

A Study on Public Preference Towards Various Avenues of Investment with Reference to Coimbatore City

G. NITHIN¹, Dr. S. MOHAN²

¹ Student, Department of Management Studies, Dr. N.G.P. Arts and Science College, Coimbatore.

² Professor and Head, Department of Management Studies, Dr. N.G.P. Arts and Science College, Coimbatore.

ABSTRACT:

This study explores the various sources of investment available to the public, emphasizing the importance of diversification to reduce financial risk. It provides insights into traditional and modern investment avenues such as stocks, bonds, mutual funds, fixed deposits, gold, real estate, and government-backed schemes like PPF, NPS, and ULIPs. Each source is analysed based on its features, risk levels, and potential returns. The objective is to understand public preferences and the rationale behind investment choices. The study also highlights how combining multiple investment options can provide financial stability. By examining these investment tools, this paper aims to guide investors in making informed decisions. The findings are particularly relevant to urban investors in cities like Coimbatore.

KEYWORDS: Investment Avenues, Public Preference, Stocks, Mutual Funds, Financial services Industry,

INTRODUCTION:

Investment in different sources refers to a strategic approach where individuals spread their funds across various asset classes, sectors, and geographical regions to minimize overall portfolio risk. The aim of diversification is to balance the potential loss in one investment with gains in another, thereby ensuring stability and long-term returns. With the growth of financial literacy and technology, individuals today have access to a wide array of investment options such as stocks, bonds, mutual funds, real estate, gold, and government-backed schemes, each catering to different financial goals and risk appetites.

Some of the common avenues for investment include stocks, which represent ownership in public companies, certificates of deposit, which offer interest on fixed savings over a period and bonds, which are debt instruments issued by governments or corporations. Together, these investment options enable individuals to build diversified portfolios aligned with their financial goals and life stages.

OBJECTIVES OF THE STUDY:

- To understand and analyse public perception towards various investments avenues in the market.
- To identify the most preferred investment avenues among the general public.
- To assess the perceived risks and rewards associated with the different investment options.
- To understand the level of awareness and understanding the various investment avenues among the public.
- To analyse the factors influencing public in investments of different avenues.

REVIEW OF LITERATURE:

- **Md. Shahjahan & Md. Mahbubul Alam (2022)** This review examines various factors influencing investment decisions, including demographic characteristics, risk tolerance, financial knowledge, and social norms. It highlights the growing importance of digital platforms and financial technology (FinTech) in shaping investment behaviour.

- **Amjad Ali Shah et al. (2021)** This review focuses on the psychological and behavioural biases that influence investment decisions, such as herd behaviour, overconfidence, and loss aversion. It also discusses the role of emotions and cognitive biases in shaping investment choices.
- **Andrea Laplane and the Mariana Mazzlucato (2019)** state that the last fifty years have witnessed the emergence of several disruptive technology innovations. The allocation of the risks and the rewards in public and private partnership offers through the which to observe the divisions of the innovation labour perceptions about the “failure” and the “success” of public investments and certain limitations need to be recognized, given that public and private contributions are closely interlinked. Within the framework that uses the public agencies as the capable of absorbing high technological and the market risks, there is a valid expectation that are fruits of the successful public finance will serve as a tax-payers.
- **Khalid UL Islam, Suhail Bhat, Irshad Ahmad Malik (2019)** state that the when investors make the decisions about the investments. These biases define how much risk an individual is willing to assume and therefore could greatly affect the risks propensity, while rational expectations they assume that investors act rationally, many times are the market prices of the tradable securities diverge from the equilibrium levels.

R RESEARCH METHODOLOGY:

Research Design

Research design is the arrangement of the conditions for the collection and analysis of data. This research comes under the Descriptive research.

Descriptive Research

It includes the surveys and fact findings, enquires of different kinds. The major purpose of descriptive research is description of the state of the affairs as it exists at present. It is otherwise called as the expose factor results. The researcher has no control over the variables.

Population

Population refers to the complete set of individuals, objects, or elements that share common characteristics and are the focus of a study. It is the entire group from which a researcher seeks to gather insights or draw conclusions.

Sample size refers to the number of items to be selected from the universe to constitute the sample.

Samples of 250 respondents are selected for the study.

Sampling

Sampling means selecting a particular group or sample to represent the entire population. Sampling methods are majorly divided into two categories Probability and Non – Probability sampling. In the first, each number is fixed, known opportunity to belong to sample, whereas in the second case, there is no specific probability of an individual to be part of the sample.

