



"A study with reference to select Millennial and Generation Z Investors in Andhra Pradesh".

(A Study With reference to select Millennial and Generation Z Investors in Andhra Pradesh)

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Abstract:

In this world almost every individual is a rational person who always tries to get maximum amount of satisfaction with his limited resources. Here, Money is a scare resource and every investor tries to get maximum amount of returns and appreciation over capital with his limited investment. For which usually many investors split their investment between Short-term and long-term investment avenues. Here, short term investment avenues include Savings Deposits, Certificate of Deposits, Fixed Deposits, Recurring Deposits, Chit Funds, Short term Government Securities, Short-Term Mutual funds, Commercial Papers, Equity and Derivative Market, Post Office Time Deposits, Bullion Market etc., These investment avenues will have different risk and return combinations. Some Avenues offers high risk and high return and some avenues offers low risk and low return. Here, Investment preferences of the investors will mostly be based on their demographic features.

Key words:

Investment: It is an act of putting money, resources, efforts into assets with the expectation of earning income and appreciation over capital later on.

Investment avenue: Investment Avenue is a kind of place where you can park your capital and in return it will give you profits or losses.

Investor: Investor is a person who commits funds for a specific period of time in an investment avenue for appreciation.

Millennials: People who born between 1981 and 1996.

Generation Z: People who born between 1997 and 2012.

Short-term Investment:

Short-term Investments are investments placed for a time period of less than 3 years. These investments usually have high liquidity and low risk. But, the returns in Short-term investments are low as compared with long term investments. As we all know that the common principle in investment that “if you take high risk, you will get a chance of high returns”. By virtue, Short-term investment tools associated with low risk. Therefore, the amount of return will be low as well.

Short-term Investment avenues in India:

Savings Accounts: Savings accounts are the financial products offered by the banks which is a very secured investment avenue. Savings accounts offer low interest rates but it is beneficial in terms of high liquidity and security.

Certificate of deposits: These are commonly known as CD's. Under which we can deposit money with a maximum tenure of 1 year for commercial banks and 3 years for financial institutions. The minimum amount to be deposited is INR 1 lakh. It offers a higher interest rate than savings account and fixed deposits. But the premature withdrawals will lead to penalty.

Fixed deposits: Fixed deposit is an investment avenue where it offers a fixed interest rates to the depositors. The tenure of fixed deposits ranges from 7 days to 10 years. The minimum amount to be deposited is INR 1,000. We can avail loans against Fixed deposits by placing it as collateral security. Premature withdrawals of Fixed deposits lead to a little penalty imposed by banks.

Recurring deposits: It is a kind of term deposit. It allows the depositor to deposit a fixed amount every month up to a specific maturity period. The maximum time period for recurring deposits is 10 years. The interest rate given on recurring deposits is usually higher than savings deposits and less than fixed deposits.

Chit funds: It is a kind of rotating savings and credit facility available for people who form group in a chit fund company or in an informal association. In India chit funds are regulated by Chit fund act,1982 along with it their specific acts for some of the states in our country. There are some chit fund companies in India apart from that it is organized among friends, family and neighbors. People with common interest forms these groups and contribute amount on a periodic interval.

Short-term Government Securities: These securities issued by RBI on behalf of government of India. Some of the short-term securities are mentioned below:

1. **Treasury bills (T-bills):** These securities are issued at discount and redeemed at par. The maturity periods are 91 days, 182 days and 364 days.
2. **Cash Management Bills (CMB's):** These securities are issued to meet the temporary cash mismatches. These securities issued for less than 91 days.

Short-term mutual funds: Mutual funds are a kind of investment avenues which pool money from various investors and will invest in a portfolio of securities. These securities include stocks, bonds, commodities, money market instruments etc., We can classify these mutual funds on the basis of time period. Which are Short-term and long term. Short-term mutual funds are the portfolio investment with a maturity period of less than 3 years.

