



INVESTOR'S BEHAVIOUR TOWARDS SELECT INVESTMENT AVENUES - AN EMPIRICAL STUDY

G. Santoshi, Head, Department of Business Administration, Indian Institute of Management and Commerce, ORCID ID: 0000-0003-1370-0762

ABSTRACT

Investment is a crucial activity for every individual. Investment is nothing but commitment of some resource to get some benefit in future. This study focuses on the awareness level and perception of investors towards select investment avenues like deposits, gold, silver, equity shares, bonds, debentures, real estate, insurance etc. For this study primary data was collected using a questionnaire through Google forms by random sampling technique. Total 108 responses were received and analysed. It is found that most of the respondents are aware of deposits, followed by gold, silver, mutual funds and insurance & prefer to invest in gold, silver, followed by mutual funds, equity shares, deposits, real estate. It is observed that majority of the respondents are investing in low risk investments. It is suggested that more awareness programs need to be conducted so that investors can know about various avenues and invest in them to know the risks associated with them so that they can get good returns.

Key Words: Investment, Investment Avenues, Traditional investments, Emerging investments

JEL Classification: G₄

I Introduction

Money is incredibly important to everyone in today's environment. People must invest their money in order to deal with the unpredictability of the future. Investing is placing money into a resource that has the potential to provide income. Savings and investing go hand in hand, therefore before investing, a person must first save some money. Depending on the level of risk a person is willing to accept in exchange for a return, these savings are invested in various ways. Investments are made with the hope of earning a return that is proportionate to the risk assumed by the investor. As they can use their resources to invest in various avenues for some benefit in the future, many people find investing to be very intriguing.

Due to low income, poor savings, and low investment, the majority of nations struggle to manage their capital. Every country would have tremendous growth with high capital. In general, greater return is guaranteed where there is greater risk. Return and risk are mutually exclusive. There are many different investment opportunities, some of which are marketable and some of which are not, some of which are high risk and others of which are nearly riskless. An investor must make decisions based on the risk they are willing to accept and the reward they are expecting.

1.1 Investment

Investment is nothing but commitment of some resource to get some benefit in future. In finance, the main purpose of investing is to generate a return from the investment.

The return can be in the form of profits or losses, capital appreciation or depreciation, interests, capital gains or losses, or currency gains or losses.

1.2 Types of Investment Options

A) Traditional investments: Traditional investments are those made into well-known assets with the hope of receiving interest, dividends, and capital gains. These types of investments are highly regulated and indirectly invested. These investments are made on small amounts. The investors who



invest in these avenues they are passive owners, they are highly liquid in nature and the returns earned from this are linked to movement in global markets. The various traditional investment avenues are bonds, deposits, real estate, shares etc.

B) Low – risk investments: These are investment choices that provide a fixed income regardless of alterations in the market or in business conditions. This group includes debentures, bonds, and fixed deposits. In addition to this, there are other investment alternatives such as National Savings Certificates, EPF, PPF, Sukanya Samriddhi Yojana, Senior Citizen Savings Schemes, and PPF, which are government-sponsored programmes that give low-risk guaranteed returns. These investment plans give periodic and predetermined returns. Low risk investors should think about investing in low risk investment options if they want their investment portfolio to be completely stable.

C) Medium – risk investments: In contrast to fixed income instruments, medium risk choices are best suited for investors who wish to earn relatively greater returns and a steady stream of income and have a medium risk appetite. This group includes balanced mutual funds, debt funds, and index funds. Debt and stability are both present in medium-risk investment options, but the returns' unpredictability can cause the principal amount to be lost. It is impossible to obtain a consistent fixed income due to the market volatility connected with these products.

D) High – risk investments: The rewards and risks of high-risk investing options are inversely correlated. These investment plans provide a high rate of return on investment, but they also carry a higher level of risk. This group includes equity, mutual funds, company stocks, and derivatives. These investment solutions are attractive to investors with strong market knowledge and high risk tolerance levels.

