International Research Journal of Management Science & Technology



ISSN 2250 – 1959(0nline)
2348 – 9367 (Print)

An Internationally Indexed Peer Reviewed & Refereed Journal

www.IRJMST.com
www.isarasolutions.com

Published by iSaRa Solutions

INVESTOR ATTITUDE TOWARDS VARIOUS INVESTMENT AVENUES

Dr. Vibha Jain,
Associate Professor,
Department of Commerce, JDMC
Ms. Ridhima Joshi,
Student, JDMC
Ms. Kartika Agarwal,
Student, JDMC
Ms. Sugati Goyal,
Student, JDMC

ABSTRACT

If someone has hard-earned money, they can either leave it idle or commit it for a set length of time. They should put the money to good use. According to Warren Buffet, "Someone is sitting in the shade today because someone planted a tree a long time ago." This is true in the case of investments as well. But how and where? Should an investment decision be a casual or a systematic one based on facts and figures?Every investment option has unique benefits and drawbacks. This paper discusses the psychology of the Indian population toward investing in various avenues like real estate, gold, fixed deposits, insurance, the stock market, etc. Examining investors' perceptions of various investment routes is the goal of the current empirical study. Additionally, the paper examines the influence of financial literacy and demographic factors (gender, age, educational qualification, profession, income level) affecting investment decisions. Due to the expansion of manufacturing and service sectors, infrastructure, personal financial assets, and foreign investment, the Indian investment market is expanding quickly. The decision to invest becomes more important due to expanding risk appetite, income, and awareness of individuals; as a result, it is intriguing to learn more about the many investment options and the psychology associated with investing.

KEYWORDS

Investment, Investor, Risk Appetite, Return, Financial Literacy,

INTRODUCTION

Living in the year 2023 is no less than a beautiful dream but also a nightmare for the common man. The utility of technology for every conceivable purpose has been demonstrated to people in our era. However, this is the same era in which humans got their biggest pushback from the worldwide spread of coronavirus. We have all undergone some improbable changes.

People across the world are now aware of how crucial money is. Everything, including access to necessities and healthcare, depends on how well an individual has managed their money. This is where investment and savings shine a ray of hope for everyone.

To mention India, it is projected to experience a remarkable nominal GDP growth of 10.5% year over year reaching 301.75 trillion rupees in the year 2023–24. Indian population has grown, and so has the income level. This leaves citizens with more options to either spend, save or invest the money.

People work and earn money to spend on requirements and wants, then they save money for some future necessities, but what is the purpose of having money that isn't working for you while you're

asleep? Investment swoops in to fulfill this requirement. Money left idle today does not have the tendency to beat inflation and will eventually decrease in value whereas the same amount of money, when invested in the right avenues has the tendency to grow to a much higher value with the effect of compounding. Investing can be a great way to generate passive income. Investing money helps to achieve personal and financial goals.

The investment gives financial freedom to people. It allows people to plan for their retirement or to plan for some unforeseen life events. But all these benefits of different investment avenues can be availed only if people are aware of such opportunities around them. The ability to understand and effectively use different financial skills including Investing, budgeting, etc is known as Financial Literacy. A financially literate person can better understand the relationship with money. Educating society about such factors is the key to success when it comes to money.

India has come a long way from investing meagrely in avenues like FDs, gold, and real estate to now investing in Insurance, mutual funds, stock market, Post office saving schemes, etc. This transition was not an easy ride. There has been a shift in perspective of how people see an economy and their role in making money. The efforts by the Indian government to educate citizens about financial literacy and improved the accountability of financial institutions have been key in restoring public confidence in the financial markets. In addition to this, technology has opened doors for thousands of social media influencers who educate people of the age as young as 12-13 to the retired section of society. This paper aims to determine whether or not financial literacy is still a problem in our country. It also discusses how investor attitude varies on demographic and economic factors.

OBJECTIVES

The main objective of the study is to understand the attitude of individual investors towards various available investment avenues. Particularly, these are the following objectives:

1. To understand how demographic factors affect the decision to invest in various investment avenues as per their risk-taking capabilities and return requirements.
2. To evaluate the impact of financial literacy on investment decisions taken by individual households.

METHODOLOGY

The survey attempted to gather data from the citizens of Delhi NCR and fetched around 445 responses. The study makes use of primary as well as secondary data.

The primary data has been collected through a sample survey designed to judge individual investors perception and level of financial literacy. Respondents has been taken from the ‘targeted relevant population’ segment based on purposive random sampling across different gender, income, education, age and occupation. The results for same have been analysed by using various statistical tools and techniques such as Venn Diagram analysis, Chart analysis, and Percentage analysis.

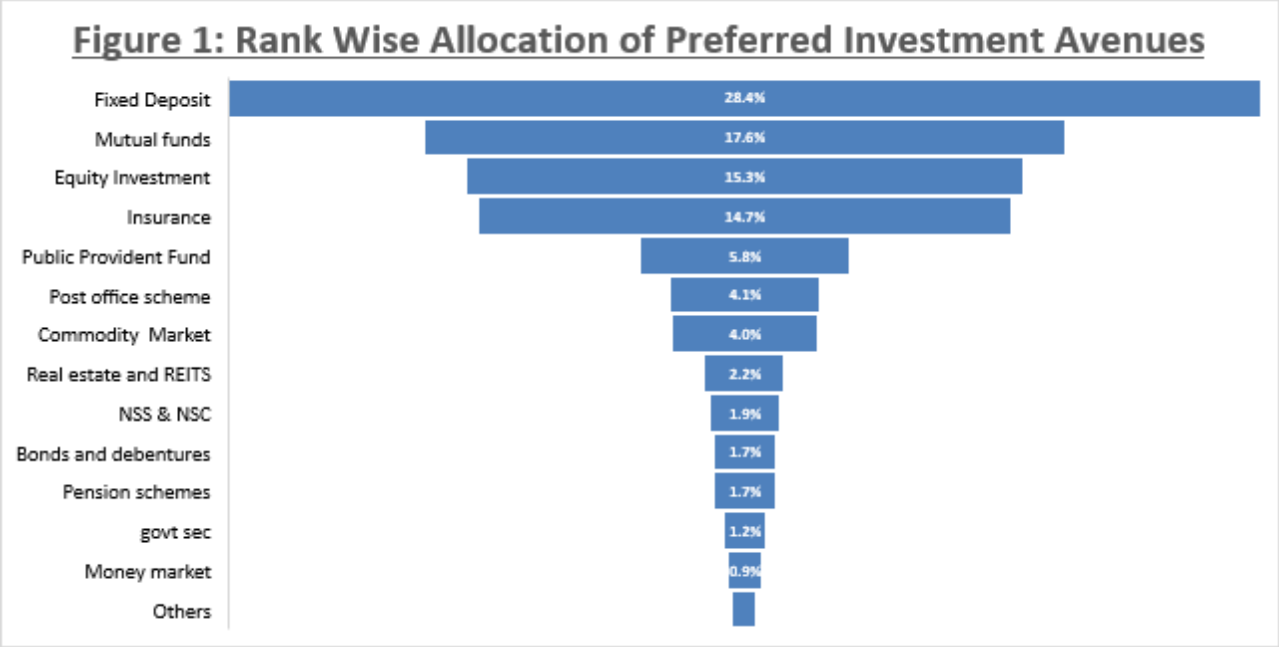
Secondary data has been analysed for understanding the level of financial literacy amongst population and implications of investment avenues on the economy by referring numerous journals, websites as well as books.