Kinds of Short-term mutual funds:

1. **Liquid funds:** These are highly liquid mutual funds with a maturity of up to 91 days. These are debt funds with a very low risk and low returns. But the return is slightly higher than savings accounts.
2. **Ultra Short-term funds:** These are a kind of debt mutual funds with a maturity range from 3 months to 6 months. The risk associated with these funds is slightly higher than liquid funds because of its high holding period. It provides modest return usually higher than liquid funds.
3. **Other Short-term mutual funds:** These funds designed for investors who invest for a period of 1 to 3 years. These funds usually park its funds in debt instruments and money market. The return is slightly higher than liquid and ultra-Short-term funds.

Commercial papers: These are unsecured promissory notes issued by companies to finance their short-term financial obligations. These commercial papers don't back by collateral security. It is difficult for individual investors to invest in commercial papers because it requires high minimum investments. Only institutional investors like mutual funds, pension funds, banks and insurance companies can invest in commercial papers other than these investors high net worth individuals usually invest.

Equity and Derivative market: Equity and Derivative investments can be classified into Short-term and long term. It depends on the basis of the objective of investor. If the investor's objective is for speculation, swing trading and day trading we can call it as Short-term investment. Whereas if buys and holds or growth investing for more than 3 years will be considered as long-term investment.

Post office time deposits: These are the investment avenues offered by post office branches and which are more suitable for conservative investors. These are offered at different maturity periods like 1,2,3 and 5 years. Investment tenure of up to 3 years will be considered as Short-term investment avenue. Investment of more than 3 years will be treated as medium term investment.

Bullion market: Bullion is a kind of market where we can invest in precious metals like gold, silver, platinum and palladium. This kind of investment will usually be considered for long term but some of the investors are likely to park their funds for Short-term in bullion market. It is usually considered as a safest investment avenue.

Other kind of short-term Investments: Other than the above-mentioned investment avenues there are other investment avenues available in India with varied combinations of risk and return. Some of the investment avenues are Fixed maturity plans, corporate deposits, arbitrage funds etc.,

Underlying motives of Investment:

As every investor is a rational person who always tries to get maximum satisfaction with his limited investment. At the same time there must be an underlying motive behind every investment which can be Return, Safety, Growth, Tax benefits and Protection against inflation etc.,

Review of Literature:

1. Lionel Robbins, *Essay on the Nature and Significance of Economic Science* (1932) stated that "the very basic nature of future is uncertain therefore being a rational individual we have to use our resources in an optimum manner to get maximum satisfaction. Among all the resources monetary resources are very crucial and important in our day-to-day life. Therefore, we have to use in an optimum manner to get out needs satisfied."
2. Swapna, *A Study on Investors Behavior in Portfolio Selection* (2016) Stated that "Portfolio diversification will benefit the investors in terms of maximum profit and minimum risk. It is all depends on investment avenues that we choose. Therefore, it is very much important to diversify your investment among different avenues and build a succeeding portfolio."
3. Kathavarayan, *A Study on Investors Preferences Towards Different Investment Avenues with Special Reference to Puducherry Region* (2017) identifies that "Demographic factors like age, gender, marital status, education and occupation will have high influence on selection of investment avenues by Individual Investors. As these factors directly affecting the risk-taking ability of investors."
4. Budhiraja, k, *A Study of Pattern of Investment Strategy and Preferences of Investment Avenues Among Salaried Individuals* (2018) States that " It is imperative that investors want to invest their savings on different investment avenues with the purpose of return by safeguarding their investment. Every kind of investment have a definite purpose which can be savings, protection against inflation,

medical support schemes and corpus funds for retirement. And every investment avenue varies with different risk and return combinations.”

5. Vora, Manoj Laxmi Chand, A Study of Salaried Investors Preferences for Non-Equity Investment Avenues (2021) Identifies that “Wide variety of Investment avenues those will satisfy the diversified needs of Investors need to be designed. Awareness mechanism about these investment avenues need to be implemented through workshops, seminars and through personal interaction.”

