INVESTORS' PREFERENCE AND INVESTMENT OBJECTIVES TOWARDS PORTFOLIO OPTIONS – A STUDY AMONG INDIVIDUAL INVESTORS IN CHALAKUDY

Lakshmy Priya M G, Assistant Professor, Naipunnya Institute of Management and Informati Technology, Pongam, Koratty, Thrissur, Kerala)
Dency Denny, Student, Naipunnya Institute of Management and Information Technology Pongam, Koratty, Thrissur, Kerala)

Abstract
The financial system has more dynamic than the real system as it has always reacted to the needs of the economy to help to complete its goals. In the present financial system, there are so many investment avenues to choose, today in financial market it has involved for anyone to decide about these avenues. Some of these investment avenues offer attractive returns but with high risks, some propose lower returns with very low risks. At present there are lots of investment avenues available in the financial market for an investor. One can invest in Bank Deposits, Post Office, Corporate Debentures, Public Provident Fund and Bonds where there is low risk but low return. He may invest in Stock of companies through stock market where the risk is high and the returns are also proportionately high. The present study aims to understand the most preferred portfolio investment option among investors and their level of importance of the investment objectives. Both primary and secondary data used for the study. The primary data collected from 100 investors residing in Chalakudy using convenience sampling technique. The study concludes that the investment community has shown much interest in investing in safer, most liquid and high return investment portfolios and other different financial products available in the markets. Dividend, tax benefit, quick gain, right shares and liquidity are the most important reasons behind the investment objective.
Keywords: Investors, Investment, Preference, Portfolio options, Investment objectives

Introduction

At present there are lots of investment avenues available in the financial market for an investor. One can invest in Bank Deposits, Post Office, Corporate Debentures, Public Provident Fund and Bonds where there is low risk but low return. He may invest in Stock of companies through stock market where the risk is high and the returns are also proportionately high. All investment modes have its own advantage & disadvantage and the investors try to balance these pros and cons of different investment modes while investing in them. But yet the different investors have different views of investing. Some invest for Return, some for Tax Planning and some for Safety, etc. Investors have a broad range of schemes available of various investment avenues to select their best investment options depending on their individual, professional profiles and financial capabilities.

Statement of the Problem

The financial system has more dynamic than the real system as it has always reacted to the needs of the economy to help to complete its goals. In the present financial system, there are so many investment avenues to choose, today in financial market it has involved for anyone to decide about these avenues. Some of these investment avenues offer attractive returns but with high risks, some propose lower returns with very low risks. An investment can be described as perfect investment, if it satisfies all the needs of all investors. Therefore, the starting point of searching of any perfect investment must look at through the investor needs. If all those needs are meets by the investment, then that investment is termed as the perfect investment. The present study aims to understand the most preferred portfolio investment option among investors and their level of importance of the investment objectives.

Objectives of the Study

- To understand the most preferred portfolio investment option among investors.
- To know the level of importance of the investment objectives.

Hypothesis

H1: There is a significant Association between occupation and investors' preference towards portfolio investment options.

H2: There is a significant Association between income and investors' preference towards portfolio investment options.

H3: There is a significant Association between investors' preference towards portfolio investment options and importance of investment objectives.

Review of Literature

Sachin Kumar Rohatgi, Dr. P.C. Kavidayal, Dr. Krishna Kumar Singh (2019) conducted a study on "Savings And Investment Patterns Of Small Investors" revealed that the financial position of a country largely depends on the inflation rate, foreign exchange rate, per capita Gross domestic product, etc. Savings from middle class households also plays a vital role in improving the financial position of a country as it leads to more investments and capital formation in the economy. Savings and investments are directly proportionate to each other. This study is focused upon different literature available on saving and Investment patterns of small investors in Uttarakand region of India. It also focuses upon impact of factors on small investors as considered by the esteemed learners and how far it is applicable in the Uttarakand region of India. After study of the available vast literature the researcher will try to find research gaps in this area which will be considered for the further scope of study.

Abhinandan, Aiman AL-Asbahi, Ebrahim Al-Gamal (2019), has found in their study "Analysis of Investment Pattern of Different Class of People" that In India, investors have a lot of investment avenues to invest their savings. The risk and returns involved in each of these investment avenues differ from one to another. The investors are ready to invest after evaluating the main features of investments such as security of principal amount, liquidity, income stability, easy transferability, etc. Shares, bank, gold and silver, life insurance, postal savings, etc. are the available investment avenues. This paper tries to review the investment pattern of different class of people based on previous research. This paper focused on investment pattern of working women, salaried employees and teachers. Data were collected various journals, websites and research articles.