LITERATURE REVIEW

(Asst. Professor, St. Claret College, Bangalore. &Matharu., 2017). The study on preferred investment choices of people in Hoshiarpur city found that some respondents are not aware of various investment choices and not much aware of the investing pattern in stock market, equity etc. All age groups give more importance to bank deposit and Insurance. Income level of respondents is an important factor which affects investment portfolio. A planned marketing approach should be

used to promote savings and investments behaviour at both rural and urban investors to enrich the total economy.

(Research Scholar Department of Management Studies Jntua- Anatapuramu – A.P et al., 2019) The study shows that different investment routes have distinct reasons why investors favour them. The Investment Avenue investor's preferred explanation relies on the investment's goals, including risk, return, safety, and liquidity. The majority of investors invest in the stock market in search of profits, whereas bond investors take on risk and occasionally reap rewards. Investors who are risk averse prefer to invest in mutual funds as a means of securing their future needs.



(Ph. D Research Scholar, Bharathidasan University, Tiruchirappalli et al., 2019)This study tested the influence of demographical factors and sources of information on investors' awareness and risk attitude towards various investment avenues. Results showed that residential area and educational qualification and occupation differed on source of information. Modern technology development can help investors make informed decisions.

(Chattopadhyay & Dasgupta, 2015)This study found that Indian investors have a lower risk tolerance level than their younger inexperienced counterparts, with a positive and somewhat significant impact of age. Married investors with children and other dependents are more risk averse than their unmarried counterparts, and higher education brings higher risk tolerance. However, both male and female married investors have below average risk tolerance scores, making them highly risk averse. Risk tolerance is not a simple one-dimensional attitude, and more research is needed to investigate individualistic factors such as expectations, attitudes, preferences, perceptions, biases, previous experiences, knowledge and skills, family background and culture, religion, nationality and financial stability factors.

DATA ANALYSIS

Investment Avenues in which people have invested through the years:

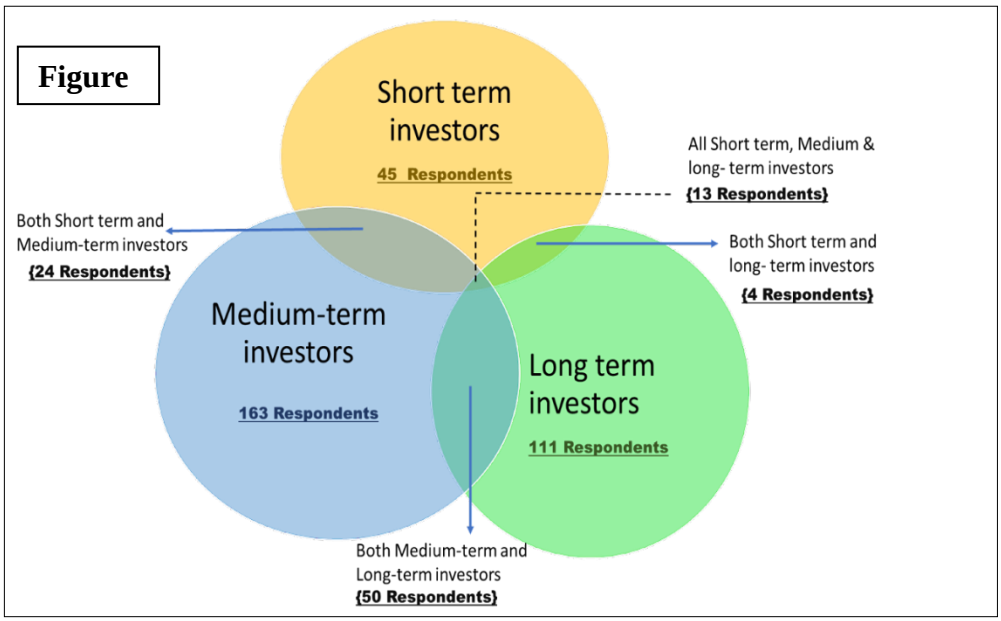
The above graph (figure 1) depicts the list of investment avenues in which the respondents have invested throughout the years.

The data has been represented in a descending order rank of the investment avenue in which most of the people are investing to the least preferred investment avenue. The magnitude of the bar beside

each investment avenue represents the percentage of total respondents who have ever invested in that particular avenue. It is observed that the majority (28.4%) of the respondents prefer to allocate their savings as Fixed Deposits. This behavior may be because fixed deposits are one of the safest forms of investment avenues giving constant returns. Mutual funds and equity investments can also be observed to be popular forms of investment avenues amongst the respondents with around 17.6% and 15.3% of the respondents investing in them respectively. The popularity of these avenues may be because they offer a high-risk premium that attracts investors. It was found that the majority of the respondents who were investing in these avenues (Mutual funds and Equity) had also parked their money in fixed deposits, thus, diversifying their risk profile. Insurance (14.7%) also occupies a significant position in the investment portfolio of the respondents. Whereas the other avenues like PPF, Commodity markets, Real Estate, schemes like NSS & NSC, bonds and debentures, pension schemes, government securities, money market securities, etc are found to be less popular investment avenues. These avenues were found to be less popular because of less awareness among the respondents about these avenues. It was found that more than 50% of the respondents had never heard of all these other investment avenues and amongst the respondents who had heard of these avenues, only a few were willing to invest in them due to less confidence and negligible knowledge.

