



INVESTMENT BEHAVIOUR AND PREFERED INVESTMENT AVENUES: A STUDY WITH REFERENCE TO DAKSHINA KANNADA DISTRICT

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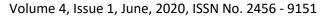
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ABSTRACT

In this modern era, money plays an important role in one's life. In order to overcome the problems in future they have to invest their money. There are a lot of investment choices such as bank, Gold, Real estate, post office services, mutual funds and one must select the most appropriate one. Savings of the people are invested in assets depending on their risk and return demands, safety of money, Liquidity, the available avenues for investment, from various financial institutions, etc. Investors are investing their surplus money with the different objectives such as profit, security, returns and income stability etc.

This study deals with the behaviour of the investor to identify the better investment avenues available in India. The investment strategy is a plan, which is created to guide an investor to choose the most important investment portfolio that will help them to achieve their financial goals within a particular period of time. The study is based on both primary data and secondary sources of data. The primary data collected by distribution of a close ended questionnaire and conducting the interview with preferred investment investor. The researcher has analysed that salaried employees consider the safety as well as good returns on investment on regular basis.

KEYWORDS: Investment, Salaried employees, Savings, Investment avenues.



INTRODUCTION



Investing in various types of assets is an interesting activity that attracts people from all walks of life irrespective of their occupation, economic status, education and family background. When a person has more money than he requires for current consumption, he would be coined as a potential investor. The investor who is having extra cash could invest in securities or in any other assets like gold or real estate or could simply deposit it in his bank account. The companies that have extra income may like to invest their money in the extension of the existing firm or undertake new venture. All of these activities in a broader sense mean investment.

Investment is the employment of funds on asset with the aim of earning income or capital appreciation. Investment has two attributes namely time and risk. Present consumption is sacrificed to get a return in the future. The sacrifice that has to be borne is certain but the return in the future may be uncertain. This attribute of investment indicates the risk factor. The risk is undertaken with a view to reap some return from the investment. For a layman, investment means some monetary commitment. A person's commitment to buy a flat or a house for his personal use may be an investment from his point of view. This cannot be considered as an actual investment as it involves sacrifice but does not yield any financial return

To the economist, investment is the net addition made to the nation's capital stock that consist of goods and services that are used in the production process. A net addition to the capital stock means an increase in the building, equipment or inventories. These capital stocks are used to produce other goods and services.

Financial investment is the allocation of money to assets that are expected to yield some gain over a period of time. It is an exchange such as of financial claims such as stocks and bonds for money. They are expected to yield return and experience capital growth over the years.

The financial and economic meanings are related to each other because the savings of the individuals flow into the capital market as financial investment, to be used in economic investment. Even though they are related to each other, we are concerned only about the financial investment made on securities.



OBJECTIVES OF THE STUDY



- To find out the factors affecting investment decision of salaried persons.
- To study the awareness about investment options and preferred investment options to investment.
- To identify the problems of salaried persons in investing their money.
- To analyse the level of satisfaction of investment options.
- To identify the objective behind investment of salaried persons.
- To examine the pattern of investment of salaried persons in Dakshina Kannada.

RESEARCH METHODOLOGY

Survey Method has been used for the research study. There are four types of survey methods

- Descriptive
- > Analytical
- > School survey
- ➤ Generic survey

Since we have used questionnaire as the main source of data collection, hence it comes under descriptive survey. This can be called as questionnaire survey method. Descriptive survey has two types and these are survey testing and interview survey.

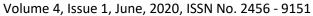
Tools of Data Collection

Primary data: Planned (Structured) questionnaire, Interview with investment related persons, Discussion and Observations.

Secondary data: Books, Newspapers, Journals, Magazines and Internet.

SCOPE OF THE STUDY

The study is an effort to study the investment behavior of salaried persons in Dakshina Kannada. It will give an understanding of the concepts related to investment. It shows the different investment options available. Sources of investment information are made known to people through various media. The major factors influencing investment are known. The answer of investor's expectation and investor's preference of different investment have got.





