IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

A STUDY ON INVESTORS PREFERENCE TOWARDS VARIOUS TYPES OF INVESTMENT AVENUES IN GUJARAT

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ABSTRACT:

An investment avenue is a type of asset that offers potential returns through capital appreciation or regular income. Common investment avenues include stocks, bonds, mutual funds, real estate, and commodities. Each has unique characteristics, risks, and rewards. Investors must consider their own financial goals, risk tolerance, and time horizon when selecting an investment avenue. Investment avenues refer to the various ways and means of investing money in order to generate returns. Major investment avenues include stocks, bonds, mutual funds, real estate, gold, and cryptocurrency, among others. Each of these investment options has their own merits and demerits, and investors should consider their individual financial goals and risk preferences before choosing one. Stocks, for example, are subject to market fluctuations and are more suitable for those with a higher risk appetite, while bonds offer a more conservative approach. Mutual funds offer diversification and enable investors to spread their risk across different assets. Real estate investments provide long-term returns but require a large initial capital outlay. Gold investments are seen as a hedge against inflation, but have a low returns profile. Finally, cryptocurrency investments have the potential to generate high returns, but they are highly volatile and thus riskier compared to other investment options. Investment avenues refer to the different types of investments available to investors. Some of the most common investment avenues include stocks, bonds, mutual funds, real estate, commodities, and exchange-traded funds (ETFs). Each of these investments carries different risks and rewards, so investors should evaluate their own financial situation and goals before deciding which avenue is best for them. Additionally, investors should be aware of the various tax implications associated with different investment avenues.

Key words: Investment, potential returns, characteristics, risk, country's economy, capitalism, productive potential, standard of living, liquidity.

INTRODUCTION:

Any country's economy must have savings as a key element. Savings act as the nation's development engine by being invested in a range of opportunities that are open to the whole public. Investors have access to a wide range of options in the Indian financial sector. Despite not being the finest or deepest market in the world, it provides good opportunities for the regular individual to invest his funds.

Investments are advantageous for the economy and society. It is a byproduct of advancing economic conditions and the development of contemporary capitalism. Aggregate investment approved during the present period is a significant role in determining aggregate demand and, consequently, the amount of employment for the economy as a whole. Long-term investment influences the economy's future productive potential and, eventually, a rise in the standard of living. Investing can help to boost overall economic growth and prosperity by boosting personal wealth. Investing contributes to the development of financial markets through which businesses may raise funds. This, too, contributes to increased economic growth and wealth. Certain sorts of investments also generate societal advantages.

1. INVESTMENTS: -

➢ Investment is the notion of postponed consumption, which entails acquiring an item, making a loan, or storing cash in a bank account in order to generate future profits. There are several investing choices accessible, each with its own risk-reward trade-off. Understanding the fundamental ideas and doing a comprehensive study of the possibilities can assist an investor in developing a portfolio that optimises returns while limiting risk exposure.

2. INVESTMENT OBJECTIVE: -

➢ One of the few criteria that a financial adviser, asset management firm, or Intelligent virtual need in order to decide the assets in the portfolio of their customers is an investing objective. The reason a customer chooses to invest in a specific asset or security is known as the client's investment objective.

➢ Financial planners would be better equipped to create a portfolio for their customers that met their criteria, investment horizon, and risk tolerance if they had a clear understanding of their clients' investment objectives.

3. RETURN: -

➢ Investors consistently anticipate a healthy rate of return on their investments. The entire income the investor earns over the course of the holding time expressed as a percentage of the purchase price at the start of the holding period is referred to as the rate of return.

4. RISK: -

➢ The likelihood that the actual return will be less than the predicted return is correlated with the risk of keeping securities. Variability of return is identical with the word risk.

5. LIQUIDITY: -

➢ The investment's liquidity is a result of its marketability. The marketing and trading platform determine the liquidity.

OBJECTIVE OF STUDY:

- Primary objective is to study the investor's preferences towards different types of investment avenues.
- To determine whether the investors preferences are affected by the different level of salaries.

LITERATURE REVIEW:

1. Agarwal S. P. (Dr) (2001) in his article "Public Provident Fund Account – A Matchless Investment Scheme." Published in SOUTHERN ECONOMIST, Feb 15, 2001 concluded that Public Provident Fund (PPF) account is most beneficial investment for all categories.

2. Prabakaran and G. Jayabal (2009) in their article "Investors Risk Tolerance Towards Mutual Fund Investments" published in SOUTHERN ECONOMIST, June 15, 2009 concluded that empirically it has been proved that the mutual fund investors are form low and moderate risk tolerant groups and the socio-economic variables do alter the risk tolerance of individual investors.

3. Rajarajan V. (1999) in his article “Stage in Life Cycle and Investment Pattern” published in Finance India, 1999 studied Chennai investors financial investments and showed that life-cycle stage of individual investor was an important variable in determining the size of the investments in financial assets and the percentage of financial assets in risky category.

4. Charlotte B. Beyer (2010) in his article “Investor Education: What’s Broken and How to Fix It” published in The Journal of Wealth Management, summer 2010 In this article, the author argues that the traditional approach to investor education has failed and that radical reform is needed.

5. Sofia Jasmeen (2009) in her article “Investment choice of Individual Investors” published in The Indian journal of commerce, October-December 2009, A study revealed that though majority of investors have preferred low risk investments, considerable investors have gone for high risk investments.