Preferred duration/term of Investment

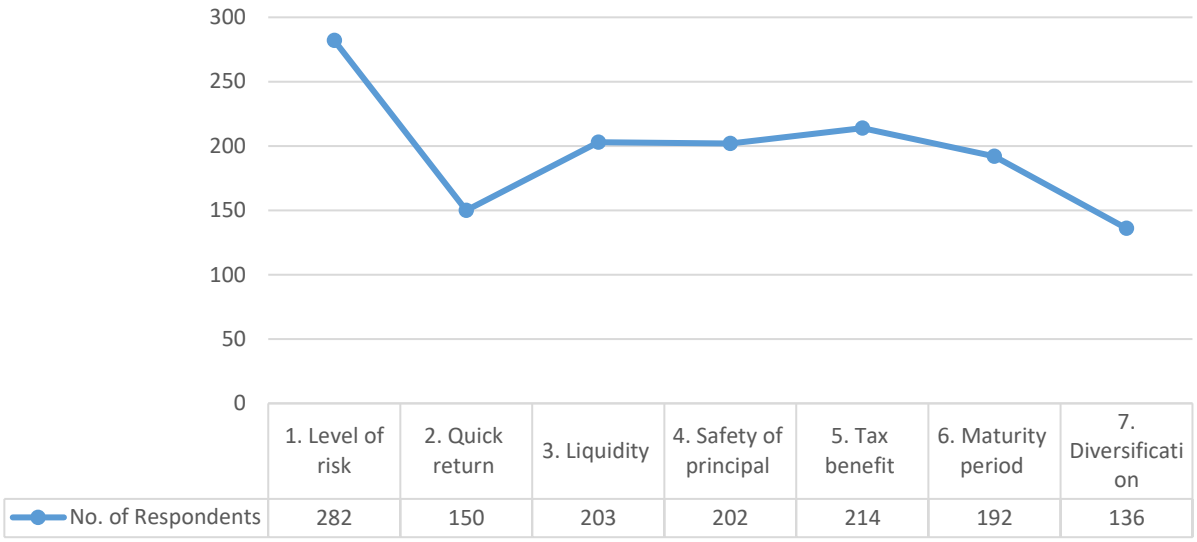
Figure



The survey collected data on investors' preferred duration/term of investing. The results of the survey have been depicted in the form of a Venn Diagram (Fig 2). The majority of the respondents prefer investing in medium-term investment avenues (250), followed long-term investment avenues (178) and only 86 respondents prefer investing in short-term avenues. The preferred duration to invest depends on a variety of factors like investment goals, risk appetite, and need for liquidity. The increased inclination towards medium-termm investment avenues reflects that the respondents wish to achieve a balance between liquidity and high return.

Factors considered while investing

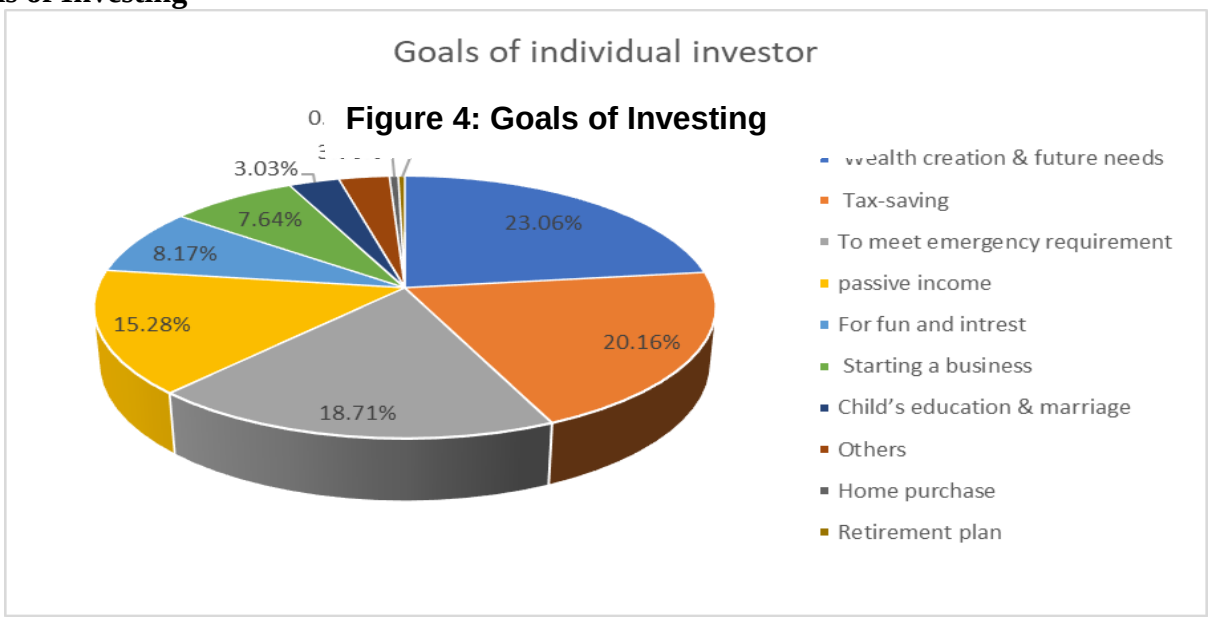
Figure 3 :Factors people consider while Investing



The survey collected data from respondents about what considerations, take into account before making the decision to invest in a particular avenue to understand the factors influencing investment behaviour in individuals. The results showed that Level of risk is the most dominant factor considered by individuals for making investment decision followed by Liquidity, Safety of Principal, and Tax Benefit which are also key variables influencing the preferences of individuals.

Goals of Investing

Figure 4: Goals of Investing



Every individual has a financial goal and investing serves as a way to achieve those goals quicker. The survey collected data from respondents about their financial goals which drive their investment practices. As can be observed in Figure 4, Wealth creation for meeting future needs, tax saving,

meeting emergency requirements, and generating a source of passive income are found to be the primary goals amongst respondents from all age groups.