Sample Design

Sample design refers to the method used to select a group of individuals, items or data points from the larger population for the purpose of conducting the study. Some of the common technique used are Simple random sampling, stratified sampling, cluster sampling, convenience sampling are chosen based on the study's objectives and requirements The technique of Convenience Sampling was used for the purpose of research study.

Sample Unit

A sample unit is the individual element or entity chosen from a population for inclusion in a sample. It could be a person, household, organization, or item, depending on the study's objectives and population scope. An individual person who makes investment decisions in different avenues of investment is my sampling unit.

Data collection method

Primary Data

Primary data for the research is collected through structured questionnaire

Secondary Data

Secondary Data is collected from journals, newspapers, websites, etc...**Questionnaire Collection Method**

The Method of collection used for collecting questionnaire is through google forms.

Tools for Analysis

- Percentage analysis
- Ranking method
- Chi Square Method

DATA ANALYSIS AND INTERPRETATION:

Percentage analysis:

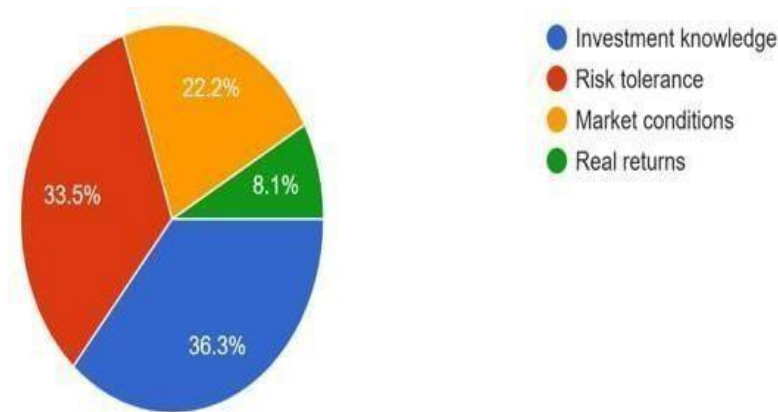
FACTOR CONSIDERED BEFORE INVESTING IN DIFFERENT AVENUES

S. No.	Factors	No. of respondents	Percentage (%)
1.	Investment knowledge	90	37
2.	Risk tolerance	82	33
3.	Marketing Conditions	55	22
4.	Real returns	20	8
	Total	250	100

Source: Primary data

INTERPRETATION:

The most significant factor influencing investment decisions was investment knowledge (37%). Risk tolerance was also a major consideration (33%). Market conditions played a moderate role (22%), while real returns were the least influential factor (8%).



SOURCES OF AWARENESS ABOUT INVESTMENT AVENUES

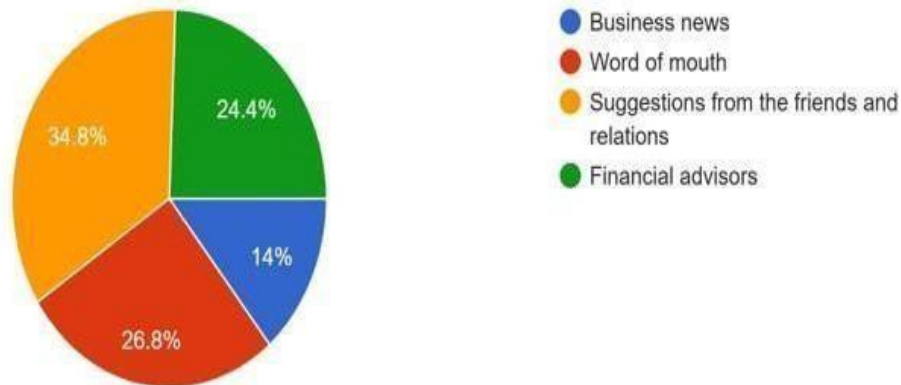
S. No.	Sources	No. of respondents	Percentage (%)
1.	Business news	35	16
2.	Word of mouth	67	26
3.	Suggestions from the friends and relations	87	34
4.	Financial advisors	61	24
	Total	250	100

Source:

Primary data

INTERPRETATION:

Most respondents (34%) learned about investments from friends and family. Many also relied on word- of-mouth (26%)



and financial advisors (24%). Business news was the least common source of investment awareness (16%).

