

AWARENESS AND ATTITUDE OF INVESTORS TOWARDS INVESTMENT ALTERNATIVES IN ERODE DISTRICT

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Abstract

Awareness on investment alternatives is a part of financial literacy. Financial literacy means a set of skills and knowledge that helps in understanding the various aspect of financial investments and enables an effective decision making process. Awareness means knowledge of the existence of a particular truth, event or thing. Awareness is commonly considered to be the first stage in the process of investment decision. Investors' awareness means the prospective or existing investor is conscious and is having the knowledge of the existence of the investment avenues for investing the savings. Investors are expected to know about the various investment alternatives available to make effective investment decision. Knowledge about the various investment avenues facilitate comparison of merits and limitations each alternative.

Keywords: Investment, Alternatives, Awareness

INTRODUCTION

The awareness about investment alternatives is shaped by external sources like print and electronic media, brokers/agents, financial consultants, advertisements in internet, etc. Awareness of investors is a continuous process by which an investor comes to learn about the investment avenues due to introduction of new types of investments launched by the financial sector.

An attempt has been made into analyse the awareness and attitude of college teachers towards investment alternatives. The awareness of the respondents regarding the various investment options.

OBJECTIVES OF THE STUDY

- [1] To know the awareness and attitude of the of college teachers in Erode District about various investment avenues.
- [2] To find the problems faced by the investors.
- [3] To summarise the key findings and offer suggestions and conclusion.

SCOPE OF THE STUDY

This study will be focuses on the Awareness of Investment alternatives by the salaried class people (college teachers) it will be helpful to identify the better investment options in the market. Investments have become a basic necessity for everyone. In our country, there is a rapid growth in investment. Investors invest their funds in different types of investment opportunities. Each investor has different objectives that need to be met depending on age, income and attitude towards risk. Investors select almost all kinds of investment avenues for their investment. Every individual desires his hard earned money to be invested in the most secure and liquid avenue. Investment preference may vary due to various factors i.e. Safety, liquidity, marketability, returns, tax benefits and risk involved etc. Investment also depends upon the awareness about investment alternatives. The scope of this research is to identify the investors' level of awareness about investment avenues, their attitude and preference towards various investment avenues. The present study to Analyse Investors Awareness of Investment Alternative to various investment alternative of College teachers in Erode district.

METHODOLOGY

Sources of Data

Both Primary and secondary data were collected for the study. Primary data were collected using structured questionnaire. Secondary data were collected by books, journals and magazines.

Method of Sampling

Non-Random sampling i.e. convenient sampling technique was used to select sample.

LEVEL OF AWARENESS OF INVESTORS ABOUT INVESTMENT OPTIONS

The awareness of the respondents about various investment options available such as Bank Deposits, Post office savings, PF (Provident Fund), Life Insurance Schemes, Bullions, Bonds, Shares, Debentures, Real Estate, Mutual Funds, Chit Funds was elicited. The level of awareness of the respondents of the study on investment alternatives has been presented in Table 3.1.

**TABLE 3.1
LEVEL OF AWARENESS OF THE RESPONDENTS ABOUT
VARIOUS INVESTMENT OPTIONS**

	Very Low Awareness / Not Aware		Low Awareness		Moderately Aware		Aware		Highly Aware		Total
	N	%	N	%	N	%	N	%	N	%	
Bank Deposits	8	2	8	2	41	8	90	18	343	70	490
Post office savings	9	2	25	5	66	13	165	34	225	46	490
PF (Provident Fund)	25	5	25	5	77	16	105	21	258	53	490
Life Insurance Schemes	18	4	40	8	77	16	89	18	266	54	490
Bullions	60	12	77	16	86	18	140	29	127	26	490
Bonds	43	9	81	17	134	27	95	19	137	28	490
Shares	42	9	136	28	101	21	86	18	125	26	490
Debentures	96	20	98	20	103	21	84	17	109	22	490
Real Estate	46	9	77	16	86	18	91	19	190	39	490
Mutual Funds	56	11	65	13	99	20	84	17	186	38	490
Chit Funds	52	11	69	14	87	18	87	18	195	40	490

Table 3.1 shows that 70 per cent of the respondents were highly aware of Bank deposits and 18 per cent of the respondents were aware of it. Therefore, it is inferred that majority of the respondents have high awareness about **Bank Deposits**.

About **‘Post Office Savings’**, 13 per cent of the respondents were moderately aware, 34 per cent of the respondents were aware and 46 per cent of the respondents were highly aware of it.

Regarding **‘PF (Provident Fund)’**, 16 per cent of the respondents were moderately aware, 21 per cent of the respondents were aware and 53 per cent of the respondents were highly aware of it.