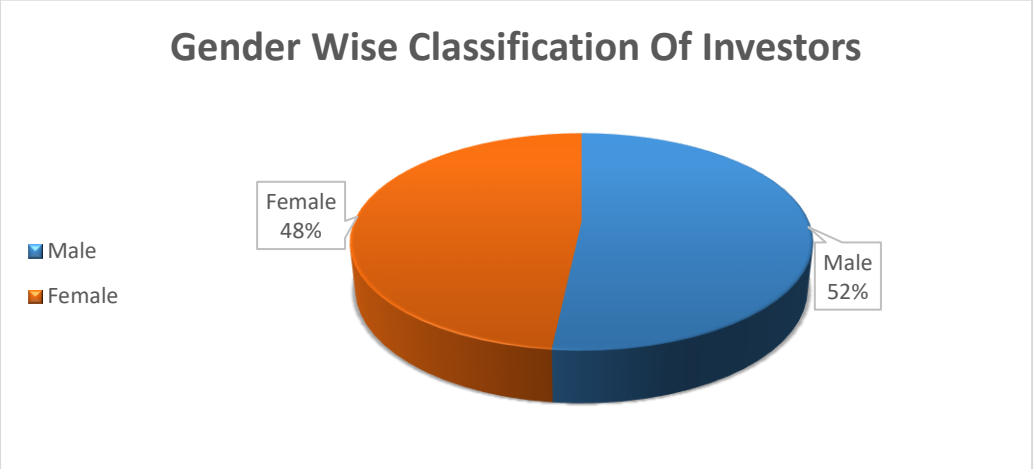
Demographic Analysis

Classification of data as per Demographic Variables

The total sample consists of 445 respondents. Amongst these, 35 respondents i.e., 7.9% of respondents do not invest and have no plans to invest in the future. Hence, they have been excluded from any analysis to ensure an accurate view.

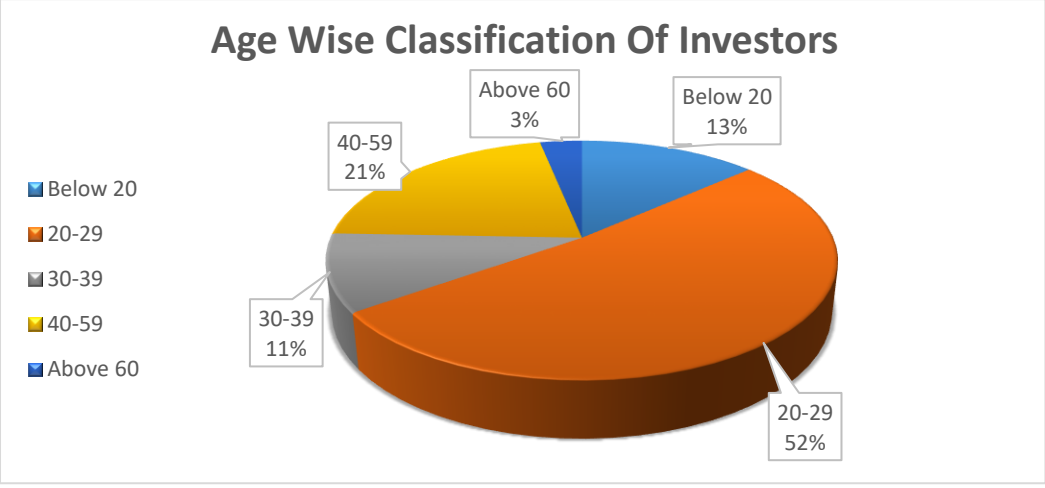
Fig 5. Demographic Analysis

(a)Gender



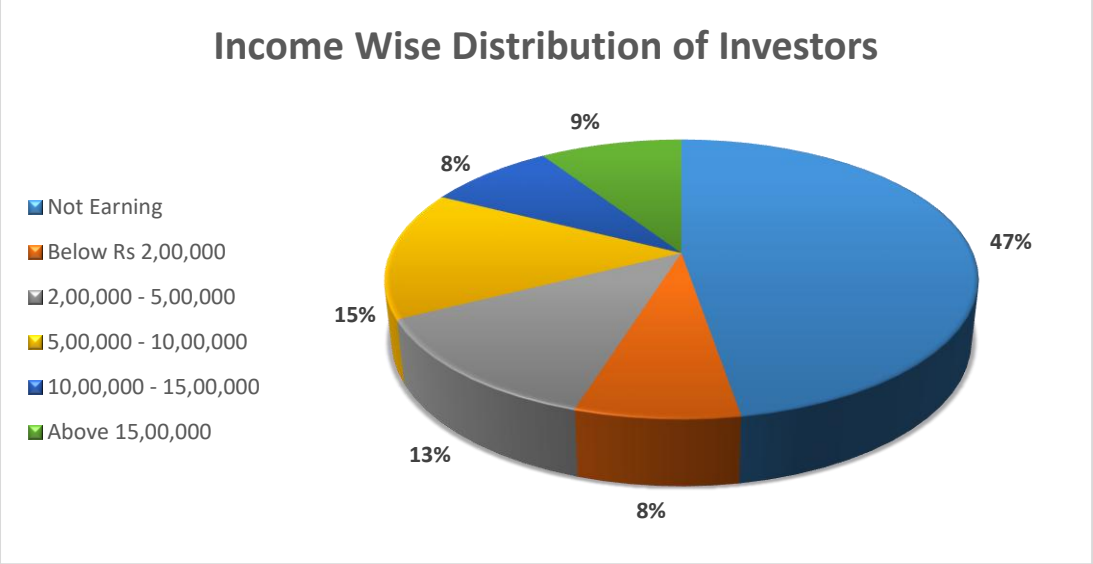
As can be seen from the above pie chart, our survey sample consists of 52% of Males and 48% of Females signifying an evenly distributed data on gender.

