

Investor's preferences towards Savings & Investment

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I. Introduction

An economic marketplace is the backbone of an economic system. It supports the allotment of share capital crossway in the creative segments of the economy. This allocation of capital supports to retain up strong elements for savings and investment.

In the current economic system, there are numerous investment opportunities to choose. Some of these investment avenues offer attractive incomes but with high risks, some suggest lower incomes with very low risks. An investment can be defined as a perfect investment, if it fulfils all the requirements of all investors.

Saving is income not spent, or deferred consumption. Methods of saving include keeping money aside in a deposit account, a pension account, an investment fund, or as cash. Saving also involves reducing expenditures, such as recurring costs. Saving generally identifies low-risk conservation of money, as in a deposit account, versus investment, wherein risk is a lot higher; in economics, it refers to any income not used for instantaneous consumption.

Saving is closely related to physical investment, in that the former provides a basis of funds for the latter. By not expending income to buy consumer goods and services, it is possible for resources to instead be capitalized by being used to produce fixed capital, such as factories and machinery. Saving can therefore be important to escalate the amount of fixed capital available, which contributes to economic growth.

Investment is the sacrifice of present day's consumption to gain profitable returns in the future. It is the employment of funds with the ambition of achieving additional income or growth in value. The crucial quality of an investment is that it comprises 'waiting' for the reward. It involves the commitment of resources which have been saved or kept aside from current consumption in the faith that some benefits will accrue in future. Hence investors are very vigilant while making investment decision and expect higher return at lower risk.

All investments involve risk, as the investor parts with his/ her money. A proficient investor can reduce the vulnerabilities and maximize returns. Investor can avoid pitfalls and safeguard his/ her interests.

Hence, the initial opinion of searching of every perfect investment must have an overview through the investor's requirements. If all those requirements are met by the investment, then that investment is called the perfect investment.

II. Review of Literature

Shukla studied about investor's preference towards investment avenues and the study focused on the salaried persons only. The author concluded that majority of the respondents invested their money based on educational background and they invested in purchasing home and long-term investment. Respondents have the criteria of investment as safety and low risk.

Amudhan et al. analyzed the performance investment behaviour concerned with choices about purchases of small amounts of securities, deposits, mutual fund, insurance, Chit Funds. Researcher confirmed that there seems to be a positive degree of correlation between the factors that behavioural finance theory and previous empirical evidence identified in the average investor. The result described investment offer to a person's money to gain future income in the form of interest, dividends, rent, premium, pension profit or approval of the value of their standard capital.

Vaidehi et al. argued for different investment strategies as motives and styles vary by different needs. They found the need for better accepting of behavioural pattern of the investors. The behaviour pattern would aid the investment advisors to envision how the investors respond to market schedule, and would allow them to develop suitable allotment approaches for their customers. Among the selected factors were the investment motives attained and the long-term gain, which established an essential factor chased by dividend and growth prospects and balancing of short-term and long-term gain. Educational qualification, occupation, age, income and amount of equity investments choose the investing styles of the investors notably.

Mishra explained that his study aimed to investigate perception of investor towards mutual funds with the important aspect of mutual funds affecting perception of investors and it examined difference of perception of large and small investors based on explored factors. Difference of view about mutual funds was analyzed with the help of 't' test. Small investors focused on tax returns and savings but large investors expect future

return. Thus mutual fund companies must give due significance to these segments for their survival and growth in Indian context.

Rastogi analyzed behavioural feature in the investment choice making method. Behavioural finance provides solutions to many problems until now not answered suitably by the usual finance theory. The study concluded that behavioural biases are not affected by the combined categories of gender and occupation.

Muruganandam et. al. examined the evidence that investors' intentions of analyzed perception towards risk and return on investment in shares depend on their portfolio constructions and the strategies of portfolio management. They suggested that successful companies must have thorough understanding of psychology of the investors they revealed that proper diversification of portfolio would make sure the investors get higher return, higher salary and high liquidity with least risk.

Selvi discussed some studies that are available on the investors' attitude towards investment avenues. The conventional investment avenues, bank deposits and gold are the most preferred avenues, while insurance schemes and post office instruments are getting increased attention. She concluded most of the respondents have not preferred to invest their savings in UTI and mutual funds.

Kumar observed the kinds of investors' perception and their behaviour towards the stock market. More number of people have invested their money in the stock market and burnt their fingers. Few have gone into the extremes and committed suicide.

Reddy et al. found that financial investment avenues intended by seeing the physical vision of the investors, risk tolerance ability of investors or customers are the key of success for any business and a major executive implications that can used by investment companies in reforming their existing practices and lastly innovating new ways of service delivery.

Anil Nagtilak et al. accessed behaviour of saving and investment in first public offering. They used conveniences sampling method and evaluated the complex IPO process and included the legal requirements of an IPO, SEBI rule and plan, to find out the investors' confidence level and their favourites while investing money. They concluded that IPO is no more risky investment as SEBI is playing very important role in regulating the risk and financial aspects of the investors.

Velmurugan et al. record that small team investors focused on value. This study used convenience sampling method, percentage analysis, mean, Whitney and Kurshallwallis tests. There are large number of small investors, who have the skill to save and an investment in share market, gold, real estate, insurance and post office. Among these factors the researcher found that perception of order of investment towards post office are different between the various income level so the investors analyzed the market carefully and then made investment decision.

