

## A Study of Investor's Perception towards Various Investment Avenues with Special Reference to Mumbai City.

Submitted by Nishmita Ahuja

Laxmichand Golwala College of Commerce and Economics, University of Mumbai, India.

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### **Abstract:**

This research work was conducted to know and understand the behavior of people towards different investment avenues available. It emphasizes mostly on its awareness and their investing habits. It takes into consideration various factors that influence and induce people to make investments highlighting risk as one of the most important factors. This research was conducted in Mumbai city. It also helps to know the investment pattern of the people.

**Keywords:** Investment avenues, investing habits, risky investment avenues, wealth creation, productive sources.

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### **I. Introduction:**

Investment is a road where one can walk and grow money. It is a way to build and increase one's wealth. Investment plays a very important role in one's life when it comes to wealth creation. A person earns his monthly income out of which he spends and saves. But these little savings are not enough if one wants to grow and multiply money. As per the current market situation, there are many investment options available for a person to put his money. Below are some of the investment options: -

1. **Stock:** stock represents the shares of the company. A person holding share of a company becomes the shareholder of that particular company. The price of a share keeps fluctuating and the returns are uncertain. Hence, many people avoid investing in shares.

2. **Bonds:** A bond is a loan which has fixed rate of interest. Bonds or debentures are similar and they are issued by the companies to raise funds. People holding bonds or debentures get a fixed rate of interest which is certain.

3. **Mutual funds:** These funds pool money from large number of investors and then invest in shares of the companies. The returns earned are then distributed among the investors as per their proportion. Mutual funds are again risky because it does not bear any fixed income.

4. **Bank fixed deposits:** This is the most common investment option which is looked upon by a large number of populations. It is considered as the most secured avenue where returns are less but are fixed. Here, even the risk is low due to fixed returns.

5. **Gold:** As we all know; Indian tradition is much into investing in Gold. When the price of gold declines, people buy gold and retain and also considers it as a means of getting money in times of emergency. Hence, gold is not bought with a view to make profit, but to keep it for emergency.

6. **Real estate:** Real estate is again one of the options which people invest into. But investing in real estate requires a huge amount of money. However, there is a practice of buying a property at a low price and selling at high price with a view to make profit out of the difference in prices.

7. **Life insurance:** It is one of the most popular investment options and is considered as a good investment portfolio. The main objective of investing in life insurance is to secure the life of a person and their family members. It is not a profit-oriented investment avenue, but a general avenue done for life.

8. **Post office schemes:** These are the short-term investment plans which are handled by Government. It is a fixed income investment avenue which provides returns on monthly basis. Here, the risks are low & returns are high.

Among the above investment options, a person has to choose wisely and make a decision regarding his investment. But there are certain factors which are considered before making an investment. The two main important factors are:

- a) Minimum risk
- b) Maximum returns

People are reluctant to invest in risky investment avenues having a fear of loss in their mind. On the contrary, investment which gives low or less return is hardly opted for. Hence, this research gives a clear understanding about their thoughts and vision about investment.

The investment avenues covered for this study are:

- **Bank deposits:** bank deposits are the amount of money deposited by people in their banks to earn interest. Bank deposits are a fixed income investment avenue which has a fixed rate of interest. There are 2 types of deposits- a) fixed deposits b) recurring deposits.
- **Shares:** shares are the securities of the companies which provides dividend as returns. Here, the dividend rate is not fixed. Hence it is a fluctuating income investment avenue.
- **Mutual funds:** mutual funds are the investments where money is collected or pooled from a number of investors and invested in stocks, bonds etc. The returns earned are then distributed among the investors. It is a fluctuating income investment avenue.
- **Gold and silver:** Indian tradition follows the custom of passing on Gold Ornaments to their daughter when she gets married. Hence in India, investment like gold & silver is being priority and hence a lot of money is invested into it. Gold prices keep fluctuating. But when sold, it is sure that returns are more than what was invested.
- **Property:** property is again an investment avenue which requires huge amount of money. A property (which may be a house, a shop, a land etc.) when gets cheaper are purchased by people and sold when its price gets appreciated. This is a way to earn profit by taking advantage of the changing prices.

