

# A Study of Investor's Awareness and Selection of Different Financial Investment Avenues for the Investor in Bangalore City

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**Abstract:** This study deals with the behaviour of the investor to identify the better investment avenues available in Bangalore. The investment strategy is a plan, which is created to guide an investor to choose the most appropriate investment portfolio that will help them to achieve their financial goals within a particular period of time. Specific types of investments provide other benefits for the investor, corporate as well as the society. This study deals with the investor behavior while selecting different investment avenues. The sample size of the study is 100 drawn from different sources.

**Keywords:** Investor's Awareness

## 1. Introduction

This study deals with the behaviour of the investor to identify the better investment avenues available in Bangalore. The investment strategy is a plan, which is created to guide an investor to choose the most appropriate investment portfolio that will help them to achieve their financial goals within a particular period of time. Specific types of investments provide other benefits for the investor, corporate as well as the society. This study deals with the investor behaviour while selecting different investment avenues. The sample size of the study is 100 drawn from different sources.

Investment refers to the concept of deferred consumption, which involves purchasing an asset, giving a loan or keeping funds in a bank account with the aim of generating future returns. Various investment options are available, offering, differing risk-reward tradeoffs. An understanding of the core concepts and a thorough analysis of the options can help an investor create a portfolio that maximizes returns while minimizing risk exposure. The main investment objectives are increasing the rate and reducing the risk. Other objectives like safety, liquidity and hedge against inflation can be considered as subsidiary objectives. Various investment options in India are Savings Bank Account, Money Market Funds, (also known as liquid funds) Bank Fixed Deposit (Bank FDs), Post Office Savings Schemes (POSS), Public Provident Fund (PPF), Company Fixed Deposits (FDs), Bonds and Debentures, Mutual Funds, Life insurance Policies, Equity Shares, Gold, New Pension Scheme, Real Estate, Government Securities etc.

## A. Objectives of the study

- To study the various alternatives of investment which are available in the market?
- To study the investors preference towards the investment.
- To find out how investors are motivated to invest in various financial instruments.
- To identify the objective of savings.
- To identify correlation between age & Income.

## 2. Review of literature

Every individual investor must follow three principles of investing: using a long-term investing approach, following the right strategy to maximize the return on investment and proper allocation of investible funds. While applying these three principles, an individual investor has to confront his/her demographics, lifestyle and investment psychology. Whether the investor's age or occupation or family income has a role of play in making choice of investment avenues? Is the investor choice affected by his overconfidence, reference group and framing of the available alternatives? The knowledge of all these aspects is imperative for all progressive investors, researchers, financial consultants, academicians, students and the marketer of the financial product.

In this paper he discusses the basic of investment and need for investment. Investment benefits both economy and the society. It is an outgrowth of economic development and the maturation of modern capitalism. In the long term, current investment determines the economy's future productive capacity and, ultimately, a growth in the standard of living. By increasing personal wealth, investing can contribute to higher overall economic growth and prosperity.

Indian investor today has to endure a sluggish economy, the steep market declines prompted by deteriorating revenues, alarming reports of scandals ranging from illegal corporate accounting practices like that of Satyam to insider trading to make investment decisions. Stock market's performance is not simply the result of intelligible characteristics but also due to the emotions that are still baffling to the analysts. Despite loads of information bombarding from all directions, it is not the cold

calculations of financial wizards, or company's performance or widely accepted criterion of stock performance but the investor's irrational emotions like overconfidence, fear, risk aversion, etc., seem to decisively drive and dictate the fortunes of the market.

Investments are made with an avowed objective of maximising wealth. Investors' behavior is characterized by over excitement and overreaction in both rising and falling stock markets. Most of the investments and financial theories are based on the idea that everyone takes careful account of all available information before making investment decision. This research is conducted to analyse the factors influencing the behavior of investors in capital market. Empirical evidence suggests that demographic factors influence the investors' investment decisions. This research article also investigates how investor interprets and acts on various capital market information to make informed investment decisions.

### 3. Research methodology research design

A Research design is purely and simply the framework of plan for a study that guides the collection and analysis of data. The study is intended to find the investors preference towards various investment avenues. The study design is Descriptive in nature. Descriptive Research is a fact-finding investigation with adequate interpretation. It is the simplest type of research and is more specific. Mainly designed to gather descriptive information and provides information for formulating more sophisticated studies.