E) Emerging investments: Emerging market ventures are equally risky and rewarding. Investors who can pick the right developing investments at the appropriate moment stand to make enormous profits, albeit the hazards can occasionally be overlooked. The timing of an investment is crucial because the growth of developing investments isn't steady and they can be quite turbulent. Virtual real estate, private equity shares, art, and other developing investment opportunities are just a few examples.

1.3 Need of the Study

Most of the population has less knowledge about investment options. They generally invest in fixed deposits, public provident fund, gold, real estate etc. These are few options which they are aware of but they don't know that there are many other investment avenues available. So to know the awareness level of investors a study has been made.

II Literature Review

1. Vijayakumar L. and et.al (2021) this study examines the factors that determine and motivate investment, the channels of investment that are open to different classes of people, and the effects of pandemics on investor choices. Data was gathered through questionnaires, telephone interviews, etc., and was distributed using the random sample approach to the three major western Indian states of Maharashtra, Gujarat, and Rajasthan. A secondary source of information was the internet, as well as journals and books. Chi square testing was used in the study to examine how Covid-19 affected people's investment choices. They have come to the conclusion that only upper-class investors favour gold, real estate, stock markets, and mutual funds, while middle-class and lower-class investors favour PPF, fixed deposits, and insurance.

2. Sharma R. (2020) the researcher was looking for several elements influencing people's investment choices. By employing a mediation model, they have adhered to a widely used strategy for illuminating the connection between financial literacy, risk tolerance, and investment decision. They demonstrated a clear connection between financial knowledge and risk tolerance using this model.



3. Bansal, N. and et.al (2019) this research examines the reasons of savings, awareness level and investment pattern & behaviour of investors in Delhi. The study is based on primary data collected from 126 people in the form a structured questionnaire and personal interview and analysed with the help of statistical software SPSS. They have concluded that people consider the security, benefit, duration on investment on regular basis.

4. Chaurasia P. (2017) this study investigates how demographic traits and investment goals relate to the routes that individual investors choose to invest in. A systematic questionnaire has been used in this survey approach. The study was conducted in the Indian state of Madhya Pradesh's Indore district. The sample, which consisted of 229 respondents, revealed that the majority of investors' goals are liquidity, tax advantages, and speedy returns.

5. Sathiyamoorthy M.C. and et.al (2015) this study is based on primary sources of data which are collected by distribution of a close ended questionnaire. The data has been analyzed using chi-square test. The research shows that majority of the respondents are saving money for Bank deposits as they are safety of an unpredictable future.

III Objectives of the Study

1. To know the awareness level of investors towards selected investment avenues.
2. To study the perception of investors towards selected investment avenues.

IV Research Methodology

Sources of data: For this study, primary and secondary data has been collected. The primary data was collected in the form of questionnaire through google forms. Types of questions used for research are Close ended and Likert scale.

Secondary Data: Secondary data was collected through websites, articles.

Sample Size: The sample size for this study is “108”.

Sampling Technique: Random sampling technique is used to collect the data.

Method of Analysis: Calculated percentages are based on the results of the tabulation.

Scope of the Study: This study deals with the various investment avenues preferred by the investors, perception, factors influencing their investment decision, risk tolerance level, objective of the investment. Only selected investment avenues were considered for this study.

V Limitations of the Study

1. Some investors may hesitate and may not give proper response.
2. The responses collected are limited to only 108 respondents.
3. The primary data collected may not be accurate.

VI Data Analysis and Results

Table – 6.1: Gender

Options	No. of responses	Percentage of responses
Male	59	55%
Female	49	45%
Prefer not to say	0	–
Total	108	100%

Source: Primary Data

Interpretation: Table show that 55% are male and 45% are female respondents.

Table – 6.2: Age

Options	No. of responses	Percentage of responses
---------	------------------	-------------------------



21-30	38	35%
31- 40	16	15%
41-50	34	32%
Above 50	20	18%
Total	108	100%

Source: Primary Data

Interpretation: Data says that 35% of respondents belong to 21–30 age group, 15% belong to 31–40 age group, 31% belong to 41–50 age group and 19% respondents belong to age group who are above 50.