Objectives of the Study:

1. To examine different Investment avenues of Short-term in India.
2. To Identify the most opted investment avenues for Investment in Short-term by Millennial and Generation Z investors of Andhra Pradesh.

Research Methodology:

Research Design: For the current study the researcher is using Descriptive research method to describe the preferences of Millennial and Generation Z investors among various Short-term investment avenues for Investment.

Descriptive Research Method: This method describes the state of affairs or what is happening currently or what has happened. The researcher has no control over the variables. It simply reports the facts.

Sample Design: For the purpose of sampling, the researcher used convenient sampling method and the sample size drawn was 396.

Scope of the Study:

Scope defines the range and dimensions of current study. A clear understanding of scope will facilitate the clear understanding over the Investigation.

The range and dimensions of current study are as follows:

Why: The main objective of current study is knowing the preferences of Millennial and Generation Z investors in selection of Short-term investment avenues for investment.

Who: The respondents for current study are investors under the age group of Millennials (People who were born between 1981-1996) and Generation Z (People who were born between 1997 -2012) investors.

What: Variables considered for the current study are as follows:

Independent Variables: Demographic factors like Gender, Age, Education qualification, Income and Marital Status.

Dependent Variables: Selection of Short-Term Investment Avenues for Investment.

Where: For the purpose of data collection, the researcher confirmed the study up to the geographical boundaries of Andhra Pradesh.

How: For the purpose of data collection, the researcher is using the well-structured questionnaire and interview methods

Data analysis and Presentation: For the purpose of data analysis, the researcher used Percentages. For data presentation the researcher used pie charts and histogram.

Significance: Short-term investments carry larger importance in any investor's life. The common purposes of short-term investments are liquidity management, for safe keeping of surplus money, for speculation, accumulation of Short-term investments with a view to make long term investment etc., The current study will provide the detailed understanding of Investors preferences in selection of Short-term investment avenues for investment.

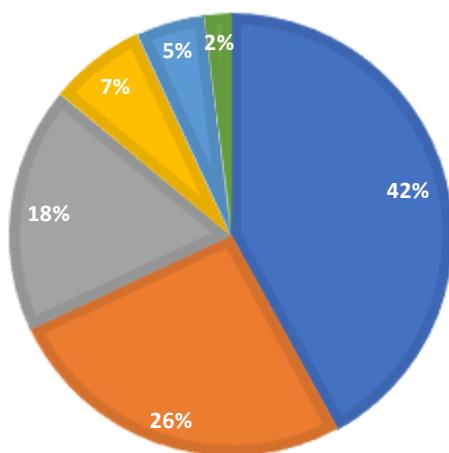
Findings:

Demographic findings:

- Out of the total responses collected 62% are male respondents and 38% are female respondents.
- Out of the total responses collected 41% of respondents are in between the age group of 12 years and 27 years (Generation Z) and 59% of respondents are in between the age group of 28 years and 43 years (Millennials).
- It is observed from the responses that 42% of respondents are drawing annual income in between INR 2.5 lakh to INR 5 lakh. 26% of respondents are drawing annual income in between INR 5 lakh to INR 7.5 lakh. 18% of respondents are drawing annual income in between 7.5 lakh to 10 lakh. 7% of respondents are drawing annual income in between 10 lakhs to 12.5 lakh. 5% of the respondents are drawing annual income in between 12.5 lakh to 15 lakh. Rest of the 2% are drawing annual income of above 15 lakhs.