C.Geetha, Dr. M. Marimuthu (2019), in their "A Study on Preferred Investment Avenues among Salaried People" mentioned that Investment is the employment of funds on assets with the aim of earning income or capital appreciation. In this paper briefly examine how the salaried peoples managing their investments. In recent years, most of the researchers have been concentrating their research work on the future prediction of share market prices by using Neural Networks. But, in this paper we newly propose a methodology in which the neural network is applied to the investor's financial decision making to invest all type of shares irrespective of the high / low index value of the scripts, in a continuous time frame work and further it is further extended to obtain the expected return on investment through the Neural Networks and finally it is compared with the actual value. The proposed network has been tested with stock data obtained from the Indian Share Market BSE Index. Finally, the design, implementation and performance of the proposed neural network are described.

Ankurita Bansal, Dr. Sunita Shukhija (2019) studied on "The Factors Influencing Investment Patterns and Behavior of Individual Investor in Punjab and Haryana" and stated that in modern era, money plays an important role in everybody's life. In order to overcome the problems of present and future, people have to invest their hard-earned money. Investment is the commitment of funds which have been saved from current consumption with the hope that some benefits will be received in future. A variety of investments are available like saving a/c, bank a/c government security, public deposits funds, mutual funds, real estate, gold/silver, equity share market, hedge funds etc are available for short or long period. A variety of factors influence investors behavior such as returns, safety of principal amount, progressive amount, tax savings along with other factor like family, friends and expert opinion and motives behind savings and last but not least discomforts they face while investing. All directs investor behaviour. But the choice among the variety of these factors depends upon the preferences and behavior of individual investor. The present study is based on the comparative analysis of investment patterns and behavior of individual investor in Punjab and Haryana. Data of 500 respondents in Punjab & Haryana is collected through structured questionnaire Independent T- test is employed by researcher with the help of SPSS software. The present study revealed that there is no significant difference between the investment patterns and behavior of individual investor in Punjab and Haryana.

Panwar Madan Singh, Aggarwal Kavita (2018), in their "A Study on Investment Options Available in the Modern Era" mentioned that in today's scenario the people are more concern about their future than present. Everyone wants financial independence and financial security. For this purpose, it is necessary for them to take investment decisions. Awareness and knowledge of different investment avenues is extremely important to make the right investment decision. Investment is the best way to attain financial security. The aim of Investment is to maximize the earning potential of the investors. This study provides an overview of investment options available in the modern era and a brief description of the investment avenues related to short, medium and long tenure. The objective of the study is to explain the investment avenues and its related benefits.

Research Methodology

The study is both descriptive and explanatory in nature. Both primary and secondary data used for the study. The primary data collected from 100 investors residing in Chalakudy using convenience sampling technique. A well-structured questionnaire is used for collecting primary data. Secondary data is taken from newspapers, journals, websites etc.

Tools Used for Data Analysis

The collected data were tabulated and analysed with the help of SPSS 21.0. The statistical techniques used for analysis include simple percentage and Chi–square test.

Results and Discussion

Analysis on Investors' Preference and Investment Objectives towards Portfolio Options

Table No. 1: Occupation of the Respondents

Occupation	No. of respondents	Percentage
Professionals	30	30
Public Employee	10	10
Private Employee	45	45
Self Employed	15	15
Total	**100**	**100**

(Source: Primary Data)

The table 1 shows the occupation of the respondents. From the analysis it is clear 30% of the respondents are professionals, 10% of the respondents are public employees, 45% of the respondents are private employees and 15% of the respondents are self-employed. So, the majority of the respondents (45%) in this study are private employees.

Table No. 2: Monthly Income of the Respondents

Monthly Income	No. of respondents	Percentage
Below Rs. 20,000	26	26
Rs. 20,000 - 40,000	36	36
Rs 40,000 & Above	38	38

Total	**100**	**100**

(Source: Primary Data)

The table 2 shows the monthly income of the respondents. From the analysis it is clear that 38% of the respondents have monthly income Rs 40,000 & above while 36% of the respondents have monthly income between Rs 20,000 – 40,000 and 26% of the respondents have monthly income below Rs 20,000. Hence, majority of the respondents (38%) have monthly income above Rs. 40,000.

Chi square test result

	value	df	Asymp.Sig (2-sided)
Pearson Chi - Square	65.605	15	0.000

The Chi- Square result shows the association between occupation of the investors' and preference towards portfolio investment options. From the result it is seen that the Pearson Chi – Square value is 65.605, p value = 0.000 i.e the chi square test result is less than the alpha level of significance of 0.05. This tells that there is a statistically association between occupation of the investors' and preference towards portfolio investment options.

Chi square test result

	value	df	Asymp.Sig (2-sided)
Pearson Chi - Square	49.498	10	0.000

The Chi- Square result shows the association between income of the investors' and their preference towards investment portfolio options. . From the result it is seen that the Pearson Chi – Square value is 49.498, p value = 0.000 i.e the chi square test result is less than the alpha level of significance of 0.05. This tells that there is a statistically association between income of the investors' and their preference towards portfolio investment options.