Table – 6.3: Qualification

Options	No. of responses	Percentage of responses
Under Graduate	55	51%
Post Graduate	53	49%
Doctorate	0	–
Total	108	100%

Source: Primary Data

Interpretation: Table interpreted that 51% of the respondents are under graduates and 49% are post graduates.

Table – 6.4: Occupation

Options	No. of responses	Percentage of responses
Students	35	32%
Salaried Employee	35	32%
Business	24	23%
Home maker	14	13%
Total	108	100%

Source: Primary Data

Interpretation: Table shows that 32% respondents are students, 32% respondents are salaried employees, 23% respondents are business persons and 13% respondents are home makers.

Table – 6.5: Annual Income

Options	No. of responses	Percentage of responses
Students	28	26%
Below Rs 2,00,000	14	13%
Rs 2,00,000 – Rs 4,00,000	15	14%
Rs 4,00,000 –Rs 6,00,000	11	10%
Above Rs 6,00,000	40	37%



Total	108	100%
-------	-----	------

Source: Primary Data

Interpretation: Above data says that 26% are students, 13% respondents earn below Rs 2,00,000, 14% of respondents earn between Rs 2,00,000 – Rs 4,00,000, and 10% of respondents earn between Rs 4,00,000 – Rs 6,00,000, where 37% of respondents earn more than Rs 6,00,000.

Table – 6.6: Savings

Options	No. of responses	Percentage of responses
0 % –10%	44	41%
11% –20%	41	38%
21% – 30%	19	18%
Above 30%	4	3%
Total	108	100%

Source: Primary Data

Interpretation: Table shows that 41% respondents save 0% – 10% of their income, 38% of respondents 11% – 20%, 18% respondents 21% – 30% and 3% of respondents save more than 30% of their income.

Table – 6.7: Awareness of Investment Avenues

Options	No. of responses	Percentage of responses
Deposits	74	69%
Mutual Funds	64	59%
Insurance	64	59%
Bonds	38	35%
Debentures	33	31%
Equity Shares	52	48%
Real Estate	44	41%
Gold, Silver	71	66%
Chit Funds	46	43%
Art	10	9%
Others	4	3%

Source: Primary Data

Interpretation: Table shows that 69% are aware of deposits, 59% mutual funds, 59% insurance, 35% bonds, 31% debentures, 48% equity shares, 41% real estate, 66% gold and silver, 43% chit funds, 9% art and 3% are aware of others one of that is crypto.

Table – 6.8: Source of Information

Options	No. of responses	Percentage of responses
Newspaper	15	14%
Television	16	15%
Friends and family	62	58%
Brokers	2	1%



Financial advisor	13	12%
Total	108	100%

Source: Primary Data

Interpretation: Table interprets that 14% respondents get information through newspapers, 15% from television, 58% through family and friends, 1% through brokers and 12% through financial advisors.

Table – 6.9: Knowledge about Investments

Options	No. of responses	Percentage of responses
Very little	37	34%
Basic	40	37%
Considerable	31	29%
Expertise	0	–
Total	108	100%

Source: Primary Data

Interpretation: Data says that 34% respondents have very little knowledge, 37% have basic knowledge about investments and 29% of respondents have considerable knowledge about investments.

Table – 6.10: Type of Investment Avenues Investing

Options	No. of responses	Percentage of responses
Low risk investment avenues	60	56%
Moderate risk investment avenues	36	33%
High risk investment avenues	10	9%
Traditional investment avenues	20	19%
Emerging investment avenues	7	6%

Source: Primary Data

Interpretation: Table shows that 56% of respondents invest in low risk investment avenues, 33% in moderate risk investment avenues, 19% in traditional investment avenues, 9% in high risk investment avenues and 6% of respondents invest in emerging investment avenues.

