investor's posses a member's status in their family. 33.9% investor's monthly income is up to Rs.15, 001 to Rs.30, 000 and the family income of 35.6% investors are Up to Rs.30, 000

Table: 1 Socio Economic Profile of the respondents

Profile	No. of Investors (N:295)	Profile	No. of Investors (N:295)
Area of Residence		Gender	
Rural	151(51.2)	Male	151(51.2)
Urban	144(48.8)	Female	144(48.8)
Age		Qualification	
Up to 25 years	65(22.0)	Up to HSC	
25-35 years	77(26.1)	UG	77(26.1)
35-45 years	64(26.1)	PG	72(24.4)
45-60 years	52(26.1)	Professional	82(27.8)
Above 60 years	37(12.5)		64(21.7)
Occupation		No of dependents	
Agriculture	61(20.7)	One members	82(27.8)
Business	73(24.7)	Two members	128(43.4)
Salaried	56(19.0)	Three members	48(16.3)
Professional	59(20.0)	Four members	21(7.1)
Retired	18(6.1)	Above four members	16(5.4)
House wife	28(9.5)		
Type of Family		Status in the family	
Joint	159(53.9)	Member	162(54.9)
Nuclear	136(46.1)	Head	133(45.1)
Member in the Family		Monthly Income(in thousands)	
Two members		Up to Rs.15	
Three members	31(10.5)	Rs.15- Rs.30	74(25.1)
Four members	86(29.2)	Rs.30 - Rs.45	100(33.9)
Above four members	121(41.0)	Above Rs.45	56(19.0)
	57(19.3)		65(22.0)
Family income (in thousands)		Type of Residence	
Up to Rs.30	105(35.6)	Rented	94(31.9)
Rs.30 - Rs.45	98(33.2)	Own	201(68.1)
Above Rs.45	92(31.2)		

It is clear from the table 2 Majority of 51.2% investors monitor investment related information regularly and 36.9% investors expect higher rate of return. In the case of Regularity of Investment Majority of 54.6% investor make regular investments. 44.1% investor uses their own savings as a source for investment.

Table: 2 Investment Behavior of Investor

Profile	No. of Investors (N:295)	Profile	No. of Investors (N:295)
Span of limit		Percentage of Investment	
Immediately		Below 10%	
With in 1 or 2 days	40(13.6)	10% - 20%	57(19.3)
With in 1 or 2 weeks	92(31.2)	21% - 30%	137(46.4)
Very long time	84(28.5)	Above 30%	67(22.7)
	79(26.8)		34(11.5)
Frequency of monitor investment information		Sources for investment	
Occasional		Own Savings	
Regular	99(33.6)	Business Income	130(44.1)
Very regular	151(51.2)	Bonus or surplus income	93(31.5)
	45(15.3)		72(24.4)
Expected rate of return		Regularity of investment	
Reasonable (up to 8%)	92(31.2)	Occasional	
High (12% - 24%)	109(36.9)	Regular	98(33.2)
Very high (more than 24%)	94(31.9)	Very regular	161(54.6)
			36(12.2)
Frequency of answerable for investment decision		Person of motivators	
Not at all	60(20.3)	Parents	
Occasional	146(49.5)	Spouse	64(21.7)
Regular	89(30.2)	Friends and Relatives	107(36.3)
		Brokers	75(25.4)
		Others	21(7.1)
			28(9.5)
Basic nature		Level of Accepting Risk	
Neither Flexible nor Rigid	57(19.3)	Low	62(21.0)
Rigid	105(35.6)	Moderate	173(58.6)
Flexible	133(45.1)	High	60(20.3)
Frequency of Consultation with spouse		Frequency of Consultation with friends	
Not at all	72(24.4)	Not at all	84(28.5)
Occasional	114(38.6)	Occasional	107(36.3)
Regular	109(36.9)	Regular	104(35.3)
Frequency Of Consultation with Children			
Not at all	139(47.1)		
Occasional	105(35.6)		
Regular	51(17.3)		

It is clear from the table 2 With regards to the Percentage of Investment 46.4% investors have invested 10% and 20%. And in relation to Person who provides help during financial problem 36.3% investors seek help from their spouse. And 49.5% investors are occasionally answering their investment decision. And in relation to the investors flexibility 45.1% investors are flexible in nature. With regard to the, investors level of accepting risk Majority 58.6% are moderate level of accepting risk. Among total investors, 38.6% investors occasionally consult with their spouse. And 36.3% investors occasionally consult with their friends. Among total investors 47.1% are not at all consulting their children before taking investment decisions

In this section an attempt has been made to find out the determinants that influence the extent of investment in various investment avenues. The selected socio economic, investment behaviour variables are compared with various investment avenues to know about the association between them. The chi-square test has been applied to find out the association between the selected variables and investors extent of investment in various investment avenues.

Table 3 shows the attributes which are associated with extent of investment in various investment avenues: FD& Savings, Totally 20 variables have been tested in order to identify their association with extent of investment: FD& Savings. It is found that, only six variables such as Age, Qualification, Occupation, Basic nature, Frequency of monitor investment related information and Regularity of Investment are significantly associated with extent of investment in FD& Savings.

