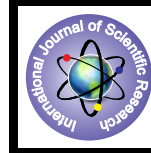


A Study on Investment Alternatives and Investment Behavior in Changanacherry



Commerce

KEYWORDS : investment behavior, investment alternatives, investors .

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ABSTRACT

We have made a systematic survey to understand the present investment trends in Changanacherry.. We prepared a questionnaire which consist various investment trends and distributed these questionnaires among various investors. Especially people belong to middle income group. We know those low income groups are not interested in investments, because they are having only for their daily needs. According to the details which we collected from the survey people of Changanacherry are more interested in investment alternatives like FD, Gold, Real Estate, Life Insurance, Post Office income etc. Survey was not just a study to know the investments trends in Changanacherry.. It was an initiative to give much awareness to the people about the various investments opportunities.

INTRODUCTION

According to Warren Buffet "Investing is laying out money today to receive more money tomorrow" in its broadest sense, an "investment is a sacrifice of current money or other resources for future benefits" and investment may be defines as the net addition to a nation's physical stock of capital. Today numerous avenues of investment are available. we can deposit money in a bank account or purchase a long term Government bond or invest in the equity shares of a company or contribute to a provident fund account or buy a stock option or acquire a plot of land or invest in some other form.

The two key aspects of any investment are time and risk. The benefit is expected in the future and tends to be uncertain. The sacrifice takes place now and is certain in some investments. The time element is the dominant attribute. Example: Government Bonds. In other investments, the risk element is the dominant attribute. Example: stock options. In yet other investments both time and risk are important. Example: equity shares.

STATEMENT OF PROBLEM

As an investor we have a wide array of investment avenues available to us in India. The Kerala also has no exemption in it. But it is more important to know how people are considering these alternatives seriously. We have studied that savings of the people automatically becomes investment. The economic well being of the state depends significantly on how wisely or foolishly people invest their savings. It is a case study which deals with various investment alternations India with special reference to Changanacherry. Changanacherry has been taken as a case study for examining people's investment behaviours towards various investment opportunities.

SOURCE OF DATA

Both primary and secondary data were collected and used for this study primary data were collected from people belongs to different income groups and working areas, who are invested in various alternatives and also from various investment industries. Secondary data were collected from various journals and books.

METHODOLOGY

This study is basically explorative in nature and mainly based on primary and secondary data. The collection of primary data field survey methods was conducted from different areas of Changanacherry.

OBJECTIVES OF THE STUDY

- To study the propensity to save/invest of the selected population.
- The analysis of various investment options.
- To know more about various investment alternatives.
- To give much awareness to the selected population about the various investment alternatives.

- To understand the investment behavior of the people.

SURVEY AND ANALYSIS

We have approached 100 households belongs to various working sectors. Majority of them are interested in long term investments like Fixed Deposits, Gold, Life Insurance, Post Office monthly income. We know that the return from post office investment is less than bank deposits, but a number of households are considering. Post office investments are easier to work with because they don't need to spend more time for the investment procedure.

People also approaching Real Estate sector seriously because we know that our population is increasing thus the value of land will keep an increasing rate.

Employees should invest in employees' provident fund apart of their income approximately 8.5% to 12%. But people are not much aware about Public Provident Fund. It's a good opportunity for public to invest in provident fund. But people of Changanacherry are not showing a confident move to invest in PPF. The investment opportunities like National Saving Certificates infrastructure bonds has not make much influence among people through our survey we could experience it. Because 70% people even did not hear about it.

It was more interesting to know that majority of the investors are interested in non institutional alternatives like Chit funds, money lenders etc. people were not ready to reveal the entire investment field where they actually invested. It denotes that non – institutional investment alternatives have become much popular among investors.

Banking sector is very strong in Changanacherry. There almost all the branches of important banks in India both public undertaking and private financial institutions. It shows that people in Changanacherry are more interested in non – marketable financial investments. It also experienced in survey.

Mutual funds are another alternative which has not make much influence among people. In another words people are not much confident to invest in mutual funds.

We have interviewed a share broker from Nirmal Bank Changanacherry in order to know trends in share market investments. He said that the people of Changanacherry are not showing a positive attitude towards stock market. People below 45 ages are more confident to invest in share market because they expect more return from short period. 95% of investors are male investors. While only 5% are woman investors.

People are not confident and also afraid about the short term fluctuations in share market. Investors of stock market should

believe in luck. So the investors are very less on Changanacherry, majority of the investors is non – resident Indians.