Table – 6.11: Preference towards Investment Avenues

Options	No. of responses	Percentage of responses
Equity shares	39	36%
Chit funds	13	12%
Mutual funds	46	43%
Insurance	33	31%
Real Estate	34	32%



Gold, Silver	52	48%
Art	6	5%
Deposits	36	34%
Bonds	8	7%
Debentures	8	7%
Others	3	2%

Source: Primary Data

Interpretation: Above data interprets that 36% respondents prefer equity shares, bonds and debentures, 12% money market instruments, 43% mutual funds, 31% insurance, 32% real estate, 48% gold and silver, 5% respondents for derivatives, 34% respondents for deposits and 2% respondents have responded for others and mentioned that they prefer to invest in equipment and crypto.

Table – 6.12: Objectives for Investment

Options	No. of responses	Percentage of responses
Retirement	32	30%
Tax savings	10	9%
Regular income	38	35%
Capital appreciation	26	24%
Passive income	1	1%
Others	1	1%
Total	108	100%

Source: Primary Data

Interpretation: Table shows that 30% respondent's objective for investment is retirement, 9% tax savings, 35% regular income, 24% capital appreciation, 1% passive income and 1% respondents objective is for others.

Table – 6.13: Factors for Investment

Options	No. of responses	Percentage of responses
Risk	58	54%
Return	72	67%
Liquidity	34	32%
Tax benefit	27	25%
Time period	38	35%
Safety	58	54%

Source: Primary Data

Interpretation: Table tells us that 54% respondents consider for risk, 67% returns, 32% liquidity, 25% tax benefits, 35% time period and 54% respondents consider safety.

Table – 6.14: Risk Taking Ability on a Likert Scale, where 1- very low and 5 – very high

Options	No. of responses	Percentage of responses
1	23	22%
2	32	30%
3	45	42%
4	5	4%
5	3	2%
Total	108	100%

Source: Primary Data

Interpretation: Table shows that 22% respondents risk tolerance level is very low, 30% respondents risk bearing ability is low, 42% respondent’s risk tolerance level is moderate, 4% respondents risk tolerance level is high and 2% respondents risk tolerance level is very high risk.

Table – 6.15: Investment Time Period

Options	No. of responses	Percentage of responses
0–1 year	16	15%
1–5 years	68	63%
More than 5 years	24	22%
Total	108	100%

Source: Primary Data

Interpretation: Table shows that 15% respondents invest for a period of 1 year or less than a year, 63% for 1–5 years and 22% for more than 5 years.

Table – 6.16: Frequency to Review Investments

Options	No. of responses	Percentage of responses
Daily	8	7%
Weekly	18	17%
Monthly	35	33%
Quarterly	25	23%
Half yearly	12	11%
Annually	10	9%
Total	108	100%

Source: Primary Data

Interpretation: Table interprets that 7% respondents review their investments daily, 17% weekly, 33% monthly, 23% quarterly, 11% half yearly and 9% respondents review annually.

VII Findings

1. Most of the respondents are male and belong to the age group of 21–30 and are undergraduates.
2. Majority of the respondents are students and salaried employees.
3. Most of the respondents’ annual income is above Rs 6, 00,000 whose savings are 0%–10%.
4. 69% (74) respondents are aware of deposits.
5. It was found that 58% (62) respondent’s source of information is family and friends.



6. 37% (40) respondents have basic knowledge about investments.
7. 56% (60) respondents invest in low risk investments avenues.
8. It is observed that 48% (52) respondents prefer to invest in gold and silver.
9. It is shown that 30% (32) respondents' objective for investment is regular income.
10. Return is the major factor of investment.
11. It is found that 42% (45) take moderate risk.
12. 63% (68) invest for a period of 1 to 5 years.
13. It is observed that 33% (35) review their investments monthly.

VIII Suggestions

1. Most of the respondents are not aware of the different avenues of investments, so awareness programs should be conducted by SEBI to get basic knowledge about investments.
2. Investors should know the risks associated with their investments considering that they can prepare their investment plans accordingly
3. The risk bearing ability can be increased only when the investors have good knowledge about investments.
4. Investors have to analyse and identify the right avenues to invest and get high returns.
5. Investors can also invest through financial consultants to get high returns.