16 per cent of the respondents were moderately aware, 18 per cent of the respondents were aware and 54 per cent of the respondents were highly aware of **‘Life Insurance Schemes’**.

It is evident from Table 3.1 that in respect of **‘Bullions’**, 18 per cent of the respondents were moderately aware, 29 per cent of the respondents were aware and 26 per cent of the respondents were highly Aware it .

Regarding the **‘Bonds’**, 17 per cent of the respondents have very low awareness, 27 per cent of the respondents were moderately Aware, 19 per cent of the respondents were Aware and 28 per cent of the respondents were highly aware of bonds.

28 per cent of the respondents have low awareness, 21 per cent of the respondents were moderately aware, 18 per cent of the respondents were aware and 26 per cent of the respondents were highly aware of the investment option **‘Shares’**.

About **‘Debentures’** 20 per cent of the respondents have very low awareness / not aware another 20 per cent of the respondents have low awareness, 21 per cent of the respondents were moderately aware and only 22 per cent of the respondents were highly aware of debentures.

16 per cent of the respondents have very low awareness, 18 per cent of the respondents were moderately aware, 19 per cent of the respondents were aware and 39 per cent of the respondents were highly aware of **‘Real Estate’**.

20 per cent of the respondents have moderate awareness and 38 per cent of the respondents have high awareness about **‘Mutual Funds’**.

40 per cent of the respondents were highly aware of **‘Chit Funds’** and 18 per cent of the respondents were aware of it.

It is found from the analysis that, majority of the respondents were highly aware of Bank Deposits, Post Office Savings, PF (Provident Fund), Life Insurance Schemes. Nearly one-third of the respondents were highly aware of investment avenues like Real Estate, Mutual Funds and Chit Funds. Relating to Shares, majority of the respondents have low awareness.

In order to identify the investments option about which the respondents have high awareness, Friedman’s test analysis was used and the results are given in Table 3.1a.

TABLE 3.1a
LEVEL OF AWARENESS ABOUT VARIOUS INVESTMENT OPTIONS – FRIEDMAN TEST RESULTS

Investment Options	Mean	SD	Mean Rank	Reliability
Bank Deposits	4.53	0.84	8.12	0.914
Post Office Savings	4.17	0.97	7.07	
PF (Provident Fund)	4.11	1.16	7.09	
Life Insurance Schemes	4.11	1.16	7.08	
Bullions	3.40	1.35	5.03	
Bonds	3.41	1.29	5.14	
Shares	3.24	1.33	4.86	
Debentures	3.02	1.43	4.41	
Real Estate	3.62	1.38	5.73	
Mutual Funds	3.57	1.40	5.65	
Chit Funds	3.62	1.40	5.83	

It could be noted from the table that among the 11 investment options, respondents have high awareness about “BankDeposits” followed by the “PF”. “Postofficesavings” was ranked third and the reliability was 0.914.

ANALYSIS OF MEAN SCORES OF AWARENESS ABOUT VARIOUS INVESTMENT OPTIONS (AVERAGE SCORE ANALYSIS)

The significant difference between the mean scores regarding the awareness about various investment options was analysed using the inferential statistics of Analysis of Variance (ANOVA) and the Z test after verifying the normality assumption by Q-Q Plot technique. The test for mean score analysis of the Analysis of Variance (ANOVA) test procedure is used to compare mean scores of more than two groups. The procedure assumes that the variances of the groups are equal and it was tested with Levene’s test statistics and is used to test the significant difference between the mean score among the respondents regarding awareness about various investment options. Test for mean scores regarding the awareness about various investment options were tested with ANOVA test procedures and the results of the analysis are given in Table 3.2.

Null Hypothesis

H₀ : There is no significant difference in the mean scores based on demographic variables for the awareness about various investment options.

The table displays the descriptive statistics of the sample size, mean, standard deviation and Mean %. The table also shows that the F & t statistics, calculated as the ratio of the variances. The column p value shows the probability value from the F & t distribution respectively.

Once we have determined that differences exist among the means, post hoc range tests can determine which means differ. Duncan’s tests identified the homogeneous subsets of means that are not different from each other and the results were also given in the Table 3.2 by showing the homogeneity subsets within which the groups fall in.