PERCENTAGE OF ANNUAL INCOME

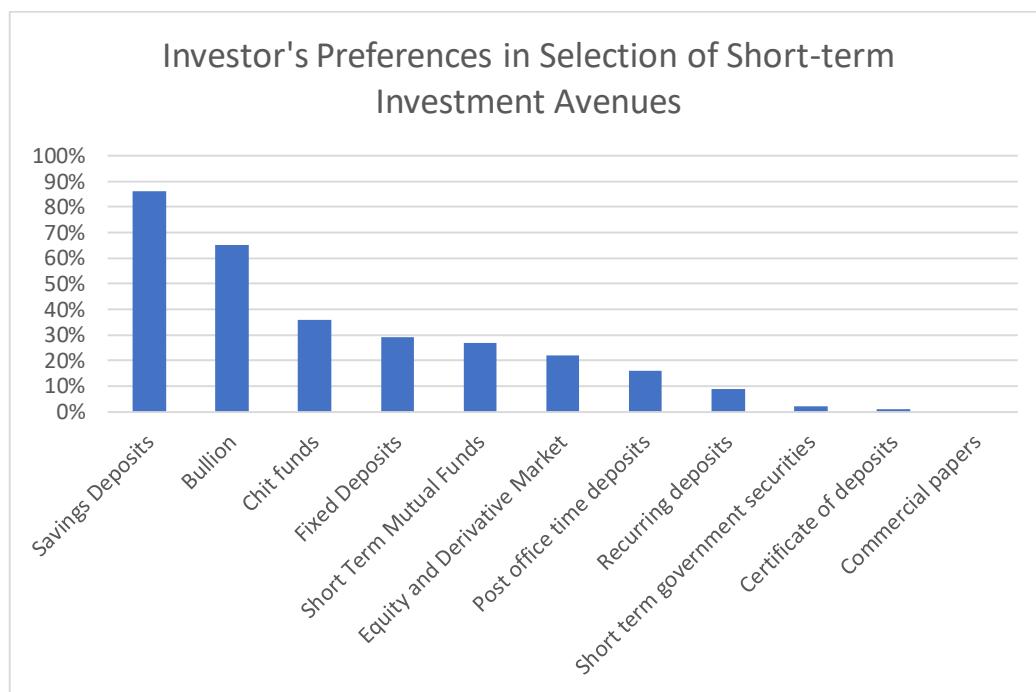
█ INR 2.5 lakh to INR 5 lakh █ INR 5 lakh to INR 7.5 lakh █ INR 7.5 lakh to INR 10 lakh
█ INR 10 lakh to 12.5 lakh █ INR 12.5 lakh to 15 lakh █ INR above 15 lakh



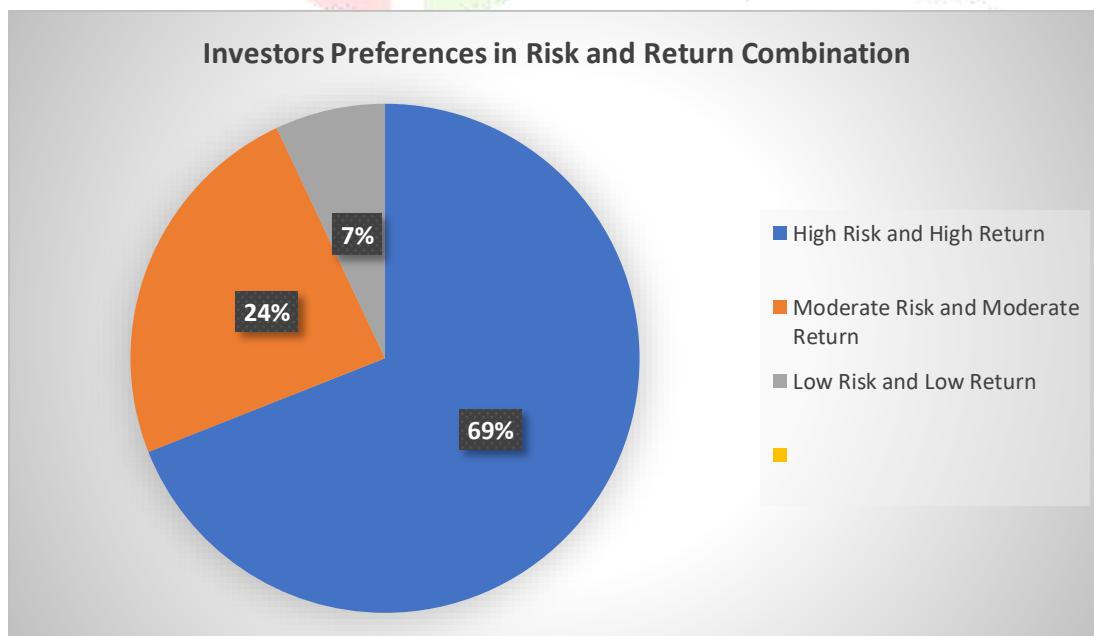
- It is observed from the responses that 73% of respondents have education qualification of post-graduation and above, 25% of respondents have completed their graduation and 2% of the respondents are below the graduation level. We can identify here that Majority portion of the investors are highly educated.