This study is going to be used by all people who would like to invest their savings. The study of investment is not restricted so it has more scope for further study, with different investment options and avenues.

REVIEW OF LITERATURE

- ➤ R.Palanivelu & K.Chandrakumar (2013) examined the Investment choices of salaried class in Namakkal Taluk, Tamilnadu, India with the help of 100 respondents as a sample size & it reveals that as per Income level of employees, invest in different avenues. Age factor is also important while doing investments.
- ➤ Karthikeyan (2001) has conducted research on Small Investors Perception on Post office Saving Schemes and found that there was significant difference among the four age groups, in the level of awareness for kisan vikas patra (KVP), National Savings Scheme (NSS), and deposit Scheme for Retired Employees (DSRE), and the Overall Score Confirmed that the level of awareness among investors in the old age group was higher than in those of young age group.
- Sandhu and Singh (2004): The study was based on structured primary data. The sample of 50 adopters and 50 non-adopters from the universe comprising the city of Amritsar was selected. The study analyzed in case of adopters that transparency, safety, convenience and economy judged as an important feature of net trading followed by market quality and liquidity whereas in case of non-adopters economy and convenience were the important features followed by the other factors like market quality, safety and liquidity.
 - Manish Mittal and Vyas (2008): Investors have certain cognitive and emotional weaknesses which come in the way of their investment decisions. Over the past few years, behavioural finance researchers have scientifically shown that investors do not always act rationally. They have behavioral biases that lead to systematic errors in the way they process information for investment decision. Many researchers have tried to classify the investors on the basis of their relative risk taking capacity and the type of investment they make. Empirical evidence also suggests that factors such as age, income, education and marital status affect an individual's investment decision. This paper classifies Indian investors into different personality types and explores the relationship between various demographic factors and the investment personality exhibited by the investors.



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LIMITATIONS OF THE STUDY

The study shows the current situation of Dakshina Kannada hence it may not be valid to other parts of India for other period of time.

- Primary data depends on the understanding of salaried persons.
- The study has not covered all the investment options available in India.
- ➤ Only few cities of Dakshina Kannada are covered & rural part of this area has not been covered under this study.
- Separate study of each investment option has not included in the research

ANALYSIS OF DATA AND FINDINGS

01. TABLE SHOWING AGE OF RESPONDENTS

Sl.no	Age group	No of respondents	Percentage
01	20-30	31	62%
02	31-40	9	18%
03	41-50	7	14%
04	Above 50	3	6%
Total		50	100

Source: Primary data

The above table shows that out of 50 respondents, 62% of the respondents belong to the age group between 20-30 years; 18% of the respondents are belong to the age group between 31-40-35 years; 14% of the respondents are belong to the age group between 41-50 years; remaining 6% respondents are belong to above 50 years.

The above diagram indicates that majority of the respondents belong to the age group of 20-30 years

02. TABLE SHOWING GENDER WISE CLASSIFICATIONS OF RESPONDENTS

Sl.no	Gender	No of respondents	Percentage
01	Male	27	51.1%
02	Female	23	48.9%
Total		50	100

The above table explains that out of 50 respondents, 27(51.1%) respondents are male and 23(48.90%) respondents are female. In the area of Dakshina Kannada District the majority of



03. TABLES SHOWING EDUCATIONAL QUALIFICATION OF THE RESPONDENTS

Sl.no	Educational qualification	No of respondents	Percentage
01	High School	-	-
02	PUC	-	-
03	UG	6	12%
04	PG	28	56%
05	Proffesinal	6	12%
06	Others	10	20%
TOTAL		50	100

From the above table it is clear that out of 50 respondents, majority of respondents are postgraduate that is 56% and 20% are from other qualifications and 12% are from professionals and 12% are from under graduation.