TABLE 3.2
AWARENESS ABOUT VARIOUS INVESTMENT OPTIONS – MEAN SCORES

Demographic Variables		N	Min	Max	Mean	SD	Mean %	Z	P
Institution	Aided College	94	17	55	43.74	10.77	79.54	3.15	0.002**
	Private College	396	11	55	40.11	9.87	72.93		
Gender	Male	175	14	55	43.16	9.62	78.47	3.88	< 0.001**
	Female	315	11	55	39.50	10.20	71.83		
Age (Years)	Up to 30	143	11	55	38.67	10.18	70.31	9.40	< 0.001**
	31 - 40	223	14	55	40.30	10.07	73.28		
	41 - 50	91	14	55	42.82	9.65	77.86		
	Above 50	33	33	55	47.94	7.75	87.16		
Educational Qualification	Post Graduate with SET/NET	46	11	55	39.39	10.95	71.62	8.162	< 0.001**
	M. Phil. with SET/NET	51	27	55	45.51	8.71	82.75		
	M. Phil.	268	14	55	39.57	10.01	71.95		

	Ph.D. with SET/NET	81	23	55	44.48	10.26	80.88		
	Ph.D.	44	22	55	37.61	7.94	68.39		
Designation	Assistant Professor	360	11	55	38.68	9.72	70.33	23.183	< 0.001**
	Associate Professor	95	22	55	47.08	8.77	85.61		
	Vice Principal	23	31	55	46.83	8.52	85.14		
	Principal	12	26	55	43.50	10.44	79.09		
Marital Status	Married	398	14	55	41.51	9.75	75.48	3.22	0.001**
	Unmarried	92	11	55	37.77	11.23	68.68		
Nature of the Family	Nuclear Family	355	11	55	41.24	9.94	74.98	1.52	0.129
	Joint Family	135	16	55	39.68	10.61	72.15		
Family Monthly Income (₹)	Up to 1,00,000	280	11	55	39.22	9.53	71.31	10.082	< 0.001**
	1,00,001-2,00,000	86	14	55	40.56	10.27	73.74		
	2,00,001-3,00,000	64	20	55	42.70	10.81	77.64		
	Above. 3,00,000	60	22	55	46.58	9.77	84.70		
Number of Members in the Family	Up to 2	43	19	55	42.53	11.54	77.34	1.746	0.157
	Three	126	14	55	39.21	9.78	71.30		
	Four	210	11	55	41.45	9.35	75.37		
	Above 4	111	16	55	40.74	11.24	74.07		
Number of earning Members in the Family	One	91	14	55	43.67	10.66	79.40	4.132	0.007**
	Two	277	11	55	39.97	9.62	72.67		
	Three	96	16	55	39.76	10.19	72.29		
	Above 3	26	14	55	43.62	11.66	79.30		
	Total	490	11	55	40.81	10.14	74.20		

* Significant at 5 %; ** Significant at 1 %

Demographic wise distribution of mean, Standard Deviation and mean percentage of Awareness about various investment options shows that among the type of institution, the highest mean score of (43.74 ± 10.77) and the mean percentage 79.54% is for 'Aided College'. The lowest mean score of (40.11 ± 9.87) and mean percentage is 72.93% for 'Private College'. Awareness about various investment options shows that with respect to Gender, the highest mean score of (43.16 ± 9.62) which is 78.47% is obtained for 'Male' whereas, the lowest mean score of (39.50 ± 10.20) which is 71.83% was obtained for 'Female'. Awareness about various investment options shows that with respect to the Age, the highest mean score of (47.94 ± 7.75) which is 87.16% is obtained among the respondents with age group of Above 50 years with Highest Educational Qualification of M. Phil with SET/NET showing the mean score of (45.51 ± 8.71) which is 82.75%.

The awareness about various investment options shows that with respect to the Designation, the highest mean score of (47.08 ± 8.77) which is 85.61% is obtained among the Associate Professor with Family Monthly Income of Above ` 3,00,000 showing the mean score of (46.58 ± 9.77) which is 84.70%.

With respect to the Marital Status, the highest mean score of (41.51 ± 9.75) which is 75.48% is obtained for 'Married respondents' whereas, the lowest mean score of (37.77 ± 11.23) which is 68.68% was obtained for 'Unmarried respondents'. Awareness about various investment options shows that with respect to the Nature of the Family, the highest mean score of (41.24 ± 9.94) which is 74.98% is obtained for 'Nuclear Family' whereas, the lowest mean score of (39.68 ± 10.61) which is 72.15% was obtained for 'Joint Family'.

The awareness about various investment options shows that with respect to the Number of Members in the Family, the highest mean score of (41.45 ± 9.35) which is 75.37% is obtained among the respondents have Four with One earning Members in the Family showing the mean score of (43.67 ± 10.66) which is 79.40%.

Since the p value is less than 0.01 for the demographic variables of type of Institution, Gender, Age, Marital Status, Educational Qualification, Designation, Family Monthly Income, Number of earning members in the Family, it is concluded that there is a highly significant difference in the mean scores with respect to these demographic variables regarding the Awareness about various investment options.

CONCLUSION

Investment awareness is vital for Individuals to make informed decisions, navigate risks, and achieve their financial goals. By educating themselves about various investment options, understanding market trends, and seeking professional advice, Investors can maximize their returns and build a more secure financial future.

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