

A STUDY ON INVESTMENT PREFERENCES AND BEHAVIOUR OF INDIVIDUAL INVESTORS WITH SPECIAL REFERENCE TO MYSORE CITY

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Abstract

This paper focuses on identifying the behaviour of individuals in selecting the various investment options available in the market. The main factors which an individual's takes into consideration before making an investment are safety of their amount, liquidity, stability in income, and appreciation of their hard earned money, low risk in the investment. There are various options for investors which are available in the market i.e savings, fixed deposits, real estate, life insurance, gold/ silver, recurring deposits, mutual funds etc. Each and every investor would like to invest their hard earned money into above mentioned investment options which also depends upon risk taking attitude. However, principle rule of thumb says high risk leads to high profits, and investors cannot avoid risk but can only minimize risk by investing their money into safety investments

Key words: Investment behaviours, Investors preferences, Investments options.

Introduction

Developing country like India, needs a savings to flow into economy through the investments options for its development. Traditional investments options for investors were SB A/c, recurring deposits, real estate, insurance etc. However, after the introduction of LPG in 1991, the financial market offers wide variety of financial products like shares, debentures, mutual funds, gold, silver, pension funds etc. The major factors which investors takes into consideration is the safety of his principle mount, liquidity and stability of income. Today as there are various investment options/ opportunities available in market, a thorough study of market and accordingly to his needs, he shall decide in which investment avenue has to be chosen. All the investor who wish to invest their money will be based on their risk to invest their money will be based on their risk taking attitude and their capacity to handle the market.

Review of literature:

Manish Mittal and Vyas: Investors have certain cognitive and emotional weakness which comes in the way of their investments decisions. Over the past few years, behaviour finance researchers have significantly shown that investors do not act rationally. They have behavioural biases that leads to systematic errors in the way they process information for investment decisions. Many researchers have tried to classify the investors on the basis of their relative risk taking capacity and type of investment they make. Empirical evidence also suggests that factors such as age, income, education and marital status affects an individual's investments decisions

Jayabal G (2009) observe that the funds invested in small savings scheme yield good results, not only to individual investors but also to the nations

Parimalakanthi.K and Dr M Ashok kumar (2015) in their study have found that investor prefer to invest in bank to enjoying the maximum safety. Though various authors have made several studies in the above areas, considering all the observed parameters .

Alagu Pandian V and G Thangadurai (2013) in their study have found that most of investors prefer bank deposits followed by investments in gold

Objectives of Study

- 1) To know the factors which influences investors behaviours
- 2) To find out how investors awareness level affect the investment behaviour
- 3) To study the investment preferences among people in Mysore City.

Statement of problem:

Liquidity and safety of investment are the major criteria for making investment decisions. As every individual are different, each individual's preferences, attitudes, risk bearing capacity differ from person to person. This paper focuses on finding the factors which influences the investors to make investment and behaviours of investors in Mysore city.

Scope of the Study:

The present study covers investment preferences and behaviours of individual's investors only in Mysore city

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Research Methodology:**Sources of Data Collection**

- 1) Primary data have been collected through structured questionnaire.
- 2) Secondary data have been collected through various books and online sources

Sampling Design:

By adopting Convenient sampling 100 customers have been selected

Limitations:

The present study covers the people in Mysore city only

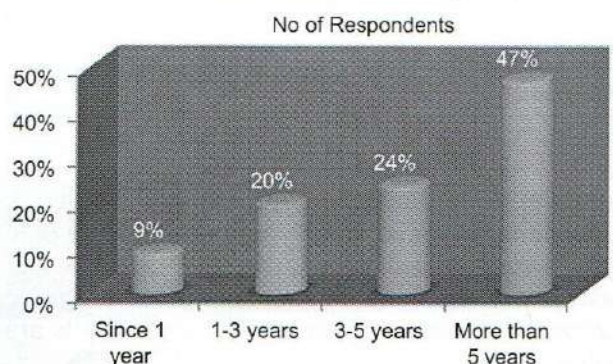
Table-1 : Demographic Profile

Variable	Reply	Frequency	Percentage
Gender	Male	55	55%
	Female	45	45%
Education	Upto Schooling	12	12%
	Under Graduation	29	29%
	Post Graduation	52	52%
	Professional	7	7%
Age	18-25	4	4%
	26-35	37	37%
	36-45	31	31%
	46-55	28	28%
	55&above	0	0%
Occupation	Agriculture	7	7%
	Business	31	31%
	Professional	12	12%
	Government Employee	22	22%
	Private Employee	47	47%