04. TABLE SHOWING TYPE OF ORGANISATION THE RESPONDENTS BELONGS TO

Sl.no	Organisation	No of respondents	Percentage
01	Government	19	38%
02	Private	31	62%
Total		50	100

Above table shows that out of 50 respondents most of them are belongs to private sector i.e. 62% and remaining 38% of the respondents belongs to government sector. From this it is clear that most of the respondents belong to private sector.

05. TABLE SHOWING YEARS OF WORK EXPERIENCE OF RESPONDENTS

SL.NO	WORK EXPERIENCE	NO OF RESPONDENTS	PERCENTAGE
01	LESS THAN5 YEARS	31	62%
02	5-10 YEARS	8	16%
03	10-15 YEARS	8	16%
04	MORE THAN 5 YEARS	03	06%
TOTAL		50	100

Above table shows the work experience of the respondents. Out of 50 respondents 62% of the respondents have less than 5 years' experience, 16% of them have 5-10 years and 10-15 years of work experience and only 3% of the respondents have more than 15 years of experience. It indicates that among all the respondents majority of them are having the work experience of less than 5 years.



06. TABLE SHOWING ANNUAL INCOME OF THE RESPONDENTS

SL.NO	ANNUAL INCOME	NO OF	PERCENTAG
		RESPONDENTS	E
01	BELOW Rs.2,00,000	12	24%
02	Rs.2,00,000- 4,00,000	24	48%
03	Rs.4,00,000- 6,00,000	10	20%
04	ABOVE Rs.6,00,000	4	8%
TOTAL		50	100

Above table shows that ,out of 50 respondents 48% of them have the annual income between Rs 2,00,000-4,00,000;24% of them have the annual income less than Rs 2,00,000;20% of the individuals have the annual income between Rs 4,00,000-6,00,000 and only 8% of the respondents have the annual income above Rs 6,00,000. It is clear from the above chart that most of the respondents have the annual income between Rs 2,00,000 to Rs 4,00,000.

07. TABLE SHOWING WHETHER THE RESPONDENTS HEVEA FORMALL BUGET FOR EXPENDITURE

SL.NO	FORMAL BUGET FOR	NO.OF RESPONDENTS	PERCENTAGE
	EXPENDITURE		
01	YES	28	56%
02	NO	22	44%
TOTAL		50	100

Above table shows that out of 50 respondents, 56% of them have formal budget for their expenditure and remaining 44% of them does not have formal budget for their expenditure. The above chart indicates that maximum respondents does not have formal budget for their expenditure

08. TABLE SHOWING PERCENTAGE OF INCOME THE RESPONDENTS SAVE

SL.NO	SAVINGS	NO OF	PERCENTAGE
		RESPONDENTS	
01	0-10%	14	28%
02	10-20%	19	38%
03	20-30%	13	26%
04	30-40%	4	8%
TOTAL		50	100

The above table shows that out of 50 respondents, 38% of them save 10-20% of their income;28% of the respondents save 0-10% of the total income;26% of them save 20-30% of



the their income and only 8% of the respondents save 30-40% of their total income.

09. TABLE SHOWING INVETMENT OF SAVINGS OF THE RESPONDENTS

SL.NO	INVESTMENT OF	NO OF RESPONDENTS	PERCENTAGE
	SAVINGS		
01	YES	31	62%
02	NO	19	38%
TOTAL		50	100

The above table shows the investment of saved income of the respondents. Out of 50 respondents 62% of them have already invested their saved income in different investment alternatives and 38% of the respondents have not yet invested their saved income.

10. TABLE SHOWING FACTORES CONSIDERED BY RESPONDENTS BEFORE INVESTING MONEY

SL.NO	FACTORS	NO OF	PERCENTAG
SL.NO	FACTORS	RESPONDENTS	E
01	SAFETY OF PRINCIPLE	20	40.8%
02	LOW RISK	11	22.4%
03	HIGH RETURN	17	34.7%
04	MATURITY PERIOD	2	4%
TOTAL		50	100

The above table shows the factors which are considered by the respondents before investing their saved funds. Out of 50 respondents 40.80% of the respondents consider the safety of principle amount; 34.70% of them consider high return factor; 22.40% of them consider the factor of low risk and only 4% of the respondent give consideration to maturity period of the investment. It is clear from the above chart that majority of the respondents consider safety of principle factor more than any other factor.