## **II. Review Of Literature:**

1. Ashly Lynn Joseph, Dr. M. Prakash(2014): "A study of preferred investment avenues among the people and factors considered for investment". This research aims to analyse the preferences of the people regarding different investment avenues available. It also covers the study of factors considered by people for investing their money. This study was conducted in Bangalore city. It gives a wider scope to spread awareness among people about the new services and schemes relating to investment.
2. Sonali Patil, Dr. Kalpana Nandawar(2014): "A study on preferred investment avenues among salaried people with reference to Pune, India". This study has been conducted to know the preferences of salaried people towards various investment options available. It has specifically covered salaried people as respondents for the purpose of collecting data. This study was done through a personal interview using a questionnaire. The area of research is restricted to Pune city.
3. Mahalakshmi Kumar, Dr. Rajesh Mankani(2017): "A study of level of awareness regarding investment awareness among educated working women with special reference to Mumbai city". This study specifically highlights working women of Mumbai city. It has collected primary data through a detailed questionnaire. The main objective of this study was to have an in-depth study of all the investment avenues available and also to know the awareness level regarding investment avenues among educated working women in Mumbai. Its findings depicts that education makes women more aware of such knowledge and they are motivated to earn, save & invest their money into valuable & productive sources.

## **III. Objectives Of The Study:**

The study was conducted for the following objectives:

1. To understand the behavior of people and the factors considered by them before investing.
2. To study the perception of people towards risky investment avenues.
3. To know the choice and reasons for their investment.

## **SCOPE OF THE STUDY:**

This study will help to identify the reasons of people's ignorance towards risky investment avenues. It will give an idea of how to create awareness and encourage people to put their money into productive sources.

## **RESEARCH METHODOLOGY:**

The study was done completely by collecting primary data through a questionnaire. A questionnaire was prepared and information was collected with the help of it. Sample size was 70. The respondents were all from Mumbai city since the study was exclusively done in Mumbai city. A personal interview of all the respondents was also taken to understand their thinking in a better way.

## **HYPOTHESIS:**

**Null Hypothesis:** There is no impact of risk on the investing decision of investors.

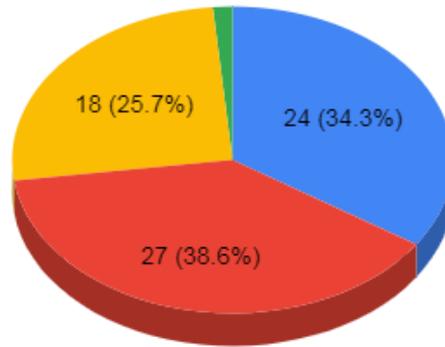
**Alternative Hypothesis:** There is an impact of risk on the investing decision of investors.

**IV. Data Analysis And Interpretation:**

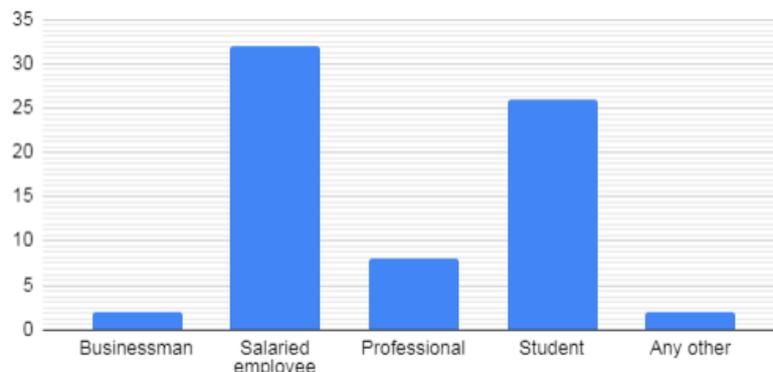
Data collected through the questionnaire and personal interview were analyzed and interpreted. All the data has been represented in a diagrammatic form.