From the above table it is inferred that

- 1) Majority of Respondents are Male.
- 2) Majority of Investors have Post Graduation.
- 3) The Age of Most of Investors ranges between 26-35 years.
- 4) Majority of Investors are owing their business

have started to invest from past 3 years and 20 respondents are investing from past 2 years etc. Above table makes an attempt to check since from how long the investors are investing

Graph 1: Showing since from how many year investors are investing**Graph - 1****Table 2: Showing since from how many year investors are investing**

Year	No of Respondents	Percentage
Since 1 Year	9	9%
1-3 Year	20	20%
3-5 Year	24	24%
More than 5 Years	47	47%

Analysis:

From the above table it is clear that 47 respondents are investing for more than 5 years and 27 respondents

Inference: From the above Table and Graph, we can concluded that majority of the investors are making investments in market from more than 5 years and some portion of investor are involved in investing from at least 3years etc.

Table 3 : Showing investors preferences for making investments by using Garrett Ranking Technique

Preference	1	2	3	4	5	6	7	8	9	10	Total Investors	Total	Avg Score	Rank
Savings A/C	4428	1330	126	522	364	240	84	72	0	0	100	7166	71.66	7
Fixed Deposits	3034	2590	756	290	260	96	84	0	0	0	100	4779	47.79	10
Gold and Silver	6724	1260	0	0	0	0	0	0	0	0	100	7984	79.84	1
Insurance	4920	2380	252	116	0	0	0	0	0	0	100	7668	76.38	5
Real Estate	820	770	1134	1102	780	528	294	108	87	54	100	5677	56.77	9
Mutual Funds	4428	2170	441	348	104	0	0	0	0	0	100	7491	74.91	6
Equities	2706	1680	1890	174	156	144	168	0	0	0	100	6918	69.81	8
Preference Shares	6314	1120	252	0	0	144	0	0	0	0	100	7830	78.30	2
Debentures	6478	350	252	232	260	144	0	0	0	0	100	7716	77.16	4
Government Securities	6560	840	126	0	0	144	126	0	0	0	100	7796	77.76	3

Calculating percentile position = $100(R_j - 0.5) / N_j$

$R_j = 1^{st}, 2^{nd}, 3^{rd}, 4^{th}, 5^{th}, 6^{th}, 7^{th}, 8^{th}, 9^{th}, 10^{th}$.

$N_j = \text{Total Ranks given by 100 Respondents} = 10$

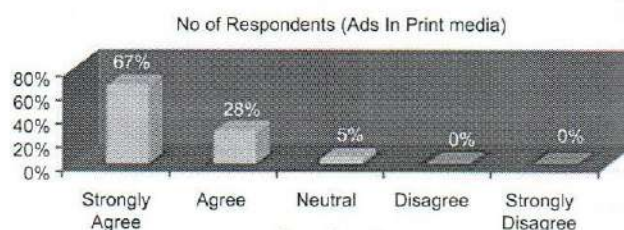
Research From Garrett Ranking technique reveal that majority of respondents prefer to make investments in gold and silver followed by preference shares, government Securities etc.

Table - 4: Showing the inducements of Ads in print media as a factor influencing investors to make investment

Particulars	No of Respondents	Percentage
Strongly Agree	67	67%
Agree 28	28%	
Neutral 5	5%	
Disagree 0	0%	
Strongly Disagree	0	0%

Analysis: From the table it is clear that majority of respondents(67) have strongly Agreed that ads in print media is the source of information which they see and make investments and 28 respondents have agreed to above statement and remaining 3 respondents are neutral

Graph 4: Showing the inducements of Ads in print media as a factor influencing investors to make investment



Graph - 4

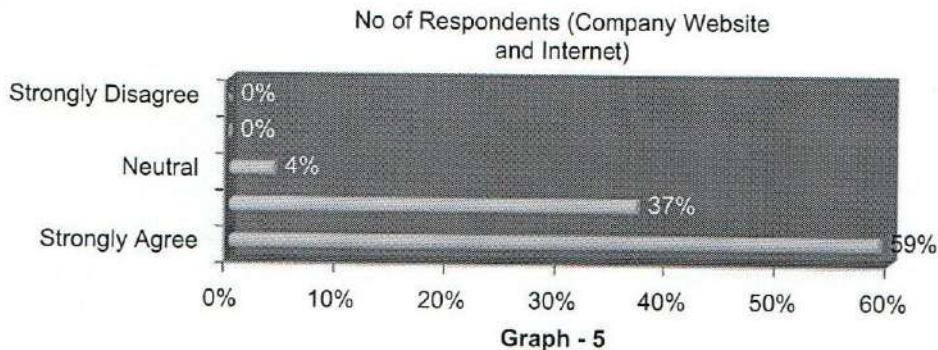
Interpretation: From the Table and Graph, we can conclude that almost majority of investor (67%) strongly rely upon the ads in print media for making their investments. So Ads in Print Media act as an inducing factor for an investor to Invest.