Table No. 3: Investments in Portfolio

Portfolios	No. of respondents	Percentage
Equity, Stock, Debentures	30	30
Debentures, Fixed Deposits, Equity	10	10
Real Estate, Stock, Fixed Deposits	20	20
Stock, Gold, Real Estate	18	18
Equity, Gold, Fixed Deposits	4	4
Debentures, Real Estate, Gold	18	18
Total	**100**	**100**

(Source: Primary Data)

From the analysis it is clear that 30% of the respondents have investment in equity, stock, debentures portfolio, 10% of the respondents have investments in debentures, fixed deposits and equity, 20% of the respondents invested in real estate, stock and fixed deposits, 18% of the respondents have stock, gold, real estate in their portfolio option. Only 4% opted equity, gold, fixed deposits as their portfolio investment and 18% invested in debentures, real estate, and gold in their portfolio. So, the majority of the respondents (30%) have equity, stock and debentures in their portfolio investment.

Table No. 4 : Level of Importance of the Investment Objectives

Options	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Dividends	40 (40%)	14(14%)	6 (6%)	30 (30%)	10 (10%)	**100 (100%)**
Safety	8 (8%)	18 (18%)	20 (20%)	38 (38%)	16 (16%)	**100 (100%)**
Liquidity	24 (24%)	22 (22%)	16 (16%)	10 (10%)	28 (28%)	**100 (100%)**
Tax Benefits	22 (22%)	18 (18%)	36 (36%)	20 (20%)	4 (4%)	**100 (100%)**
Diversification of Risks	12 (12%)	6 (6%)	10 (10%)	44 (44%)	28 (28%)	**100 (100%)**

Quick Gain	32 (32%)	8 (8%)	34 (34%)	20 (20%)	6 (6%)	**100 (100%)**
Bonus	14 (14%)	40 (40%)	18(18%)	20 (20%)	8 (8%)	**100 (100%)**
Right share	10 (10%)	20 (20%)	50 (50%)	12 (12%)	8 (8%)	**100 (100%)**

(Source: Primary Data)

The table 4 shows the level of importance of the investment objectives. 40% strongly agree that Dividend is an important investment objective. 38% of them disagree that Safety is an important objective in investments. 28% strongly disagree that liquidity is an important investment objective. 36% have a neutral opinion about the importance of tax benefits as an investment objective. 44% disagree that Diversification of Risks is an important investment objective. 34% have a neutral opinion on about quick gain as an important investment objective. 40% agree that Bonus is an important investment objective. 50% of them has a neutral opinion on the importance of Right Share as an important investment objective.

. **Chi square test result**

	value	df	Asymp.Sig (2-sided)
Pearson Chi - Square	44.498	35	0.000

The Chi- Square result shows the association between investors' preference towards portfolio investment options and importance of investment objectives. From the result it is seen that the Pearson Chi – Square value is 44.498, p value = 0.000 i.e the chi square test result is less than the alpha level of significance of 0.05. This tells that there is a statistically association between investors' preference towards portfolio investment options and importance of investment objectives..

Findings

- Majority of the respondents (45%) are private employees.
- Majority of the respondents (38%) have their monthly income Rs 40,000 & above.
- The Chi- Square result shows the association between occupation of the investors' and preference towards portfolio investment options(Pearson Chi – Square value is 65.605, p value = 0.000).
- The Chi- Square result shows the association between income of the investors' and preference towards portfolio investment options (Pearson Chi – Square value is 49.498, p value = 0.000).
- The survey result shows that the investors most preferred portfolio investments are Equity, Stock, Debentures (30%) and Real Estate, Stock, Fixed Deposits (20%) respectively.
- The survey result shows that the dividend, tax benefit, quick gain, right shares and liquidity are the most important reasons behind the investment objective.
- The Chi- Square result shows the association between investors' preference towards portfolio investment options and importance of investment objectives (Pearson Chi – Square value is 44.498, p value = 0.000).

Conclusion

At present there are lots of investment avenues available in the financial market for an investor. One can invest in Bank Deposits, Post Office, Corporate Debentures, Public Provident Fund and Bonds where there is low risk but low return. He may invest in Stock of companies through stock market where the risk is high and the returns are also proportionately high. This study can be used by the financial sector in designing better financial instrument, customized to suit the needs of the investor. Indians have been traditionally savers and invested money in traditional saving instruments. Investors were traditionally putting their money in safe, risk free investments like Banks, Post office and Insurance has started too invested in Stocks, Bonds and shares thanks to the Mutual fund Industry. The study concludes that the investment community have shown much interest in investing in safer, most liquid and high return investment portfolios and other different financial products available in the markets due to the spiraling growth of Indian GDP, better performance by the companies, liberal rules and regulations by the authority like SEBI to protect the investors' interest and this process will grow much quicker in the future.

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