(b)Age Group

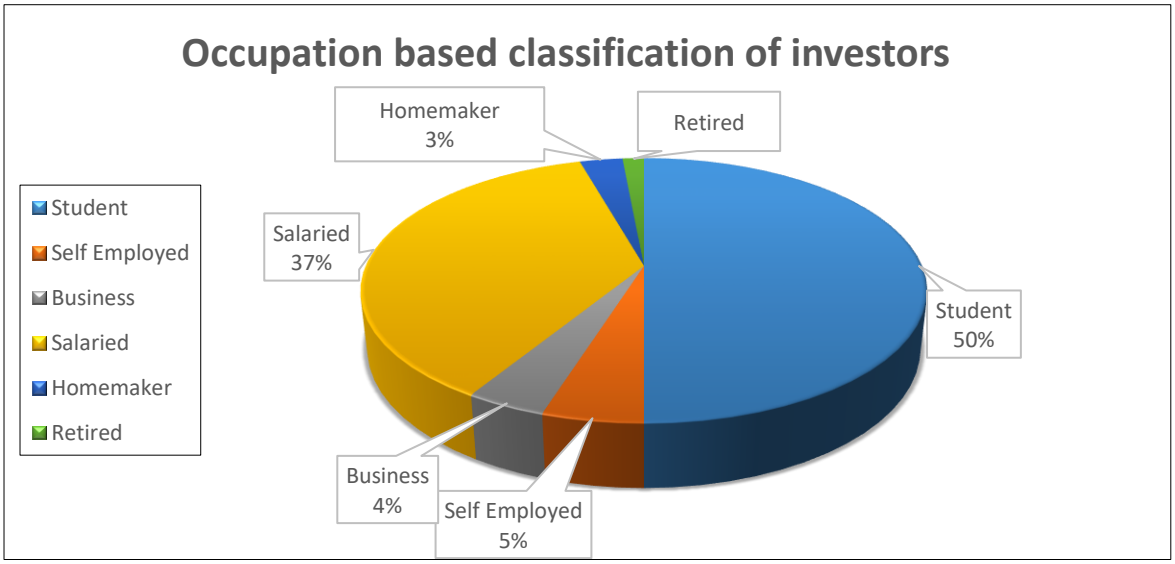


The above graph shows the age wise distribution of investors from the collected sample data. It can be observed that majority of the respondents belong to the age group of 20-29 years (52%), followed by 40-59 years (21%), below 20 (13%), 30-39 years (11%) and above 60 (3%). It can be observed that respondents from diverse age groups have participated in the survey.

(c)Annual Income



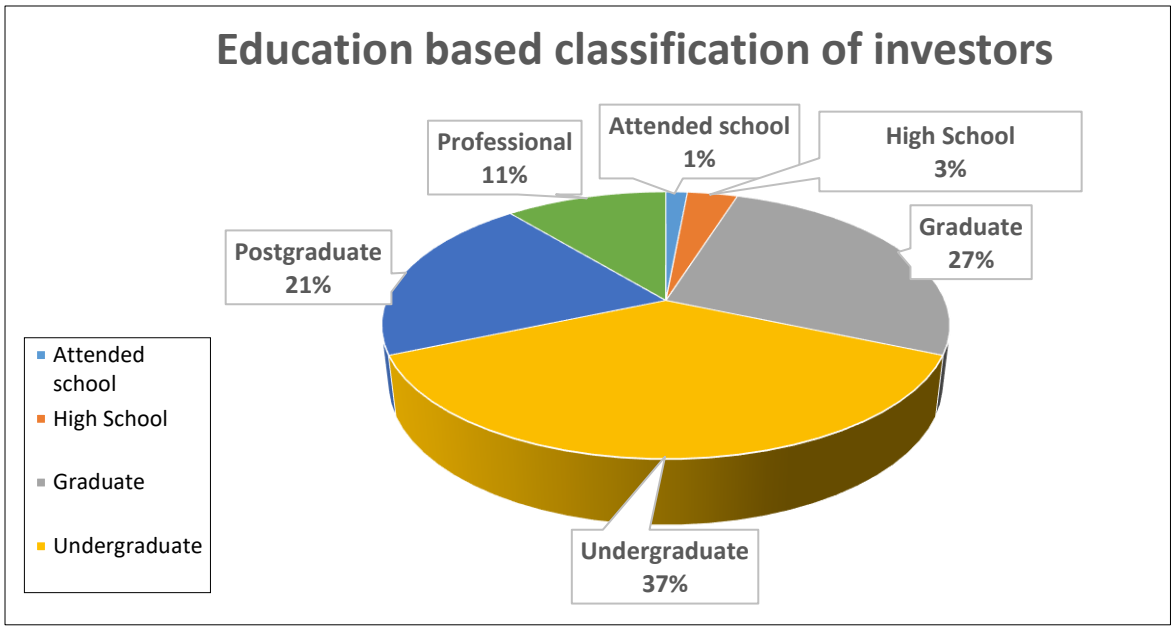
The above graph shows the income-wise distribution of investors from the collected sample data. It can be observed that the majority of the respondents were not earning but invested through their family's income (47%), the remaining respondents were distributed almost evenly across all income levels.



(d) Occupation

The above graph shows the occupation wise distribution of investors from the collected sample data. It can be observed that majority of the respondents were students (50%), followed by salaried individuals (37%), Self-employed and business professionals (9%), homemaker (3%) and retired (1%).

(e) Educational Qualifications



The above graph shows the distribution of investors on the basis of their highest educational qualification from the collected sample data. It can be observed that the majority of the respondents are undergraduates (37%), followed by graduates (27%), postgraduates (21%), professionals (11%), high school graduates (3%), and only attended school (1%). Thus, it would be appropriate to say that the data has been collected from the literate population segment.

Relationship between Demographic Variables & Investment Avenues

(A) Relationship between Gender and Investment behavior

Investment- Gender Analysis

One of India's top five brokerages, Zerodha, Axis Securities, ICICI Direct, Upstox, and 5Paisa, reported that in the last two years, the proportion of women investing in equities increased in India from around 16% to 24%. The Covid-19 pandemic and the accompanying lockdown forced Indians, especially women, to juggle their home and professional lives. Despite the recession's impact on wages and job losses, one good development was the increase of female equity investors. A change in risk tolerance and awareness levels has been made, particularly for women (the younger population), who are open to investing in wealth-generating opportunities in the capital markets, regardless of their age and income, according to the gender analysis. There has been an increase in engagement in investing from people of all genders and socioeconomic backgrounds as a result of increasing knowledge about financial products and the availability of applications that make it simple for consumers to invest.

