



## A Study on Investors' Investment Pattern in Various Avenues (Empirical study in Coimbatore city)

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### ABSTRACT

*In India, generally all investment avenues are perceived to be risky by the investors. The major features of an investment are safety of principal amount, liquidity, income stability, appreciation and easy transferability. A variety of investment avenues are available such as shares, bank, companies, gold and silver, real estate, life insurance, postal savings and so on. All the investors invest their surplus money in the above mentioned avenues based on their risk taking attitude. This study was undertaken to find out the awareness level of various investment avenues, to find out the preference level of investors on various investment avenues and expectation of the investors. About 150 samples were collected from Coimbatore city from various investors through a structured questionnaire and awareness about derivatives and the investor risk preference in an elaborate way.*

### KEYWORDS :

Chi square analysis

### INTRODUCTION

Financial markets are the backbone of an economic system and aids in the allocation of share capital across the productive sectors of the economy. This allocation of resources helps to sustain healthy climate for savings and investment. The financial system has to be more dynamic than the real system as it has to continuously respond to the needs of the economy to help it to achieve its goals. In the modern financial system there are so many investment avenues to choose from today in financial market and it has become difficult for anyone to decide about these avenues. Some of these investment avenues offer attractive returns but with high risks and some offer lower returns with very low risks. An overall analysis of these investment avenues with risk and return trade is presented in this article. An investment can be described as perfect if it satisfies all the needs of all investors. So, the starting point in searching for the perfect investment would be to examine investor needs. If all those needs are met by the investment, then that investment can be termed the perfect investment. Most investors and advisors spend a great deal of time understanding the merits of the thousands of investments available in India.

### OBJECTIVES

- ❖ To assess investors' awareness towards various investment avenues.
- ❖ To examine the expectations of the investors

### RESEARCH METHODOLOGY

The process of systematically solving a research problem is said to be research methodology. The methodology of the study is given below.

### DATA SOURCE

#### Primary data

The primary data was collected through a structured questionnaire.

#### Secondary data

The secondary data is an integral part of any research study or a research report as it provides information on key variables, which play a major part in the actual research. This data cannot be obtained in person within a short span of project life. Thus, source of secondary data collected includes the internet, which is a source of information on any issue, Various business journals, magazines and newspaper

### Sample size

A sample of 150 respondents was selected from Coimbatore city using convenience-sampling technique.

### Tools Used

#### Statistical tools used for the analysis are:

- percentage analysis

### REVIEW OF LITERATURE

Pa. keerthi (2007)<sup>1</sup> has made a study to find out the policy holders' awareness of various services offered by the life insurance companies, to identify the respondents' expectations and perception of services, to identify the gap between the expectation and perception of services. For the purpose of this analyses interview schedules designed on SERVQUAL technique of Parasuram and others were distributed among 200 respondents. Based on the results from various statistical analyses it was found that the expectations of the policyholders are very high on all the issues regarding service delivery, which revealed that there is a gap existing between the expectations and perceptions. The SERVQUAL model has identified that empathy in LIC, the variable responsiveness in ICICI prudential; tangibles in Bajaj Allianz and assurance in HDFC standard life were the factors satisfactory for the respondents.

N. Panchanathan and others (2008)<sup>2</sup> have made a study to know the policy holder's preference and expectations of private life insurance companies, to find their satisfaction level, to identify the main factors influencing their preferences and expectations. The other objectives were to identify the problems faced by them and to analyze the gap between the expected performance by the customers and the actual performance by the company. 200 respondents were requested to answer a questionnaire, which was statistically analyzed. The findings of the study showed that most of the respondents were aware of the policies. They suggested that product terms and conditions should be completely transparent to the people.

### ANALYSIS AND INTERPRETATION

#### MONTHLY FAMILY INCOME OF THE RESPONDENTS

**Table No: 1 - Monthly income**

Particulars	No.	Percent
Below Rs.10000	27	18.0
Rs.10001-20000	55	36.7
Rs.20001-30000	34	22.7
Rs.30001-40000	22	14.7
Rs.40001-50000	12	8.0
Total	150	100.0

It is found from the above table that majority (36.7%) of the respondents' monthly family income ranges between Rs. 10000-20000, 22.7% of the respondents' monthly family income is between Rs. 20000-30000, 18% of the respondents' monthly family income is below Rs. 10000, 14.7% of the respondents' monthly family income ranges be-

tween Rs. 30000-40000 and 8% of the respondents' monthly family income ranges between Rs. 40000-50000.

It is concluded that majority of the respondents are earning a monthly family income of Rs. 10000-20000. As their income is medium level they are planning to save for the future.

#### EXPECTED RATE OF RETURN

**Table No: 2 - Expected rate of return**

Particulars	No.	Percent
Less than 10%	6	4.0
10-15%	17	11.3
15-25%	80	53.3
25-40%	34	22.7
Above 40%	13	8.7
Total	150	100.0

From the table, it is identified that 53.3% of the respondents are expecting a rate of return of 15-25%, (22.7%) of the respondents are expecting 25-40% followed by (11.3%), expecting 10-15%, return, 8.7% for above 40% and 4% of them expecting less than 10%.