More investors are interested in long term investments because they expect a good return after a maturity period. More good options are bank deposit like (FD, RD) Gold, Life Insurance, Public Provident Fund, Employees Provident Fund.

Real estate sector also has much influence among investors from Changanacherry. There are investors in other alternatives but only a less part. The major factor which determining the investment is different age groups.

The survey consist two parts, Personal details and different investment alternatives and also graded people’s awareness, confidence where they actually invested, satisfaction opinion in each alternatives.

MAJOR INVESTMENT ALTERNATIVES IN CHANGANACHERRY

➤ **NON MARKETABLE FINANCIAL ASSETS**

- Bank deposits
- Post office deposits
- Provident fund deposits
- Life insurance

➤ **REAL ESTATE**

- Agricultural land
- Semi – urban land
- Commercial property
- A second house

➤ **PRECIOUS OBJECTS**

- Gold
- Silver
- Precious stones

INVESTMENT BEHAVIOR OF THE PEOPLE IN CHANGANACHERRY

MAJOR ALTERNATIVES

FIXED DEPOSITS : People are more interested to invest in FD because of its long term credibility and investors also seeks a good return from if there are government understanding banks, private co – operative banks in Changanacherry.

GOLD: The value of gold is stable thus investors showing a positive attitude. There are more woman investors in it and there is a trend in precious stones too.

REAL ESTATE: Land is precious forever because of the increasing trend in population value of land is always stable. Real estate has become a major investment opportunity in Changanacherry. There are many Real Estate investors in Changanacherry.

LIFE INSURANCE: People of Changanacherry always interested to invest in various Insurance Policies. There are almost all the branches of popular Insurance companies in Changanacherry.

POST OFFICE SAVINGS: Investors interested to invest in Post Office Savings because they don’t need to spend their time for more investment people areas. Investments can be collected from households thus it also having a major part.

PROVIDENT FUNDS: There are both EPF and PPF. EPF is effective among employees while majority of the people have no idea about Public Provident Fund.

Age wise distribution of Investment Behavior in Changanacherry

15-25	3%
25-35	12%
35-45	37%
45-55	22%
55-65	18%
<65	8%

FINDINGS

India is a country which is famous for its population growth. But this causes poverty and unemployment in the country through the survey and field study we could understand a major thing that investment alternatives can be used for the well being of the human resources in the country. There also having a major part in the economic growth of the country.

Numerous avenues of investment are available today. Investors should sacrifice their personal earnings for the betterment of their future. The key aspect of any investment are time and risk. If the investors are ready to take risk they can expect a good benefit in future. Time also plays a key role. Investors are always rational in their behavior.

We could find out the behavior of an ordinary investor through study. Even though it is a project to analyze the investment behavior of the people in changanacherry, it was our attempt to find out the basic characteristics of an investor.

An investor has a relatively longer planning horizon. Its holding period is usually at least one year.

- An investor is normally not willing to assume more than moderate risk. Rarely does he knowingly assume higher risk.
- An investor usually seeks a modest rate of return which is commensurate with the limited risk assumed by him.
- An investor attaches greater significance to fundamental factors and attempts a careful evaluation of the prospects of the firm.
- Typically as in uses his own funds an eschews borrowed fund

In the case of changanacherry people should be much aware about the various investment fields. Especially about Stock Market, Public Provident Fund, National Saving Certificates etc. Majority of the investors are not ready to invest in Stock Market, because of their fear. Why they are afraid about it. The short term fluctuations in the stock market is the major reason while there are good percentage of investors in long term investments because they expect a modest rate of return after a maturity period.

RECOMMENDATIONS

It is true that investments are inevitable for growth and development. So steps should take for the growth of investment alternatives.

- Good awareness should be given to the people.
- Investment procedures should be made much easier.
- People should be free from fear to invest in various alternatives.
- Investments help in sustainable developments. So there should have good co – operation from the part of investors.
- Investors of changanacherry should know about investment opportunities and make sure that their investments are not in the wrong options.
- Women enjoy natural advantage over men when it comes to investing. So there should have more woman investors.

CONCLUSION

Investment is one of the corner stone’s for the economic well being of a country. It plays an important role in the growth and developmental activities of an economy. There are many invest-

ment alternatives in India and many investors too. It was an attempt to find out the investment behavior of the people in changanacherry. There are many investment opportunities in changanacherry but people are concentrating more of the major long term investments like, Fixed Deposits, Gold, Life Insurance, Post Office Savings, Real Estate Provident Fund and short term alternatives like Chit funds, private financial firms etc.

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