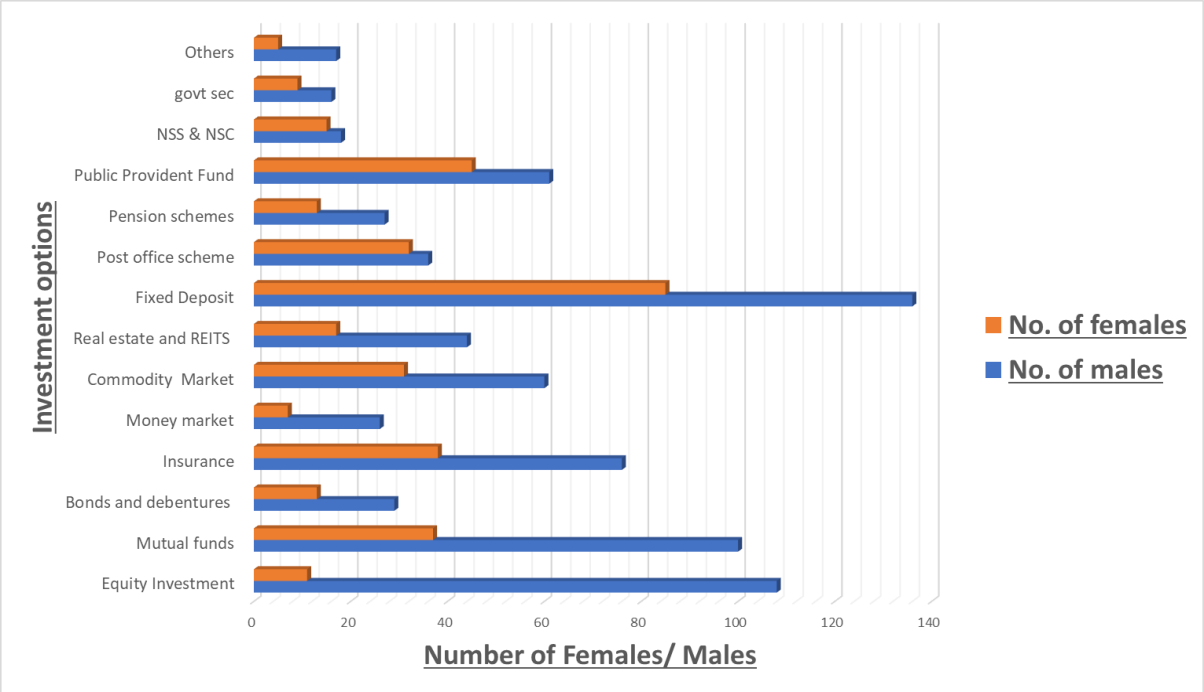
Characteristics of Respondents as per Gender:

The gender of the respondent is compared with the variables of education, financial literacy, percentage of income invested, and investment decisions. The respondents are either already investing with their own or their family's income or they are willing to invest in the future. Out of a total of 410 respondents, 198 were women and 212 were men. As shown in the chart.

A large proportion of both male and female respondents have an undergraduate or postgraduate educational qualification, while a small proportion has a professional qualification. A small percentage of respondents have a high school education as their highest educational qualification.

Most males make their investing decisions on their own, however, this is not the case for women. According to the results of our poll, 75% of males make investment decisions on their own without the assistance of a professional advisor & barely 45% of all Indian women invest on their own accord through self-analysis and calculations.

Fig 6: Investment Avenues opted by both Male and Female:

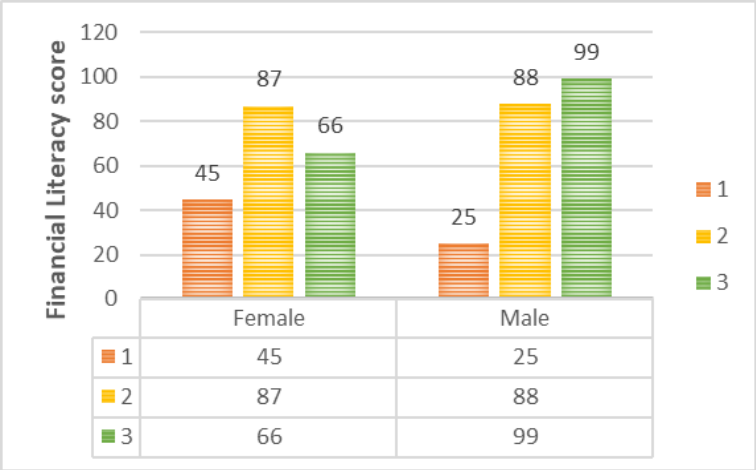


The graph above depicts the male-female combined outcome of which medium of investment they had ever invested in.

The orange bar beside each investment avenue represents the number of women who have ever invested in that particular avenue whereas the blue bar depicts the number of men who have invested in that avenue. Before doing any critical analysis, it is prominent that male members have participated in investing activities much more than the other gender.

Another conclusion from the above chart is that the fixed deposit stands to be the first preference for any gender. People who invest in fixed deposits have the opportunity to accumulate a large amount of their additional income and get a fixed interest rate in return. They are not market-linked instruments. As a result, they do not involve the same risks as stocks or mutual funds. Another factor that can help us understand this choice is that fixed deposits are one of the simplest investment instruments which also provide a tax benefit. Section 80C of the Income Tax Act states that individuals can claim tax deductions of up to Rs. 1.5 lakh against investments made in tax-saving fixed deposits.