#### INVESTMENT IN VARIOUS AVENUES

**Table No: 4 - Investment in Various Avenues**

Particulars		Nil	Below Rs.10000	Rs.10001-20000	Rs.20001-30000	Rs.30001-50000	Rs.50001-75000	Rs.75001-100000	Above Rs.100000	TOTAL
		No.	%	No.	%	No.	%	No.	%	No.
Mutual Fund	No.		26	36	30	17	16	13	12	150
	%		17.3	24.0	20.0	11.3	10.7	8.7	8.0	100.0
LIC policy	No.	50	31	31	20	12	5	1		150
	%	33.3	20.7	20.7	13.3	8.0	3.3	.7		100.0
Post-office	No.	102	19	15	5	7	1	1		150
	%	68.0	12.7	10.0	3.3	4.7	.7	.7		100.0
PPF	No.	129	8	5	4	2			2	150
	%	86.0	5.3	3.3	2.7	1.3			1.3	100.0
NSC	No.	134	5	4	4	2	1			150
	%	89.3	3.3	2.7	2.7	1.3	.7			100.0
FD	No.	127	7	6	3	2	2		3	150
	%	84.7	4.7	4.0	2.0	1.3	1.3		2.0	100.0
Chit fund	No.	131	7	2	6	2	1	1		150
	%	87.3	4.7	1.3	4.0	1.3	.7	.7		100.0
Debentures/bonds	No.	118	5	11	9	4	1		2	150
	%	78.7	3.3	7.3	6.0	2.7	.7		1.3	100.0
Shares	No.	90	8	19	20	6	4	1	2	150
	%	60.0	5.3	12.7	13.3	4.0	2.7	.7	1.3	100.0
ULIP	No.	90	17	25	6	6	1	1	4	150
	%	60.0	11.3	16.7	4.0	4.0	.7	.7	2.7	100.0

The above table depicts the investment pattern of the respondents among different avenues and the quantum investment. Majority of the respondents (24.07%) were found to have invested in mutual funds around Rs 10001-20000, same investment range is found in LIC policy also. The usages of other avenues were found to be very negligible.

**Table No: 5 - Expected Rate of return regarding monthly income**

Expected Rate of Return	Monthly income										TOTAL	
	Below Rs.10000		Rs.10001-20000		Rs.20001-30000		Rs.30001-40000		Rs.40001-50000		No.	%
	No.	%	No.	%	No.	%	No.	%	No.	%		
Less than 10%			2	3.6	2	5.9	1	4.5	1	8.3	6	4
10-15%	1	3.7	10	18	3	8.8	2	9.1	1	8.3	17	11
15-25%	19	70	29	53	17	50	11	50	4	33	80	53
25-40%	1	3.7	12	22	9	27	7	32	5	42	34	23

It is concluded that majority of the respondents expecting 15% – 25%.

#### INVESTORS AWARENESS ON INVESTMENT AVENUES

**Table No: 3 - Awareness about investment Avenues**

Particulars	No.	Percent
Advertisement	18	19.0
Financial institutions	30	21.7
Consultants/agents	50	33.3
Friends/relatives	39	26.0
Total	150	100.0

It is found from the above table that 33.3% of the respondents have come to know about the investment avenues through consultants/agents, 26% of the respondents through friends/relatives, 21.7% of the respondents through financial institutions and 19% of the respondents through advertisement.

It is concluded that consultants/agents are more effective in creating awareness about investment avenues.

It is concluded that majority of the respondents invest in mutual fund.

#### MONTHLY INCOME OF THE RESPONDENTS

Chi-square test is applied in order to check the relationship between the monthly income of the respondents and the expected rate of return of investors.

Above 40%	6	22	2	3.6	3	8.8	1	4.5	1	8.3	13	8.7
TOTAL	27	100	55	100	34	100	22	100	12	100	150	100

**Hypothesis:** There is no significant relationship between the monthly income of the respondents and the expected rate of return of investors.

**Chi-square table**  
**Table No: 5 (a)**

	Value	df	Sig.
Chi-Square	23.520	16	Ns

NS-Not Significant at 5% level

From the above table it is inferred that the calculated value of chi-square is 23.520, which is less than the table value of 32.000 at 5% level of significance. Hence the hypothesis is accepted.

It is concluded that there is no significant relationship between educational qualification of the respondents and the expected rate of return of the investors.

**FINDINGS**

The percentage analysis has depicted that investment pattern of the respondents among different avenues and the quantum of investment in them. The result has identified that mutual fund has been highly preferred by majority of the respondents followed by life insurance policies as their investment alternates.

**CONCLUSION**

In this fast moving world, we can earn more and more money. More risk leads to more profit. Investors cannot avoid risk but they can minimize the risk by investing their money in various forms of investments so that they can get a moderate profit. Hence the researcher has concluded that most of the investors prefer mutual fund investment followed by life insurance Corporations in this study Area.

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