



# A STUDY ON INVESTORS PREFERENCES TOWARDS DIFFERENT INVESTMENT AVENUES IN COIMBATORE CITY

**MS. S. HEMA PRIYA, MR. S. BALASUBRAMANI,**

III BCOM CA 'B', Assistant professor, Department of B.Com CASri Krishna

Adithya College Of Arts And Science

Coimbatore – 641042 , Tamil Nadu

## ABSTRACT

Investment is the employment of funds with the aim of getting return on it. The return may consist of capital gain or investment income, including dividends, interest, rental income etc., or the combination of the two. First step of investment is savings. Most of the investors prefer to park their funds in avenues like provident funds, bank deposits and insurance. The investors decision are driven by the economic indicators such as GDP, inflation rate, government policies, unemployment rates etc. Investors generally expect higher returns financial assets range from low risk, low return investments, such as government bonds, to those with higher risk and higher expected commensurate reward, such as emerging markets stock investments. Therefore , in this paper the researcher can find out the Investment Preference of the investor in the Coimbatore city , based on the different avenues in a diverse nature to plan their future Investment strategies.

**Keywords: Investment avenues, Pensioners, Preference, Risk.**

## 1. INTRODUCTION TO INVESTMENT

In present scenario in every aspect there are lots of options available in front of all of us whether that is a case of purchasing something or investing your money. As a Investor a wide number of investment avenues are available to select one or more out of them depending upon the individual objective and they all range with characteristics of providing low return to high return with less risky to more risky. For example one can invest in Banks, Post office, Public provident fund, Insurance products as well as Equity Market, Bonds, Mutual Funds etc. All of these investment options are available with very wide range of schemes depending on the purpose of investment and different time horizon of various investors. All of these investment options have their own advantages and disadvantages. In some avenues there is high risk with chances to get high return, some of them are risk free but giving less return too. As an Investor majority try to balance these benefits and shortcomings by making a portfolio with combination out of these. But yet the different investors have different view of investing. Some invest for return, some for saving, tax planning, for safety etc.

## 2. REVIEW OF LITERATURE

### Literature Review On Investors Investment Avenues

**Pandey and Kathavarayan (2017)** inferred in their study titled “Empirical Analysis on saving and Investment Behaviour of College Faculty Members in Puducherry Region” comprises 113 investors adopting convenience sampling technique. The data are analysed using chi-square test, MANOVA, Correlation test. The Chi-square analysis depicts that demographic variables are associated with satisfaction of investment. MANOVA analysis reveals that demographic variables have significant difference with preferences on investment.

**Mohanraj (2016)** suggested in their study entitled “Impact of Demographic Variables and Risk Tolerance on Investment Decisions: An Empirical Analysis” the investigation is concerned on factors influencing the individuals investment patterns. The investigation includes 101 investors based on convenience sampling technique. The data are analysed using rank correlation and chi-square test. The analysis inferred that there was significant association between demographic variables and risk tolerance on investment. Most of the investors invested in gold and silver. The investigation concluded that safety factors are influencing the investment decisions.

**Mistry (2015)** pointed out in the study entitled “A Study of Individual Investors Behaviour in Stock Market: with Special Reference to Indian Stock Market” the investigation comprises 150 respondents adopted convenient sampling technique. The data are analysed using descriptive statistics. The studies found that Most of the small investors do not consider different financial elements before investing in to stock market.

**Sudha et al. (2014)** found in the study entitled “A Study on Investment Pattern Investors of Jewellery at Pattukottai Town” the study based on identifying the awareness level and preferences of customers regarding

the Jewellery market. The study comprises 75 investors based on convenient sampling technique. The data are analysed using statistical tool like chi-square test. The analysis found that demographic variables and investment behavior are significantly associated. Most of the investors purchased Jewellery and invested in the gold and silver.

**Nayaki (2013)** investigated in the study entitled “A Study on Investors’ Behaviour towards The Investment Avenues with Special Reference to Coimbatore City” the study based on factor influencing the investors to invest in different investment avenues. The researcher comprises 100 respondents based on convenient sampling technique. The data are analysed using descriptive statistics. Most of the respondents have preferred negotiable security instrument compare to non- negotiable security. The finding of the study reveals that investors making investment is medium term basis only and liquidity is most influencing factor on the investment decisions.

### 3. STATEMENT OF THE PROBLEM

Savings or investments are recognized as powerful tools in the alleviation of poverty. Investing even a small amount can produce extensive rewards over the long term. Investors need to make the decision of how much to invest and where to invest. The investors need to understand the investment options carefully and seriously. But there will be confusion among the investors to select the best investment avenue among the available investment options. Thus the investors face more difficulties in taking the decision of investment.

The investors have faced common problems in investments, i.e. lack of awareness knowledge, and lack of financial education of investment avenues and what time they take investment decisions. They are more concerned about safety, risk and returns, children’s education, tax benefit and retirement planning. The investors should be alert in choosing the investment alternative, they must exercise their skills, knowledge and experience in selecting the investment options. The present study is based on the investors preferences in selecting different investment avenues.

