

Impact of Investors' Attitude towards Investments

Dr. E. Anand Kumar*, S. Ramar**, P. Prema***

*Assistant Professor in Commerce, Sri Ram NallamaniYadava College of Arts and Science, Tenkasi – 627804

**Assistant Professor in Management, Sri Ram NallamaniYadava College of Arts and Science, Tenkasi – 627804

***Assistant professor in commerce, Sri Ram NallamaniYadava College of Arts and Science, Tenkasi – 627804

*E-Mail: anand5896@gmail.com

Article Info

Volume 82

Page Number: 5935 - 5939

Publication Issue:

January-February 2020

Abstract:

The study based on primary data of investors' attitudes towards investments was made to gain a deeper understanding of the investors' attitudes, the factors influencing the investment decisions, risk assessment and attitudes towards investment. The study shows that majority of the influencer in investment decisions are family and relatives. "Less Risk" and "Large family income" are the important top ranking factor that influences you in investment decision. The very next influences you in investment decision factor that is "Higher savings". "Fixed Deposits" and "Post Office Savings" are the top ranked preference of investments factor. "Chit Funds" and "Insurance Policies" is the most important expectation of your investment factor with a high mean value. "Institutional Investments" and "Gold / Silver" are the top ranked awareness level factor. "Political interference" and "More Legal Formalities" are considered as the most important problems factor in risk assessment. "Insurance Policies" and "Post Office Savings" is the top ranked risk perception factor. "Institutional Investments" and "Post Office Savings" is the most important factor of risk assessment. "Insurance Policies" and "Fixed Deposits" are the important factor for selection of various investment. "I can tolerate the investment risk" and "I prefer low risk investment with a known yield as opposed to an investment with more risk" is the top ranked risk attitudes factor.

Article History

Article Received: 18 May 2019

Revised: 14 July 2019

Accepted: 22 December 2019

Publication: 29 January 2020

Keywords: Introduction, objective, investors' attitude, impact of investors', finding and conclusion.

1. Introduction

In this modern era, money plays an important role in one's life. In order to overcome the problems in future they have to invest their money. Investment of hard earned money is a crucial activity of every human being. Investment is the commitment of funds which have been saved from current consumption with the hope that some benefits will be received in future. Thus, it is a reward for waiting for money. Savings of the people are invested in assets depending on their risk and return demands, Safety of money, Liquidity, the available avenues

for investment, various financial institutions, etc. The field of investment is even more dynamic than it was a decade ago. World events are rapidly growing that alter the values of specific assets. The investors have many assets to choose from, and the amount of information available to the investors is staggering and continually growing. The key to a successful financial plan is to keep apart a larger amount of savings and invest it intelligently. These investments are not totally safe from risks, so one should try to understand what kind of risks are related to them before taking action. To understand the characteristics of

each one of the different types of investment Investors must have enough financial knowledge. In order to overcome the problems in future, People have to invest their 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. Savings are invested in assets depending on person's knowledge of different investment options, risk taking ability and demand of return. Savings form an important part of the economy of any nation, with the savings invested in various options available to the people, the money acts as the driver for the growth of the country. In India, generally all capital market investment avenues are perceived to be risky by the investors. But the younger generation investors are willing to invest in capital market instruments and that too very highly in equities segment. The study basically focuses on the various investment avenues available to the investor, factors considered for investment. People nowadays are not ready to bear risk, but at the same time more risk leads to more profit. Investors cannot avoid risk but they can minimize the risk by investing their money in various types of investments so that they can get a moderate profit. The present study attempts to make an Impact of Investors' Attitude towards investments in Tirunelveli District.