IX Conclusion

This study was made to analyse the awareness level of investors towards selected investments and their behaviour towards it. It has concluded that most of the investors invest in low and moderate risk investment avenues. Gold, silver and mutual funds are the avenues mostly preferred by the investors. The investors are able to take moderate risk but are not investing wisely to solve this they have to prepare a proper financial plan for their investments to get high returns with low risk.

References

Articles

- [1] Bansal N and Hassan N (2019), "An Insight into Factors Influencing Investment Behaviour of Individuals: With Reference To Delhi/NCR, India", 4th International Conference On Recent Trends in Humanities, Technology, Management & Social Development, 2019, KIET School Of Management, Ghaziabad, UP, pp198-205.
- [2] Chaurasia P (2017), "A Study of Investment Objectives of Individual Investors", International Journal of Research in Finance and Marketing (IJRFM), Vol.7, 2017, pp131-142.
- [3] Sathiyamoorthy M C and Dr. Krishnamurthy K (2015), "Investment pattern and awareness of salaried class investors in Tiruvannamalai district of Tamil Nadu, India", Asia Pacific Journal of Research, Vol. I, 2015, pp75-83.
- [4] Sharma R (2020), "Impact of financial literacy and risk tolerance on investment decision", International Journal of Management and Humanities (IJMH), Vol.4, 2020, pp.53-56.
- [5] Vijayakumar L and Mehta Senior M (2021), "Investment Pattern of Distinct Economic Classes of Western India: Impact and Reverberation of Covid-19 Pandemic", Turkish Online Journal of Qualitative Inquiry, Vol.12, 2021, pp3155-3172.

Websites

- <https://www.ijmh.org/wp-content/uploads/papers/v4i11/K10590741120.pdf>
<https://bit.ly/43Cn10P>
http://indusedu.org/pdfs/IJREISS/IJREISS_2977_61088.pdf
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3032942
<https://irjbm.org/irjbm2013/April2014/Paper6.pdf>
<https://bit.ly/40cw7i7>



<https://rb.gy/8no99>

https://web.archive.org/web/20180426171041id_/http://www.apjor.com/downloads/2206201510.pdf

<https://www.sciencedirect.com/science/article/pii/S0970389615000658>

<https://cvr.ac.in/ojs/index.php/cvraicin/article/view/65>

<http://solidstatetechnology.us/index.php/JSST/article/view/5722>

http://indusedu.org/pdfs/IJREISS/IJREISS_369_98980.pdf

<https://www.rajalakshmi.org/ijgbmr/downloads/IJGBMRAug14.pdf#page=35>

<https://citeseerx.ist.psu.edu/document?repid=rep1&type=pdf&doi=df47c90e6a8609decdd9fa1f9b9a87f9f76c7b8c>

<https://www.sciencedirect.com/science/article/pii/S2212567114002044>

http://www.caal-intedu.org/ibea2013/ejournal/089---VR_Palanivelu&K_Chandrakumar---A_Study_on_Preferred.pdf

<https://www.mcser.org/journal/index.php/mjss/article/view/6948>

<https://efinancemanagement.com/investment-decisions/various-avenues-and-investments-alternative>

<https://www.investopedia.com/articles/basics/11/should-you-invest-emerging-markets.asp>

<https://www.ameriprise.com/financial-goals-priorities/investing/emerging-market-investments>

https://en.wikipedia.org/wiki/Traditional_investments#:~:text=In%20finance%2C%20the%20notion%20of,%20dividends%2C%20and%20interest%20earnings.

<https://www.icicidirect.com/ilearn/stocks/courses/chapter-1-need-for-investment-and-different-investment-avenues04>

<https://bit.ly/40dyDo4>

<https://www.cfainstitute.org/en/advocacy/issues/derivatives#sort=%40pubbrowsedate%20descending>

<https://theintactone.com/2019/05/18/saim-u1-topic-1-investment-meaning-nature-and-scope/>