Count of 2.Qualifications:

● Graduate ● Post graduate ● Undergraduate ● Any other

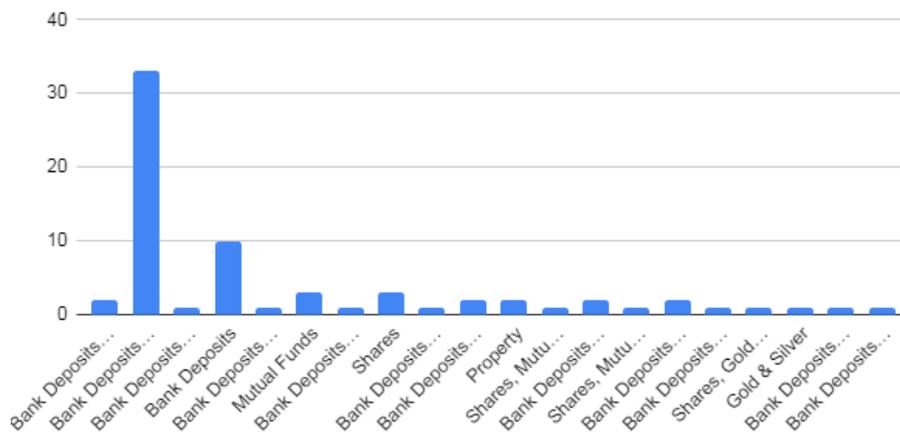


Count of 3.Occupation:



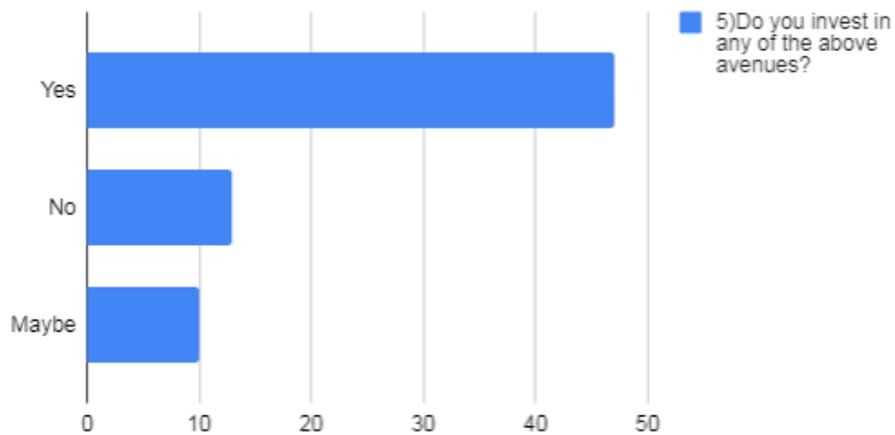
Count of 3)Occupation:

Count of 4)Are you aware of the following investment avenues?



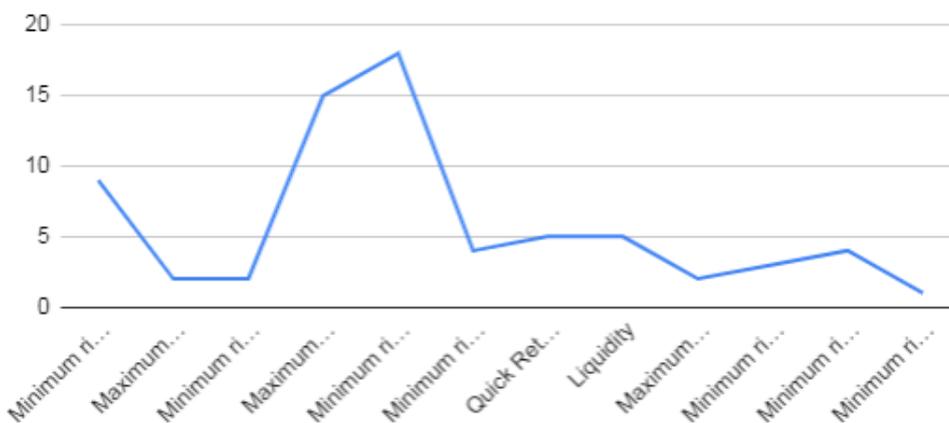
Count of 4.Are you aware of the following investment avenues?