Statement of the Problem

In the dynamic and competitive environment, marketing of financial services has become challenging. It is the responsibility of the persons involved in marketing of financial services and other investment avenues to understand the attitudes of the investors in order to be successful in their affairs. Though a variety of investment options are available, majority of them still depend on the banking system to invest their savings using the surplus liquidity on the banking system, banks have steadily reduced the interest payable on deposits. There is a steady decline in interest rates offered by banks in spite

of the huge cry raised by retired people and depositors. Hence it would be more useful to study the various other options available for getting better returns on one's hard-earned savings from the organized system. So, in the present study an attempt has been made by the researcher to know, how far investors are aware of the various investment decisions, risk assessment and their attitude towards investments in Tirunelveli district.

Significance of the Study

Indian economy is growing significantly. It has various investment options. This study has been undertaken to analyze the preference and attitude of investors and the various factors influencing them. Against this backdrop of the research, the researcher tries to find out the investors perception, attitude and their investment.

Objectives of the Study

The confined objectives of the present study are:

1. To analyze the linkage between investment decisions, risk assessment and attitudes towards investment.
2. To study the impact of investors' attitude towards investment.

Scope of the Study

The study is confined to the factors considered by the investors while making their investment. Their level of Preference towards investment in public and private sector, the various aspects of investment factors available, is considered for the study.

Database and Research Methodology

Descriptive research study is used to carry out the research with convenient sampling technique. Primary data is collected from the population through scheduled interview.

Limitations of the Study

The present study is subjected with the following limitations:

- The present study includes the respondents who are in the 15 taluks of Tirunelveli District.
- The answers given by the investors' attitude towards investment may be affected by the personal value judgment.
- The aspects of investment decisions, risk assessment and attitudes towards investment among investors' in Tirunelveli district have been measured with the help of the variables drawn from the previous studies.
- All the descriptive variables are measured by likert five point scale.

Summary of Findings

Investment Decisions, Risk Assessment and Attitude Towards Your Investments:

- i. There is no significant difference among mean rank of Gender with regard to the dimension of Motivator, Factors influencing in investment decisions, Preference of investments, Expectations of your investment, Awareness level of the investment avenues and Affects most in the investment.
- ii. There is significant difference among mean rank of Gender with regard to Selection of various investments. There is no significant difference among mean rank of Gender with regard to the dimension of Problems, Risk Perception, Risk Assessment and Risk Attitudes.
- iii. There is no significant difference among mean rank of Gender with regard to the dimension of Economic Aspect, Safety and Security Aspect, Enhanced and Supportive Aspect and Motivational Aspect.
- iv. There is no significant difference among mean rank of age with regard to the dimension of

- v. There is significant difference among mean rank of age with regard to Selection of various investments. There is no significant difference among mean rank of age with regard to the dimension of Problems, Risk Perception, Risk Assessment and Risk Attitudes.
- vi. There is no significant difference among mean rank of age with regard to the dimension of Economic Aspect, Safety and Security Aspect, Enhanced and Supportive Aspect and Motivational Aspect.
- vii. There is no significant difference among mean rank of education with regard to the dimension of Motivator, Factors influencing in investment decisions, Preference of investments, Expectations of your investment, Awareness level of the investment avenues and Affects most in the investment.
- viii. There is no significant difference among mean rank of education with regard to the dimension of Problems, Risk Perception, Risk Assessment, Selection of various investments and Risk Attitudes.
- ix. There is no significant difference among mean rank of education with regard to the dimension of Economic Aspect, Safety and Security Aspect, Enhanced and Supportive Aspect and Motivational Aspect.
- x. There is significant difference among mean rank of Occupation with regard to Awareness level of the investment avenues. There is no significant difference among mean rank of Occupation with regard to the dimension of Motivator, Factors influencing in investment decisions, Preference of investments, Expectations of your investment and Affects most in the investment.