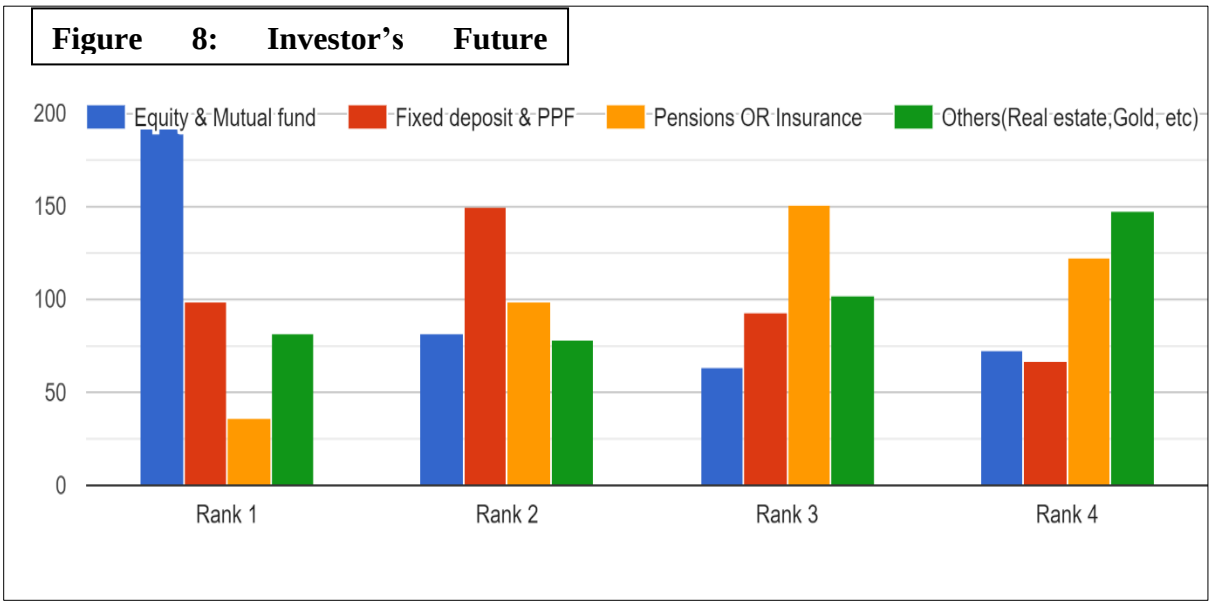
Figure 7: Gender and Financial Literacy:



The above chart shows the financial literacy score of both males and females. On being tested about basic and important financial knowledge, it was realized that 45 females and 25 males got "1" as their financial literacy score, which means this population is considered financially illiterate. 87 females and 88 males got a Score of "2", whereas the highest score (i.e., 3) depicts the financially literate population of the respondents. Only 66 females are financially literate, compared to 99 financially literate men. The survey captured that the majority of females are moderately financially literate, while the majority of males are financially literate citizens. This factor plays a key role in the decisions made by individuals while investing in avenues. It is obvious that a person who is more aware of the variety of investment options, their benefits, their drawbacks, and other characteristics can make a better and more informed decision.

FUTURE PROSPECTS

Figure 8: Investor's Future



When asked about their future preferences, our investors indicated that equity and mutual funds would be the most popular avenues for investment in the years to come. This is because investors today are eager to obtain a real rate of return on their investments. After analyzing their responses, it was discovered that equity and mutual funds put our investors in a better position to meet their future needs because the real rate of return is comparably higher.

The average retail investor, sometimes known as the "Bharat" investor, will increasingly be important in the Indian capital markets. The retail engagement has increased in lockstep with the explosion in investor education programs-related awareness about financial markets and products.
After dealing with significant policy shocks like demonetization, the implementation of the goods and services tax (GST), and the devastating Covid-19 pandemic that wreaked havoc on mid- and small-cap sectors, blue chip companies have outperformed the general market; this trend appears to be continuing in the short- to medium term.
On rank two were fixed deposits and PPFs because they continue to offer a steady income with the least amount of risk. After witnessing COVID-19, people realized the importance of having insurance and making future preparations in advance, so insurance and pensions were ranked third on our list of preferences.
Hence, Equity, today is no more an option but a compulsion if one needs to protect one's money from erosion. Equity thus should form the core of one's portfolio. But core needs to be safe, whilst equities are risky. There comes the dual shield of Good (businesses growing consistently) & Clean (ethical, apolitical, well-governed), protecting and growing hard-earned savings.

CONCLUSION

The attitude of individual investors towards different investment channels has been clarified by this study, with a focus on demographic characteristics, personal financial literacy, etc.It was discovered that individual investors frequently favour conventional investment options like fixed deposits, Mutual funds, and insurance. But this trend varies when we segregate the data. The results of our study confirmed the impact of demographic factors on the choices made by individual investors on their investments. Significant relations have been found between an individual's risk appetite and their age,gender, and income level.

As was previously indicated, there has been a significant shift in the amount of money that is invested rather than just saved. All of these factors are led by financial goals. Depending on one's age or income, each person has a different financial goal. Also,The youth has proved to be an informed learner,Both male and female youth want financial security and hence is keen to put their money to use by investing. Risk averseness is also affected by the age group of individual investors.
Investment decisions are significantly influenced by financial literacy. Today's society places a high value on financial literacy because of everyday facets of life, such as student loans, mortgages, credit cards, investments, and health insurance.
Financially literate investors have been found to be more open to exploring various investment avenues and making wise investment choices. Investors who lacked financial literacy, on the other hand, tend to be more risk-averse and cautious, which frequently caused them to continue with conventional investment channels.
Our study highlights the need for increased financial literacy among individual investors in India. We recommend that financial institutions, regulatory bodies, and educational institutions should take steps to educate and raise awareness about various investment options and financial planning strategies. This can help individual investors to make informed investment decisions and diversify their portfolios to achieve their long-term financial goals.

LIMITATIONS

1. Gathered data has been limited to the population in Delhi NCR to attain a holistic review of investors' perception in a particular region though there is scope for better future analysis at this level with an even bigger sample size.

2. The research process was also subject to a time constraint since the study couldn't be conducted for an extended period of time to observe the long-term effects of investment behaviour.
3. The study focused on analysing the perception of individual investors only towards the investment avenues forming part of the regulated market to ensure a legitimate and accurate analysis.
4. It has not delved into unregulated investment avenues such as Cryptocurrency and NFTs.