Count of 5. Do you invest in any of the above avenues?



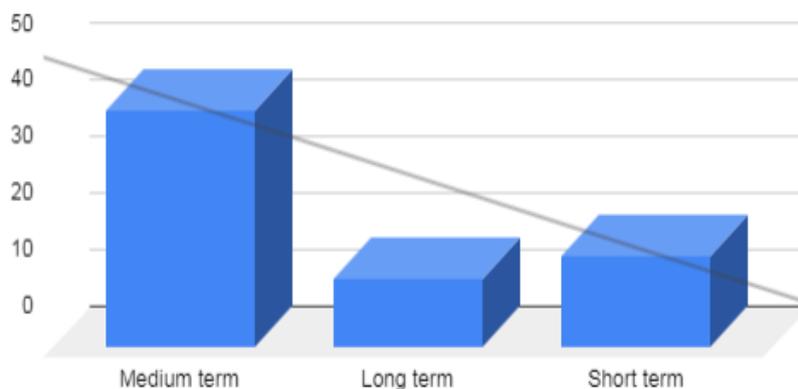
Count of 5) Do you invest in any of the above avenues?

Count of 6. What factors do you consider while investing your money?



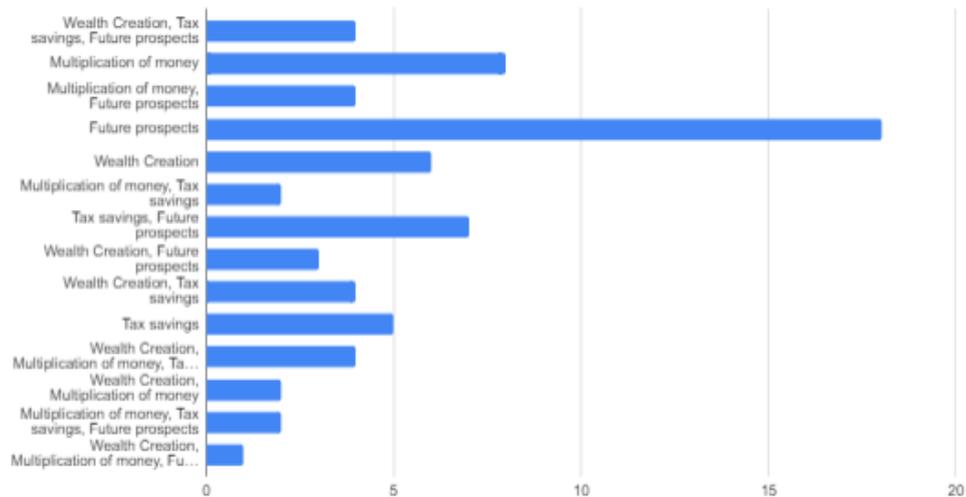
Count of 6) What factors do you consider while investing your money?

Count of 7. How long do you prefer to keep your money locked in an investment?



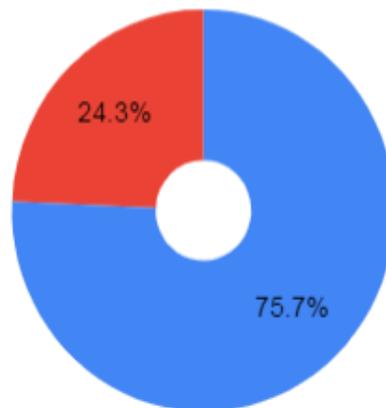
Count of 7) How long do you prefer to keep your money locked in an investment?