Ranking analysis:

RANKING MOST PREFERRED INVESTMENTS AMONG THE RESPONDENTS

Sources	I	II	III	IV	V	Score	Rank
Real Estate	82 (410)	60 (240)	50 (150)	24 (48)	34 (34)	872	I
Gold	72 (360)	65 (260)	55 (165)	24 (48)	34 (34)	867	II
Fixed Deposits	32 (160)	30 (120)	40 (120)	104 (208)	44 (44)	652	V
Mutual Funds	27 (135)	45 (180)	60 (180)	64 (128)	54 (54)	677	III
Stocks	37 (185)	50 (200)	45 (135)	34 (68)	84 (84)	672	IV

Source: Primary data

INTERPRETATION:

From the above table it is inferred that “Real estate” scored the highest point (872) and ultimately ranked 1. Hence it is the most preferred investment avenues. This is followed by gold, mutual funds, stocks and fixed deposits.

Chi - square analysis:

COMPARISON OF OCCUPATION OF RESPONDENTS WITH THE SOURCES PROVIDING MORE AWARENESS OF INVESTMENTS

Occupation of the respondent	Business News	Word mouth of	Suggestions from the friends and Family	Financial advisors	Total
Student	26	18	24	14	82
Business	7	12	14	15	48
Employee	2	27	28	13	70
Homemaker	4	9	17	20	50
Total	39	66	83	62	250

Source: Primary Data

Degree of Freedom

Degree of Freedom = $(r - 1) (c - 1)$

= $(4 - 1) (4 - 1)$

= $3 * 3 = 9$

Level of significance at 5%

Calculated Value = 38. 8607

Tabulated Value = 16. 919

From the above analysis, the calculated Chi-square value (38.867) is greater than the tabulated value (16.919) at a 5% significance level.

Calculated Value > Tabulated Value

This means that there is significant relationship between the occupation of respondents with the source which gives them more awareness.

FINDINGS:

- Friends and family suggestions were the primary source of investment awareness for 34% of respondents.
- A significant majority (68%) indicated moderate familiarity with investment options.
- The majority (76%) of respondents have invested in the mentioned avenues.
- Long-term benefit was the primary investment goal for 46% of respondents.
- Medium-term investments were favoured by 79% of respondents.
- Moderate risk tolerance was expressed by 74% of respondents.
- Active investing was the preferred investment strategy for 59% of respondents.
- Most of the respondents (37%) consider Investment knowledge as the factor should be considered before investing.
- The majority (71%) of respondents had mentioned as the factor kindle them in investing different avenues of investments as Financial factors.
- Gold's high return potential was perceived by 42% of respondents.
- Most of the respondents (40%) have concluded that the friends and family provide them the source of information in deciding the avenues of investments.
- The majority (53%) of respondents have concluded that they typically make the investment decisions on the basis of research and analysis.
- The calculated Chi-square value (38.86707) is greater than the tabulated value (16.919) at a 5% significance level. This means that there is significant relationship between the occupation of respondents with the source which gives them more awareness.
- From the ranking table, it is understood that Real Estate was ranked 1 among all the other avenues (Fixed deposits, Mutual Funds, Stocks, Gold).

SUGGESTIONS:

- **Familiarity of Investment options** - In today's scenario, Exploring and understanding various avenues of investments is crucial for the financial security and to achieve the long term goals. As the percentage of level of familiarity is less among few respondents, they should much more focus on the avenues of investments.
- **Preference of stock** - Inspite of high risk, the stock also has the high return potential in the present situation, respondents can also prefer more for the Stock too.
- **Confidential level of Investment options** - Some of the individuals had disagreed with their confidential level of investment options, they should more focus on their understanding regarding the investment options.
- **Consulting with the Financial advisors** - It is better to consult with the investors before investing. Some of the respondents rarely consult with the financial advisors. They should consult more with the financial advisors for their betterment.
- **Sources giving more awareness** - Many of the individuals get their sources of awareness from

the suggestions and relations. They should focus on Business news too get some more awareness in the Business.

CONCLUSION:

This study examined investment behaviour and preferences among a young adult demographic, primarily females aged 18-30, with a significant representation of students and undergraduate degree holders. The findings highlight a moderate level of investment awareness, with a majority of respondents being "somewhat familiar" with investment options and having actively invested in various avenue. While fixed deposits are a popular investment avenue, ranked third by most, gold is perceived as having high return potential in the current market. Financial factors are the primary motivators for investing.

Decisions are largely based on research and analysis, although there's a neutral understanding of investment risks, and occasional consultation with financial advisors. Chi- square analysis revealed a significant relationship between occupation and the source of investment awareness, and there was no significant relationship between annual income and the factors considered before investing respectively, indicating that investment considerations are not solely income-dependent. Overall, this study is actively engaged in investment, driven by long-term goals and social influences, but with a need for enhanced financial literacy and risk awareness.

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