The above Table 3 shows the attributes which are associated with extent of investment in various investment avenues: Gold& silver, Totally 20 variables have been tested in order to identify their association with extent of investment: Gold& silver. It is found that, only five variables such as Age, Occupation, No of dependents, Status in the family, Time spend for taking investment decision are significantly associated with extent of investment in Gold& silver.

The above Table 3 shows the attributes which are associated with extent of investment in various investment avenues: Insurance policy, Totally 20 variables have been tested in order to identify their association with extent of investment: Insurance policy. It is found that, only six variables such as Member in the family, Status in the family, Family income, Time spend for taking investment decision, Source utilized for investment, Consultation with spouse are significantly associated with extent of investment in Insurance policy

The above Table 4 shows the attributes which are associated with extent of investment in various investment avenues: Post Office, Totally 20 variables have been tested in order to identify their association with extent of investment: Post Office. It is found that, only three variables such as Type of residence, Frequency of monitor investment related information and Regularity of Investment are significantly associated with extent of investment in Post Office.

Table: 3 Attributes those are associated with investment behaviour

* Significant at five percent level

** Significant at one percent level

Variables	FD& Savings χ^2 value	Gold& silver χ^2 value	Insurance policy χ^2 value	Post Office χ^2 value	Mutual funds χ^2 value	Real estate χ^2 value	Share χ^2 value
Age	15.916*	18.174**	14.226	11.122	18.072**	16.080*	8.741
Gender	4.931	1.704	2.431	4.365	4.313	0.016	6.712*
Qualification	13.242*	3.836	14.226	2.855	3.747	8.856	11.638
Occupation	19.417*	23.567**	2.431	12.557	9.819	23.473**	4.851
Member in the family	4.084	11.713	25.175**	5.169	6.143	1.012	0.903
No of dependents	12.965	26.822**	3.576	6.246	20.163**	9.736	8.419
Status in the family	0.154	9.162*	16.680*	2.672	4.036	0.578	30.761**
Monthly income	2.526	5.291	10.115	6.035	17.970**	4.141	9.095
Family income	0.631	7.689	13.826**	2.812	0.887	8.948	7.614*
Type of residence	0.480	3.152	2.201	34.233**	0.899	1.820	17.518**
Frequency of investment decision	8.199	4.150	1.469	8.828	4.708	2.814	17.136**
Basic nature	12.136*	5.161	6.169	8.535	4.638	5.008	3.521
Time spend for taking investment decision	7.090	13.974**	19.309**	2.881	3.529	1.069	2.605
Frequency of monitor investment related information	14.726**	6.089	7.978	10.902*	2.390	9.352	4.136
Expected rate of return	6.083	3.966	4.155	1.671	2.730	5.503	17.759**
Regularity of Investment	14.636**	1.116	8.390	11.938*	6.327	1.233	12.125*
Source utilized for investment	1.860	7.307	11.202*	4.656	0.960	9.932*	4.690
Consultation with spouse	6.963	2.857	11.729*	3.394	3.723	1.140	5.031
Consultation with friends	7.421	3.316	7.746	4.174	9.574*	3.410	6.034
Consultation with children	6.806	7.443	0.865	6.764	10.830*	6.657	3.572

The above Table 4 shows the attributes which are associated with extent of investment in various investment avenues: Mutual funds, Totally 20 variables have been tested in order to identify their association with extent of investment: Mutual funds. It is found that, only five variables such as Age, No of dependents, Monthly income, Consultation with friends and Consultation with children are significantly associated with extent of investment in Mutual funds

The above Table 4 shows the attributes which are associated with extent of investment in various investment avenues: Real estate, Totally 20 variables have been tested in order to identify their association between them. It is found that, only three variables such as Age, Occupation and Source utilized for investment are significantly associated with extent of investment in Real estate

The above Table 4 shows the attributes which are associated with extent of investment in various investment avenues: Shares, Totally 20 variables have been tested in order to identify their association with extent of investment: Shares. It is found that, only

six variables such as Gender, Status in the family, Type of residence, Frequency of answering investment decision, Expected rate of return and Regularity of Investment are significantly associated with extent of investment in shares

VIII. SUGGESTIONS

SUGGESTION TO INVESTORS:

- Everyone who would like to invest has to understand the fundamentals of investment and the technical details, in additions they have to evaluate their financial ability and risk taking capacity to investors should cultivate the habit of referencing daily's, other sources of information and journals to update about the investment climate.

SUGGESTION TO REGULARITY AUTHORITIES:

- Regularity authorities have to watch the investment conditions and have to take necessary actions to protect the interest of the investors at the appropriate time. And they have to educate the investors about the investment avenues available to them.
- They have to offer various schemes to satisfy the expectation of the investors. Investment companies have educated the investors so that more number of people well develops the habit of investing in new avenues.

IX. CONCLUSION

Today the cost of living and standard of living increasing day by day and the financial services sector has become highly diversified offering the investor with a wide range of investment avenues. With proper investment strategies and financial planning, investor can increase personal wealth which will contribute to higher economic growth. Study concludes that investment done in various investment avenues with the expectation of capital appreciation and short and long term earnings. The basic idea behind investment of all government, private, self-employed and retired person in this study is to utilize the surplus money in favorable plans so that the money will be rolled back as well as it will give high returns also. Understanding the saving and investment choice could be of great relevance to the investors for their wealth management and to the policy makers, the investment agencies, the researchers as well as managers of the firms to prepare themselves to respond to the varying choice of the investor.

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