REFERENCES

1) Asst. Professor, St. Claret College, Bangalore., &Matharu., H. (2017). AN EMPIRICAL STUDY ON INVESTORS ATTITUDE TOWARDS INVESTMENT WITH SPECIAL REFERENCE TOWARDS INVESTORS OF HOSHIARPUR CITY, PUNJAB. International Journal of Advanced Research, 5(5), 1013–1022. https://doi.org/10.21474/IJAR01/4210
2) Research Scolar Department Of Management Studies Jntua- Anatapuramu – A.P, Krishna, U. M. G., Sulatan, Dr. A., Associate Professor Department Of Management Studies Rgmcet – Kurnool District – A.P, Reddy, Dr. T. N., & Associate Professor Department Of Management Studies Jntua – Anatapuramu – A.P. (2019). Investors Perception towards Investment Avenues. International Journal of Recent Technology and Engineering (IJRTE), 8(2), 1401–1411. https://doi.org/10.35940/ijrte.B2054.078219
3) Ph. D Research Scholar, Bharathidasan University, Tiruchirappalli, Muneeswaran, R., Babu, M., Bharathidasan University, Tiruchirappalli, Gayathri, J., & Bharathidasan University, Tiruchirappalli. (2019). Investors' Behaviour on Investment Avenues. International Journal of Engineering and Advanced Technology, 9(2), 2260–2263. https://doi.org/10.35940/ijeat.B3475.129219
4) Chattopadhyay, S., & Dasgupta, R. (2015). Demographic and Socioeconomic Impact on Risk Attitudes of the Indian Investors—An Empirical Study. Asian Economic and Financial Review, 5(4), 601–623. https://doi.org/10.18488/journal.aefr/2015.5.4/102.4.601.623
5) abhinaya19. (07:54:40 UTC). Investors' perception towards investment avenues with reference to ma…. https://www.slideshare.net/abhinaya19/new-project-63405457?from_action=save
6) “A study of factors affecting investment decisions in India: The KANO way” | Elsevier Enhanced Reader. (n.d.). https://doi.org/10.1016/j.apmrv.2021.02.004
7) Panchal, N., & Ajmera, A. (2022). STUDY ON MAJOR INVESTMENT PREFERENCES OF INDIAN INVESTORS. International Journal of Management, Public Policy and Research, 1(3), 35–39. https://doi.org/10.55829/ijmpr.v1i3.58
8) Pandey, S. K., & Vishwakarma, A. (2020). A STUDY ON INVESTMENT PREFERENCES OF YOUNG INVESTORS IN THE CITY OF RAIPUR CHHATTISGARH, INDIA. PalArch's Journal of Archaeology of Egypt / Egyptology, 17(9), Article 9.
9) Geetha, S. N., & Vimala, K. (2014). Perception of Household Individual Investors towards Selected Financial Investment Avenues (With Reference to Investors in Chennai City). Procedia Economics and Finance, 11, 360–374. https://doi.org/10.1016/S2212-5671(14)00204-4
10) Hussain, S., & Rasheed, A. (2022). Empirical Study on Financial Literacy, Investors' Personality, Overconfidence Bias and Investment Decisions and Risk Tolerance as Mediator Factor [Preprint]. In Review. https://doi.org/10.21203/rs.3.rs-2005225/v1
11) Arti, G., & Sunita, S. (2011). Difference in Gender Attitude in Investment Decision Making in India. Research Journal of Finance and Accounting, 2(12)
12) Singh, I., & Gupta, K. (2021). THE IMPACT OF FINANCIAL LITERACY ON INVESTOR ATTITUDES AND DECISION-MAKING: AN EMPIRICAL ANALYSIS. 8(2).
13) Huber, C., Huber, J., &Kirchler, M. (2021). Market shocks and professionals' investment behavior – Evidence from the COVID-19 crash. Journal of Banking & Finance, 133, 106247. https://doi.org/10.1016/j.jbankfin.2021.106247
14) Karki, B., & Adhikari, B. (2014). Investment Motive of Individual Investor in the Stock of Market of Nepal. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.2626072
15) Canikli*, S., &Aren, S. (2019). Effect Of Financial Literacy And Risk Perception On Individual Investors' Investment Choices. 800–809. https://doi.org/10.15405/epsbs.2019.01.02.68

16) Jackson, A. (2003). The Aggregate Behaviour of Individual Investors. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.536942
17) Bajtelsmit, V. L., & Bernasek, A. (1997). Why Do Women Invest Differently than Men? SSRN Electronic Journal. https://doi.org/10.2139/ssrn.2238
18) Mak, M. K., & Ip, W. (2017). An exploratory study of investment behaviour of investors. International Journal of Engineering Business Management, 9, 184797901771152. https://doi.org/10.1177/1847979017711520

ISARA INSTITUTE OF MANAGEMENT & PROFESSIONAL STUDIES

WWW.IIMPS.IN

EARN YOUR

MBA



Accreditation & Ranking

UGC / NCTE Approved.

INFO@IIMPS.IN

011-41005174

RESEARCH GATEWAY

STOP PLAGIARISM

1 Submit your content in Word File.

2 Get report in 48 hrs.

3 *Missing content or references will be fixed.

4 Citation for your work.

5 Get accurate user friendly report.

researchgateway.in | info@researchgateway.in

+91-9205579779

AROGYAM ONLINE

Arogyam Ayurveda

Holistic Healing through herbs

100% NATURAL

PARIVARTAN PSYCHOLOGY CENTER

COLOR PSYCHOLOGY : HOW COLOR AFFECT YOUR CHILD

BLUE — Calms your Child's Mind & Body

YELLOW — Promotes Concentration, Stimulates the Memory

PINK — Evokes Empathy, makes your Child Calm

RED — Excites and energizes your Child's body

GREEN — Improves Reading speed and Comprehension

www.parivartan4u.com

Confuse about your children's future?

भारतीय भाषा, शिक्षा, साहित्य एवं शोध

ISSN 2321 – 9726

WWW.BHARTIYASHODH.COM

INTERNATIONAL RESEARCH JOURNAL OF MANAGEMENT SCIENCE & TECHNOLOGY

ISSN – 2250 – 1959 (0) 2348 – 9367 (P)

WWW.IRJMST.COM

INTERNATIONAL RESEARCH JOURNAL OF COMMERCE, ARTS AND SCIENCE

ISSN 2319 – 9202

WWW.CASIRJ.COM

INTERNATIONAL RESEARCH JOURNAL OF MANAGEMENT SOCIOLOGY & HUMANITIES

ISSN 2277 – 9809 (0) 2348 - 9359 (P)

WWW.IRJMSH.COM

INTERNATIONAL RESEARCH JOURNAL OF SCIENCE ENGINEERING AND TECHNOLOGY

ISSN 2454-3195 (online)

WWW.RJSET.COM

INTEGRATED RESEARCH JOURNAL OF MANAGEMENT, SCIENCE AND INNOVATION

ISSN 2582-5445

WWW.IRJMSI.COM

JOURNAL OF LEGAL STUDIES,POLITICS AND ECONOMICS RESEARCH

WWW.JLPER.COM