Impact of Dimensions of Risk Assessment on Attitudes towards Investment:

The coefficient of X_1 is 0.151 represents the partial effect of Problems on attitudes towards investments, holding the other variables as constant. The estimated positive sign implies that such effect is positive that attitudes towards investments would increase by 0.151 for every unit increase in Problems and this coefficient value is significant at 1 Per cent level. The coefficient of X_2 is 0.026 represents the partial effect of risk perception on attitudes towards investments, holding the other variables as constant. The estimated positive sign implies that such effect is positive that attitudes towards investments would increase by 0.026 for every unit increase in risk perception and this coefficient value is significant at 1 Per cent level. The coefficient of X_3 is 0.141 represents the partial effect of risk assessment on attitudes towards investments, holding the other variables as constant. The estimated positive sign implies that such effect is positive that attitudes towards investments would increase by 0.141 for every unit increase in risk assessment and this coefficient value is significant at 1 Per cent level. The coefficient of X_4 is 0.409 represents the partial effect of selection of various investments on attitudes towards investments, holding the other variables as constant. The estimated positive sign implies that such effect is positive that attitudes towards investments would increase by 0.409 for every unit increase in selection of various investments and this coefficient value is significant at 1Per cent level. The coefficient of X_5 is 0.015 represents the partial effect of risk attitudes on attitudes towards investments, holding the other variables as constant. The estimated positive sign implies that such effect is positive that attitudes towards investments would increase by 0.015 for every unit increase in risk attitudes and this coefficient value is significant at 1Per cent level. Based on standardized coefficient,

problems (0.538), selection of various investments (0.788) and risk assessment (0.405) is the most important factors to extract attitudes towards investments, followed by risk perception (0.064) and risk attitudes (0.045).

Suggestions

1. Investors are to make rational investment decisions and not yield to peer pressure or blindly imitate others who may have profited from their investment decisions.
2. The investors should make investments from their owned sources and avoid borrowed sources. Even from their owned funds, it is preferable to invest their surplus amount.
3. Investors are to check the credentials of the company before investing. The Board and its constituents, Profile of the Board, Financial Statement of the Company, recent announcements and other disclosures made by the Company and their adherence to various regulatory authorities are also be checked.
4. Investing in Blue Chip Company. Investing in bonds and debentures. Using Stop loss technique to avoid considerable losses from investments.
5. The period of investment should be long so that the investor can get capital appreciation.
6. The investors should attend the investors' awareness programme regularly conducted by the stock exchanges, SEBI and other investors association.

Conclusion

The study shows that majority of the investors' economic aspects factors are "Investment give prompt repayment at the time of maturity" and "The volume of investment depends on the quantum of cash in hand". Investments command respect during old age" and "Investments provide

security for life” is the most important safety and security aspect factor. “Investments help reduce tax burden” and “Investments pass on the fortune to the next generation” is the top ranked enhanced & supportive factor. “Government provides incentives” and “Investments are helping the economic development of the country” is the top most important motivational aspect factor.

References

1. Ananthapadmanabha, 2012, ‘Savings and Investment Behaviour of Teachers-an empirical study’. International Journal of Physical and Social Science, vol.2, pp.264-284.
2. Alagupandian, V &Thangadurai, G 2013, ‘A Study of Investors Preference towards various Investment Avenues in Dehradun District’, International Journal of Management & Social Science Research (IJMSSR), vol.2, no 4, pp. 22-31
3. Kavitha&Madhavan, 2014, ‘Investors Preferences towards various Investment Avenues with special reference to Derivatives market’, International Journal of Applied Engineering research, vol.9, Issue.13,pp.2107-2116.
4. Neha& Shukla, 2016, ‘Investors preference towards investment avenues with special reference to salaried personnel in North Gujarat Region’, International Journal for Science and Advance Research in Technology, vol 2, Issue 1, pp. 43-49
5. Rajarajan,V 2011, ‘InvestorsLifeStylesandInvestmentCharacteristics’,Finance Indian, vol. XIV, no. 2, pp.465-478.

Website:

1. <http://www.tirunelveli.nic.in>
2. <http://www.census2011.co.in>
3. <http://www.google.com>
4. <http://www.bseindia.com>