11. TABLE SHOWING INVESTMENT EXPERIENCE OF THE RESPONDENTS

Sl.no	Experience	No of respondents	Percentage
01	Beginning	20	40.8%
02	Moderate	20	40.8%
03	Kowlegible	5	10.2%
04	Experienced	5	8.2%
Total		50	100

The above table shows the investment experience of the respondents. Out of 50 respondents 40.80% of the respondents are at the stage of beginning and moderate and 10.20% of the



respondents are known legible and 8.20% of the respondents are experience in the investment. So it indicates that maximum respondents are beginners and have moderate experienced individuals.

12. TABLE SHOWING PERCENTAGE OF INCOME INVESTED BT THE RESPONDENTS

SL.NO	INCOME	NO OF	PERCENTAGE
	INVESTED	RESPONDENTS	
01	0-15%	34	68%
02	15-30%	14	28%
03	30-50%	2	4%
TOTAL		50	100

The above table shows that, out of 50 respondents 68% of the respondents invest 15-30% of their savings; 28% of them invest 30-50% of their income and only 4% of the total respondents invest 0-15% of their income. The above chart indicates that most of the respondents invest 15-30% of their saved income.

13. TABLE SHOWING FROM WHERE THE RESPONDENTS GET INVESTMENT INFORMATION

Sl.no	Source of information	No of respondents	Percentage
01	Friends	10	20
02	Relatives	4	08
03	Newspaper	11	22
04	Consultants	6	12
06	Internet	14	28
07	Other	5	10
Total		50	100

The above table shows the source of information of investment. Out of 50 respondents 28% of them got the information from internet; 20% of the have got information from their friends; 22% of the respondents got information from newspaper: 12% of the respondents got the investment information from consultants; 10% of them got the information from some other source and 8% of the respondents got the information from their relatives. Majority of the respondents got the investment information from the internet services.

14. TABLE SHOWING TYPE OF INVESTMENT

S1	no	Type of invetment	No of respondents	Percentage
0	1	Long	16	33.3%
0	2	Medium	21	43.7%
0	3	Short	13	23%



Total	50	100
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The above table shows that out of 50 respondents 23% of them are short term investors; 44% of them are medium term investors and 33% of them are long term investors.

15. TABLE SHOWING INVESTMENT OBJECTIVE OF RESPONDENTS

Sl.no	Investment objectives	No of respondents	Percentage
01	Wealth creation	6	12
02	Tax savings	5	10
03	Earn return	14	28
04	Future expenses	20	40
05	Other factor	5	10
Total		50	100

The above table shows the investment objective of the respondents. Out of 50 respondent 12% of the respondents have the objective of wealth creation; 10% of them have the tax savings;28% of the respondents have the objective of earning return; 40% of the respondents have the objective of meeting future expenditure and 10% of the respondents have some other objectives. Most of the respondents invest their saved income with the objective of meeting future expenditure.

16. TABLE SHOWING SECTOR THE RESPONDENTS PREFER TO INVEST THEIRE MONEY

Sl.no	Sector	No of respondents	Percentage
01	Public sector	29	58
02	Private sector	19	38
03	Forign sector	2	04
Total		50	100

The above table shows the preferred sector for investment. Out of 50 respondents 58% of them prefer public sector; 38 % of them prefer private sector and 4% of the respondents prefer foreign sector.