6. Alex Wang (2011) in his article “Younger Generations’ Investing Behaviours in Mutual Funds: Does Gender Matter?” published in The Journal of Wealth Management, Spring 2011 concluded that This study aims to understand younger generations’ investing behaviours in mutual funds in order to help wealth advisors understand how better to work with younger generations.

7. Sarita aggrawal and Monika Rani (2011) in their article “Attitude Towards Insurance Cover” published in The IUP Journal of Risk & Insurance, January 2011 concluded that People are mostly aware about the life insurance and also the insurance companies. Private companies offer very attractive plans and policies to the public. After analysis it has been found that the LIC is still on the top, it means that LIC still rules the economy

8. Mittal M. and A. Dhade (2007) in their research paper “Gender Difference in Investment Risk-Taking: An Empirical Study” published in The ICFAI Journal of Behavioural Finance, 2007, Observed that risk-taking involves the selection of options that might result in negative outcomes.

RESEARCH METHODOLOGY

1. Research objective: -

- Primary objective is to study the investor’s preferences towards different types of investment avenues.
- To determine whether the investors preferences are affected by the different level of salaries.

2. Research design: -

- As the researcher seeks a deeper comprehension of the investor, the descriptive research design is employed. This design will assist in the investor exploration.

3. Research data source: -

- The usage of both primary and secondary data sources is required. Primary data will be gathered through a questionnaire, and secondary data will be gathered from a variety of sources, including books, periodicals, journals, the internet, etc.

4. Sample size: -

- A total of 110 respondents have been looked at for the study's purposes.

5. Sampling method: -

- Convenience Sampling Method, which falls under the category of Non-Probability Sampling Methods, will be used to collect feedback from customers.

6. Nature of Study: -

- The study is descriptive and analytical in nature.

7. Area: -

- The Research is done in Gujarat (Vadodara, Kalol, Surat, Ahmedabad).

8. Nature of data: -

- The study is based on primary data. Data that are gathered originally for a certain purpose are known as primary data.

9. Sources of data: -

- The primary data is collected by using questionnaires.

10. Sample unit: -

- The sample unit is selected randomly from the employee working in the industry.

11. Method of sampling: -

- The method used for the study is random sampling.

12. Tools used for analysis: -

- A structured Questionnaire was issued, and the type of questions covered are name, age, gender, qualification, annual income, and question-related to Investment Avenue.

DATA ANALYSIS AND INTERPRETATION:

1. Age and Risk Tolerance: -

Ho0: There is no significant relationship between Age and Risk Tolerance.

Ho1: There is a significant relationship between Age and Risk Tolerance.

Age * Risk Tolerance Cross tabulation

		Risk Tolerance			
		High Risk	Moderate Risk	Low Risk	Total
Age	20-30	16	53	16	85
	30-40	6	7	1	14
	40-50	2	5	2	9
	Above 50	0	**2**	0	2
Total		24	67	19	110

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.897[a]	6	.435
Likelihood Ratio	6.227	6	.398
Linear-by-Linear Association	.497	1	.481
N of Valid Cases	110		

a. 7 cells (58.3%) have expected count less than 5. The minimum expected count is .35.

Conclusion: -Chi-square value= 5.897, df= 6, & p= 0.435 indicating that the significant value is more than 0.05. So, the null hypothesis is being accepted and hence there is no significant relationship between Age and Your Risk Tolerance.

2. **Annual Income and Risk Tolerance: -.**

Ho0: There is no significant relationship between Annual Income and Risk Tolerance.
Ho1: There is a significant relationship between Annual Income and Risk Tolerance.

Annual Income * Risk Tolerance Cross tabulation

		Risk Tolerance			Total
		High Risk	Moderate Risk	Low Risk	
Annual income	0-200000	8	28	10	46
	200000 - 300000	9	15	5	29
	300000 - 500000	5	11	2	18
	500000 - above	2	13	2	17
Total		24	67	19	110

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.926[a]	6	.553
Likelihood Ratio	4.987	6	.545
Linear-by-Linear Association	.432	1	.511
N of Valid Cases	110		

a. 4 cells (33.3%) have expected count less than 5. The minimum expected count is 2.94.

Conclusion: - Chi-square value= 4.926, df= 6, & p= 0.553 indicating that the significant value is more than 0.05. So, the null hypothesis is being accepted and hence there is no significant relationship between Annual Income and Your Risk Tolerance.

FINDING AND CONCLUSION:

- From the study conducted it is most people are aware of Investment avenues.
- Here I found 60% of Male and 40% of Female people are aware about Investment Avenue out of 110 investors.
- Most people are age between 20-30 years and 30-40 years people are aware Investment Avenue rather than age above 35 years.
- In this study 29% of investors are graduates and 50% of investors are postgraduates.
- In this study 39% of investors are investment Avenue (private employees) and 46% of investors are Investment Avenue (students).
- In this study 17% of People are investment in Fixed Deposit, 15% of people are investment in Mutual fund, 11% of people are investment in post office.
- In this study 46% of people are selected Income growth option for investment purpose 23% of people are selected low risk option for investment purpose and 14% of people are selected tax benefit option for investment purpose.

CONCLUSION:

For investors, there are many different types of investment options available, each with different risks and returns. It's important to carefully consider the type of investment that will best suit your individual goals and risk tolerance before making a decision. Diversifying your portfolio by investing in multiple types of investments can spread your risk and provide a more balanced return. Ultimately, it's important for investors to do their research and make informed decisions when picking an investment path.

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