### 4. OBJECTIVE OF THE STUDY

- To examine the Preferences of Investors on selected Investment Avenues
- To identify the ranking of the factors influencing the investor decision making
- To know the satisfaction level of investors towards different investment Avenues.
- To know the awareness of investors towards different investment Avenues

## 5. RESEARCH METHODOLOGY

### AREA OF THE STUDY

The area of the study refers to Coimbatore City

### PERIOD OF STUDY

The period of the study is 3 months

### SAMPLE SIZE

Sample size of the study is 100 respondents

### DATA COLLECTION

#### PRIMARY DATA

Primary data was collected through structured questionnaire

#### SECONDARY DATA

Secondary data was collected through earlier records from journals, magazines and other sources

#### DATA ANALYSIS

The data analysed and research made use of the simple percentage analysis and rank analysis

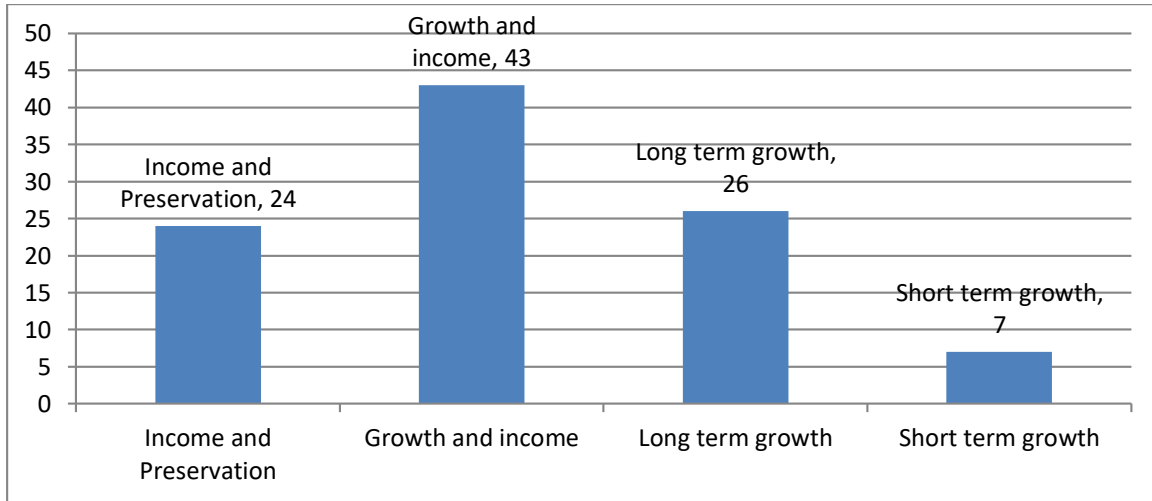
## 6. ANALYSIS AND DISCUSSION

### Percentage Analysis

**Table 1 : Table Showing the Objectives of investment**

S.NO	OBJECTIVES OF INVESTMENT	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
1	Income and capital preservation	24	24%
2	Growth and income	43	43%
3	Long term growth	26	26%
4	Short term growth	7	7%
	<b>TOTAL</b>	100	100

**Chart 1 : Chart Showing the Objectives of investment**



**INTERPRETATION:**

The Table shows that 43% respondents had an objective to investment in growth and income , 26% respondents had an investment objective to long term growth , 24% had an objective to investment in income and capital preservation and 7% respondents had an objective to invest for short term growth.

Hence the majority, 43% respondents had an objective to invest for growth and income.

**Rank Analysis**

**Table 2 : Table Showing the investment rankings**

S.no	Investment avenues	R1	R2	R3	R4	R5	R6	R7	R8	R9	Rank
1	Post office saving	38	24	24	7	4	1	0	0	2	1
2	Life Insurance	16	33	25	17	4	16	0	0	0	2
3	Chit fund	10	9	20	25	9	9	4	4	10	9
4	Public provident fund	10	17	36	26	4	6	0	1	0	6
5	Real estate	23	28	26	15	3	2	1	1	1	4
6	Gold & silver	32	26	17	13	8	1	0	0	3	5
7	Bank deposit	39	24	18	7	0	8	2	0	2	3
8	Mutual fund	14	16	22	25	5	10	5	2	1	7
9	Equity shares	12	16	20	25	10	5	5	7	0	8

## **INTERPRETATION**

The above table reveals that respondents are highly preferred to invest in post office savings (rank 1), respondents next most preferred to invest in life insurance (rank 2), respondents next preferred to invest in bank deposit (rank 3), respondents next preferred to invest in real estate (rank 4), respondents next preferred to invest in gold & silver (rank 5), respondents next preferred to invest in public provident fund (rank 6), respondents next preferred to invest in mutual fund (rank 7), respondents next preferred to invest in equity shares (rank 8), respondents next preferred to invest in Chit fund (rank 9)

**Hence the majority, of the investors invested in post office savings , (Rank 1 is post office savings)**

## **7. FINDINGS**

- Hence the majority, 43% respondents had an objective to invest for growth and income
- Hence the majority of the investors invested in post office savings , (Rank 1 is post office savings)

## **8. CONCLUSION**

In this fast affecting world, we keep extra money added risk directs to more profit. For the example total liquidity, income stability a variety as share, bank companies, gold and silver, real estate, life insurance postal etc. But most of the investors are to preferred Post Office Savings because more respondents invested for purchasing home and long-term growth.

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