Jayasatha et al. attempted to show the key demands that the major investors have of an investment are safety of principal amount, liquidity, income stability, appreciation and easy transferability. This study was based on percentage analyses and chi-square. A variety of investment avenues are available such as shares, bank, companies, gold and silver, real estate, life insurance, postal savings and so on. Author concluded that most of the investors preferred mutual fund investment followed by Life Insurance Corporations.

Javed Iqbal Bhabha et al. explored that working people as investors play an important role in the economic growth of nation. Savings attitude and investment behaviour are influenced by past and future act of special kinds of investment options. Women typically have lower earnings than men, which created lower total wealth. This study concludes the factors, which are controlling the attitude of working-women towards saving-investment behaviour in developing countries like, Pakistan, and explained the key critical factors like, income, financial security and returns on investment.

1.3 Objectives of the study :

The following objectives have been formulated for this study.

- 1) To identify the saving and investment pattern.
- 2) To examine the inclination of retail investors towards savings and investment and their awareness of stock markets.

1.4 Hypothesis:

The following hypotheses have been postulated for the research.

Ho.1 Investors have positive opinion towards saving and investment in shares.

Ho.2 Investors have good knowledge and awareness of investing.

III. Method

The sample was collected from different demographical characteristics and locations of retail investors. The sample for this study was the individual retail investor who invests directly or through brokers.

Sample Selection

A cross-sectional non-probability judgmental and snowball sampling methods were employed to collect the data. Non-probability sampling involves purposive selection of particular units of the population. Judgmental sampling is used when the number of elements in a universe is unknown.

In snowball sampling initially, a small group of people is selected on a random basis. After that, other participants are selected by their referrals. There are 29 million (2.18 per-cent) investors in India, who operate through thousands of stocks brokers and buy or sell shares in the different stock exchanges in various cities.

For the purpose of the study retail investors operating in Indian stock market were taken. The sample selected for such a study can neither be too big nor too small. Hence, a total of 500 retail investors (0.0017% of the population) were surveyed.

Data Collection and Data Sources

The study used both primary and secondary data. The secondary data was collected through an extensive review of related literature; from different websites like www.investopidea.com, www.economicstimes.com; from newspapers likes Financial Express, Economic Times; publications like Capital market, Financial Journal and from other research reports available with financial services firms.

The primary data was collected through a structured questionnaire having 10 questions. The questionnaire was pretested for checking its quality, ease of filling and validity. The questions used Likert scale and ranking techniques.

IV. Results & Analysis

Statistical Tools for Data Analysis

The (SPSS 20.) Statistical Package for the Social Science was used for primary data analysis. The selected methods of data analysis included descriptive analysis, ranking percentages and Chi-square test to explain the sample characteristics and test the research hypotheses.

Result of Hypothesis Testing

After testing the hypothesis through Chi square test of independence it was found that there is significant trend regarding statements. Therefore, the hypothesis that the investors have positive opinion towards investment in shares is accepted.

Ho.1 Investors have positive opinion towards saving and investment in shares.

S.No.	Statement	Chi-Square Value	Trend	Degree of Freedom (df)
1.	I(will) save for my children's education	376.71	Significant	1
2.	I(will) save to purchase a house	326.43	Significant	1
3.	I(will) save for tax benefits	311.38	Significant	4
4.	I (will) save for my children's marriage.	225.79	Significant	1
5.	I (will) save to provide for my retirement.	571.79	Significant	2

Analysis was done by the researcher to find out if Investors have positive attitude towards savings and Investment. After testing the hypothesis through Chi square test of independence it was found that there is significant trend regarding statements. Therefore, the hypothesis that the investors have positive attitude towards savings and investment is accepted.

Ho.2 Investors have good knowledge and awareness.

S.No	Statement	Chi-Square Value / Percent of responses	Significance	Degree of Freedom (df)
1.	I know the meaning of technical analysis and fundamental analysis.	476.28	Significant	1
2.	I know what Sensex and Nifty are.	100%	--	
4.	An investor can have more than one DEMAT account.	328.35	Significant	1
5.	I understand the communication I receive from the companies I invest in.	415.01	Significant	2

Analysis was done by the researcher to find out knowledge and awareness. After testing the hypothesis through Chi square test of independence it was found that there is significant trend regarding statements. Therefore, the hypothesis that the investors have good knowledge and awareness is accepted.

V. Conclusion

The study examined the extensive review of literature; sifting of secondary data analysis collected primary data, minute scrutiny of the result, documenting certain facts & figures applicable to the retail investors of the Indian stock market. The study covers 500 active retail investors taken as a sample of almost 29 million retail investors in India. In this fast affecting world, we keep extra money. Added risk directs to more profit. For example total liquidity, income stability, a variety as share, bank companies, gold and silver, real estate, life insurance postal etc. but most of the investors preferred bank deposit because more respondents invested for purchasing home and long-term growth.

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Surbhi Dubey*, Dr. Sameer Sharma** "Investor's preferences towards Savings & Investment."
IOSR Journal of Economics and Finance (IOSR-JEF) , vol. 9, no. 5, 2018, pp. 22-25.