Perception of Investors:

- It is observed from the study that each respondent is investing in multiple investment avenues. The list of investment avenues opted by respondents is as follows: The most opted short term investment avenue by the respondents is savings deposits with a share of 86% followed by remaining investment avenues - Bullion is 65%, Chit funds 36%, Fixed deposits 29%, Short term mutual funds 27%, Equity and derivative market 22%, Post office time deposits 16%, Recurring deposits 9%, Short term government securities 2% followed by certificate of deposits and commercial papers accounted for less than 1%.



- It is found that most of the investors have moderate knowledge in the awareness of legal and regulatory framework about the investment avenues that they are investing currently. The results are as follows: Investors with moderate knowledge 84.6%, Poor knowledge 8%, High knowledge 7.4%.
- Investors have variances in their preference of risk and return combination. Most of the investors are preferred to take moderate risk and Moderate return which accounts for about 69%, Whereas High risk and High return accounts for about 24% and Low risk and Low return accounts for about 7%. It is evident from the study that most of the Young Investors are Moderate risk takers.
- It is observed from the data that most of the investors are willing to invest in investment avenues other than the investment avenues that they are already investing. In this list the most dominating Preferred investment avenue is Equity and derivative market with 32% the next most preferred investment avenues are as follows: Bullion market with 18%, Short term mutual funds with 10%, certificate of deposits with 9% and the rest of the investment avenue preferences are minimal with more or less equal portions.
- Reasons for not investing in investment avenues that they are willing to invest other than the investment avenues they are already investing in are placed as follows: Lack of sufficient funds is the reason for most of the investors with a share of 62%, Lack of knowledge is 23%, and difficult to reach the platform is 15%.



Suggestions:

1. Both corporations and government should create awareness and provide knowledge to the prospective investors regarding the investment avenues through webinars, workshops and through advertisements etc., As most of the investors have moderate and poor knowledge regarding the legal and regulatory framework of investment avenues that they are investing.
2. There is a huge demand among the investors for investment avenues with moderate risk and moderate revenue. Therefore, the investment platforms and policy makers can design new investment avenues with moderate risk and moderate return.
3. Most of the investors are facing problems related to accessibility and interface of the digital platforms related to investment avenues. Therefore, proper knowledge should be provided related to accessibility and user-friendly interface should be designed.

Conclusion:

The main objective of conducting this study is to identify the Millennial and Generation Z Investors preferences in selection of short-term investment avenues for Investing. From this study we came to know that the most preferred investment avenues for investment are savings deposits, bullion, Chit funds, Fixed deposits and short-term mutual funds etc., Whereas other investment avenues secure minimal portions when compared with these investment avenues. The most preferred risk and return combination is Moderate risk and Moderate Return. It is observed from the analysis that most of the investors are having minimal knowledge in legal and regulatory framework of their invested avenues and facing difficulties in understanding the digital platform interface. Therefore, the investment platforms and government should provide knowledge assistance through webinars, workshops or through any other suitable medium. Which will enhance their knowledge base and it ultimately results in more informed investment decisions.

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