Count of 8. What are the reasons for your investments?

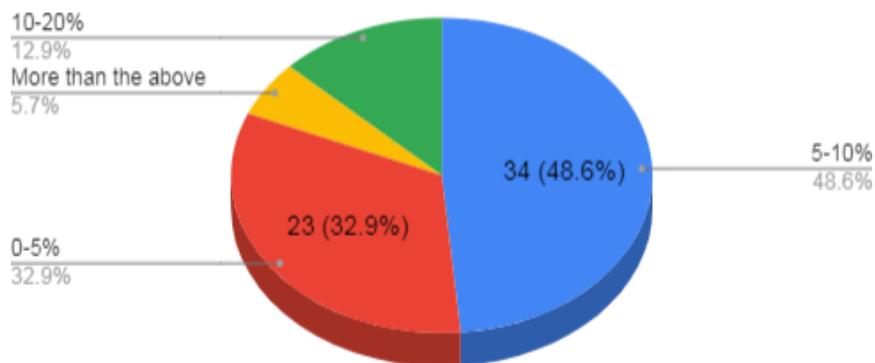


Count of 9. Do you prefer to invest in fixed return or fluctuating return investment?

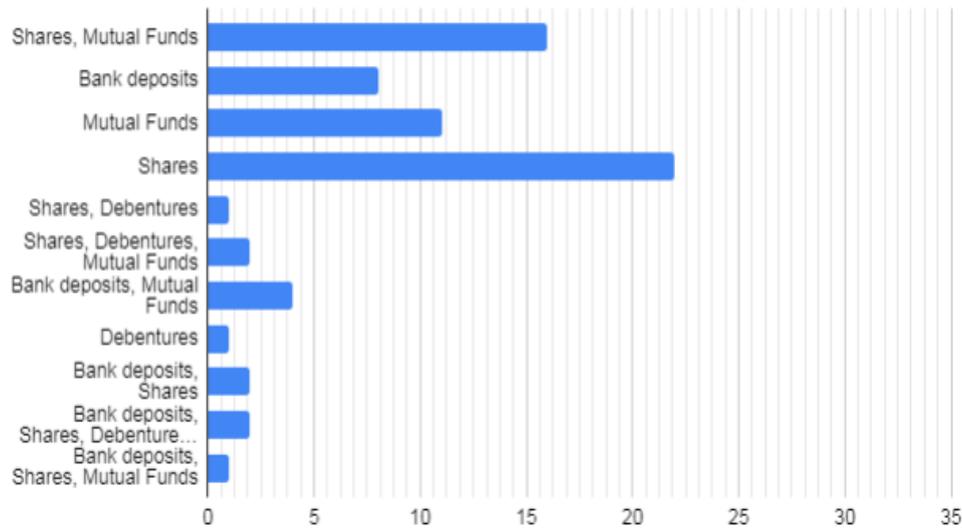
● Fixed return investment ● fluctuating return investment



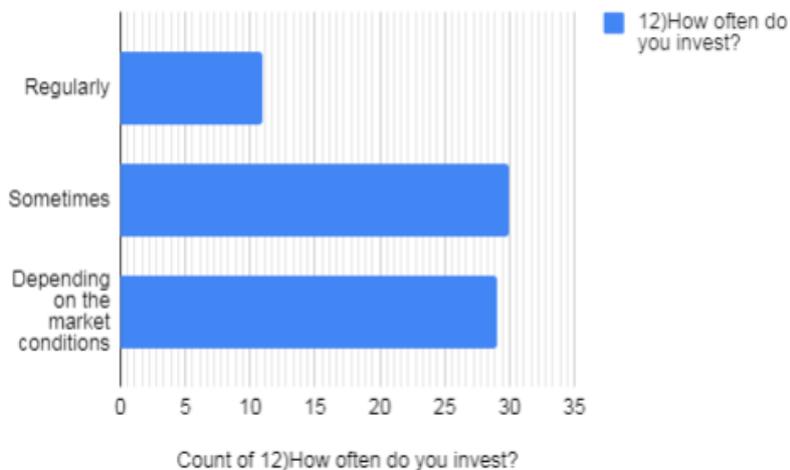
Count of 10. How much % of your income do you invest?