17. TABLE SHOWING THE PREFERRED INVESTMENT AVENUES AMONG THE RESPONDENTS

Sl.no	Investment avenues	No of respondents	Percentage
01	Bank fixed deposits	18	36
02	Post office savings	08	16
03	Government securities	12	24
04	Mutual funds	03	06
05	Life insurance	04	08
06	Bonds	01	02

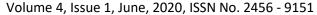


07	Debentures	01	02
08	Euity share market	03	06
Total		50	100

The above table shows the preferred investment avenues among the respondents. Out of 50 respondents 36% of the respondents are willing to invest in bank fixed deposits; 16% of them are willing to invest in post office savings; 24% of the respondents are willing to invest in government securities; 06% of them are willing to invest in mutual funds; 08% of the respondents are willing to invest in life insurance policies; 02% of them are interested in bonds; 02% of respondents are interested in debenture; 06% of the respondents are interested in equity share market.

FINDINGS OF THE STUDY

- ➤ Majority of the respondents belong to the age group of 20-30 years (62%).
- ➤ Out of the total respondents majority of the respondents are male (51.1%) and rest of the respondents are female teachers (48.9%).
- ➤ Most of the respondents are post graduates (56%).
- Most of the respondents belong to private organisations (62%).
- Maximum respondents have the work experience of less than 5 years (62%).
- Majority of the respondents have the annual income between Rs.2, 00,000-Rs.4, 00, 000.(48%).
- Most of the respondents form a formal budget for their expenditure (56%).
- Most of the respondents save 10-20% of their income (38%).
- > Survey shows that 62% of the respondents have already invested their saved money.
- ➤ Safety of the principle amount of investment is main factors which are considered by the maximum number of respondents before investing (40.8%).
- Maximum respondents are beginners and have moderate experience in investment.
- ➤ 68% of the respondents invest 0-15% of their savings.
- ➤ Majority of the respondents got the investment information from internet services (28%).
- ➤ Most of the respondents are medium term investors (43.7%).
- ➤ Investment objective of most of the respondents is to meet future expenditure as per the survey.





- Majority of the respondents prefer public sector for their investment (58%).
- Most of the respondents have some other objective behind their savings other than education, retirement, home purchase, health care and marriage.
- ➤ Out of all respondents 36% of them prefer to invest in bank fixed deposits among all other investment avenues.

SUGGESTIONS OF THE STUDY

- ➤ 44% of the respondents don't form formal budget for their expenditure, this would cause the reduction in their savings. So, they should go for forming formal budget for their expenditure.
- ➤ 38% of the respondents not yet invested their savings in any investment alternatives. So, they should go for investing their savings in those alternatives which is suitable for their risk taking capacity.
- ➤ Only 4% of the respondents have invested 30-50% of their savings, so others also should go for investing more and more.
- ➤ 36% of the respondents have given preference to bank fixed deposits and other more income generating alternatives are ignored. There so many other investment alternatives which provide more return and have more risk as well. If the respondents want more return they should invest their money in equity market.
- ➤ If the respondent invests their money in that alternative which has locking period then it won't be so liquid or liquidity will not be there. So they should go for those avenues which are more liquid.

CONCLUSION

After the analysis & interpretation of data by the researcher it is concluded that Investors are very well aware about investment avenues that are available, but still investors are preferring to invest in their money in bank deposit, real estate. The data analysis of research reveals that the safety is concerned as important factor while doing investment, so remaining avenues are less found less considerable while doing investment by investors.

Especially in a city like Dakshina Kannada where Real estate is always on the high or up, this is not at all bad investment option. But there is no fixed return and the risk and amount of investment is high. It is absolutely essential and needed to save what you earn, to have a plan for your own future, and to resist the spending funds that you do not already have.



The study on preferred investment avenues among salaried people has been undertaken with the key objectives such as to find preferred investment avenues & also to know the awareness level of investors. Analysis of the study was undertaken with the help of survey conducted. After the analysis & interpretation of data it is concluded that Investors are aware about investment avenues available in India but still investors are preferred to invest in bank deposit, real estate, metals(Gold). The data analysis reveals that the safety is important factor while doing investment so remaining avenues are less considerable while doing investment by investors.

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