### 4. Sampling design

- *Sample size:* 10 drawn from different sectors Sample extent: Respondents from Bangalore city.
- *Sampling method:* Convenience method of sampling is used to collect the data from the respondents. Researchers or field workers have the freedom to choose whomever they find, thus the name "convenience".
- *Data collection:*
- *Primary data* -collected through Structured Questionnaire
- *Secondary data* - Earlier records from journals, magazines and other sources
- *Statistical tools used for analysis:* Percentage analysis, Chi-square test & Correlation Analysis

### 5. Limitations of the study

- The lack of knowledge of customers about the instruments can be major limitation.
- The information can be biased due to use of questionnaire.
- Area of the study was restricted to Bangalore city only.

#### A. Data Interpretation & analysis

1. The study shows that 46% of respondents are in the age group of 20-30, 26% of respondents are in the age

group of 31-40, 23% of respondents are in the age group of 41-50, 5% of respondents are in the age group of 50 and above.

2. The analysis shows that 62% of respondents are male, and 38% of respondents are female.
3. The analysis shows that 38% of respondents are postgraduate, 42% of respondents are graduate, and 20% of respondents are non-graduate.
4. The analysis shows that 58% of the respondents are salaried, 20% of respondents are self-employed, 4% of respondents are retired, and 4% of respondents are others.
5. The analysis shows that 64% of the respondents had a monthly income of Rs.20000, 28% of the respondents had a monthly income of Rs.20001-40000, and 8% of the respondents had a monthly income of above Rs. 60000.
6. The analysis shows that 24% of respondents are in beginning stage (no investment experience), 52% of respondents are in moderate stage (comfortable with fixed deposits, chit funds, post office), 20% of respondents are in knowledgeable stage (has brought or sold individual shares of stock or bonds), and 4% of the respondents are in experienced stage (frequently trade in stocks, commodities, options and futures).
7. The analysis shows that 36% of the respondents are saving 0-10% of their monthly income, 32% of respondents are saving 10-20% of their monthly income, 24% of the respondents are at 20-30% of their monthly income and 8% of the respondents are at 30% above of their monthly income.
8. The above table shows that majority of the respondents prefer traditional investment method which is banking sector for their savings, 70% of the respondents prefer Mutual Fund for their investment is the newly originated concept of investment yields a maximum benefit to the investor followed by Gold, Post office, Insurance and Real Estate. Only 24% of the respondents prefer Equities for their investment.
9. The above analysis shows that 48% of the respondents are investing monthly, 24% of respondents are investing quarterly, 12% of the respondents investing half yearly, and 16% of respondents investing yearly.
10. The above analysis shows that 16% of respondents got the information of investment from newspaper, 8% of respondents got the information of investment from news channels, 8% of respondents got the information of investment from books, 24% of respondents got the information of investment from investment is internet, 36% of respondents got the information of investment from family & friends, 4% of respondents source of investment is advisors, 4% of respondents got the information of investment from financial planners.
11. The above analysis shows that 28% of respondents

invest their money for children's education, 12% of respondents for retirement, 48% of respondents for home purchase, 6% of respondents for children's marriage & 6% for other reasons.

### 6. Findings

1. Most of the investors possess higher education like graduation and above.
2. Most investors are choosing two or more sources of information to make investment decisions. Most of the investors discuss with their family and friends before making an investment decision.
3. Percentage of income that they invest depends on their annual income.
4. The investor's decisions are based on their own initiative.
5. The investment habit was noted in a majority of the people who participated in the study. Most investors prefer to park their fund in avenues like Bank, Life insurance, Mutual Funds and Gold.
6. Most of the investors are financial illiterates. Increase in age decrease the risk tolerance level.
7. Women are attracted towards investing in gold than

any other investment avenue.

8. From Correlation test, it was found that there exists a positive correlation between Age and Income.

### 7. Conclusion

This study confirms the earlier findings with regard to the relationship between age and income level of the individual investors. The present study has important implications for investment manager. As it has come out with certain important facets of an individual investor. The individual investors still prefer to invest in financial product which give risk free returns. Large numbers of portfolio is not good for healthy investment. In Bangalore, purchase of gold and land are the two most ideal form of investment. Its carry good return and appreciation. The investment product designers can design product which can cater to the investors who are low risk tolerant. Women are the deciding factor of the family.

### References

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