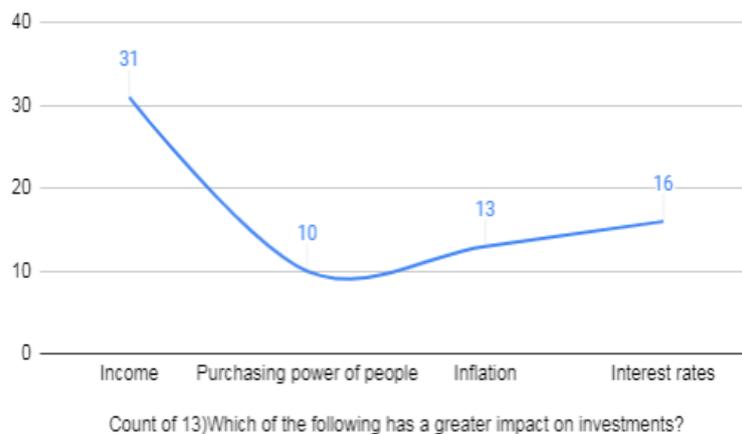
Count of 11. According to you, which of the following investments are necessary to achieve quick and higher returns?



Count of 12. How often do you invest?



Count of 13. Which of the following has a greater impact on investments?



### **V. Findings:**

On the basis of above interpretation of data, it was found that majority of people are interested to grow their money but are hesitant to invest in securities which carries greater risks but provides better yield. A large number of people said that they invest for future prospects. Almost all the respondents approached are aware that shares and mutual funds provide quick & higher returns, but they are still not confident enough to take risks. As per the data received, it is clear that around 75% of the respondents invest in fixed income securities. A large of respondents was salaried people who mostly prefer to keep a small portion of their savings in banks for the sake of earning interest. This limits their scope of investing into a better option with good results. On the basis of responses, it is proved that "Risks has a major impact on the investing decisions of investors". **Therefore, null hypothesis is rejected which is "There is no impact of risks on the investing decisions of investors" and alternative hypothesis has been accepted i.e. "There is a huge impact of risks on the investing decisions of investors"**.

### **VI. Suggestions:**

- People should be made aware of the investments and the way it works so that they should be more comfortable and feel safe to invest their money.
- Also, they must be provided with accurate information and proper guidance so that they are able to make their own decisions related to investments.
- Many people invest their money blindly by considering only higher returns. They ignore or are not made known about the risks associated with it. Hence, such people must be alert before investing their money in any unproductive avenue.
- Market conditions keep on changing and prices keeps fluctuating. Therefore, investors are required to speculate and act on the changing market conditions.
- Also, investors must invest in different avenues rather than investing in one, in order to mitigate the risk associated with one avenue.

### **VII. Conclusion:**

We do know that people avoid risky things, but it is all about knowledge and patience. However, few respondents were such who have already invested much in shares and mutual funds and gained higher returns, but other people who haven't done yet must at least take a chance and try once. Investments are very keen in shaping wealth. It must be activated in every walk of life. A part of income must be spent towards investment. Share market has a lot of ups and downs, but it also has maximum returns when invested properly and wisely. Hence, our investors investing only in fixed securities such as fixed deposits must be now motivated to invest in shares and mutual funds. If it is done, then only a person will be able to save and create money out of it. It is clear that there is a fear of loss among people which needs to be reduced by spreading more knowledge and true information to them.

Financial advisors, stock brokers and other experts representing stock exchange must come forward and organize various sessions for people who have less or no idea about how it works. Also, various courses are now available which teaches the entire process of how to invest and make money in stock exchanges.

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