Table5: Showing the source of information from Internet/Company Website influencing investor to make investments

Particulars	No of Respondents	Percentage
Strongly Agree	59	59%
Agree	37	37%
Neutral	4	4%
Disagree	0	0%
Strongly Disagree	0	0%

Analysis: From the table it is clear that majority of respondents(59) have strongly Agreed that Information available in Internet/Company Website is the source of information which they see to make investments and 37 respondents have agreed to above statement and remaining 3 respondents are neutral

Graph - 5: Showing the source of information from Internet/Company Website influencing investor to make investments



Interpretations

From the Table and Graph, we can conclude that almost majority of investor (59%) strongly rely upon the Information available from Internet/ Company Website for making their investments. So Sources of information available through company website and from internet act as an inducing factor for an investor to Invest

Table 6: Showing the source of information from Brokers and Agents are the factors influencing investor to make investments

Particulars	No of Respondents	Percentage
Strongly Agree	33	33%
Agree	21	21%
Neutral	46	46%
Disagree	0	0%
Strongly Disagree	0	0%

Analysis: From the table it is clear that majority of respondents(46) are Neutral that Information from Brokers and Agents might be confusing or deceptive

which may lead investors to go for wrong investment options etc and reaming 33 respondents have agreed that information from brokers and agents are the source of information which they like to use for making investment (Graph-6)

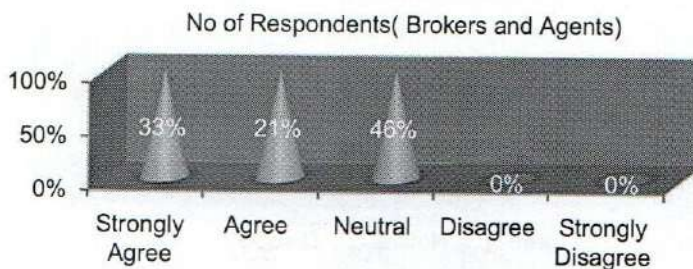
Interpretations

From the table and graph we can conclude that investor are confused especially when getting information from brokers and Agents because some broker or agents will give false information to just make their own profits etc.

Table - 7 : Showing the source of information from friends and relatives are the factors influencing investor to make investments

Particulars	No of Respondents	Percentage
Strongly Agree	50	50%
Agree	27	27%
Neutral	23	23%
Disagree	0	0%
Strongly Disagree	0	0%

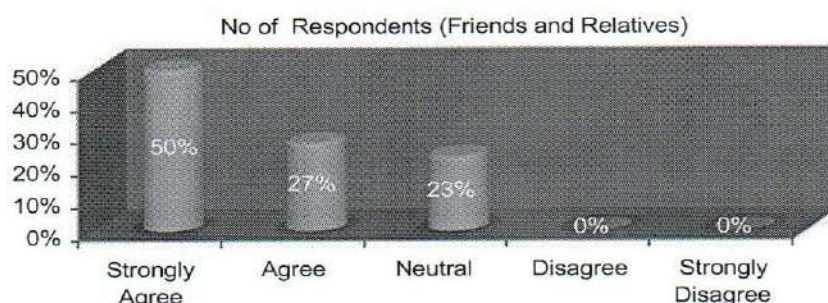
Graph-6 : Showing the source of information from Brokers and Agents are the factors influencing investor to make investments



Graph - 6

Analysis: From the table it is clear that majority of respondents(50) have strongly Agreed that Information available from friends and relatives is the source of information which they see to make investments and 27 respondents have agreed to above statement and remaining 23 respondents are neutral

Graph 7: Showing the source of information from friends and relatives are the factors influencing investor to make investments



Graph - 7

Interpretations: From the above table and Graph we can conclude that 50% of respondents strongly agree they rely upon their friends and relatives for making an investments and remaining 27% of investor also agree to this statement So investors mainly make decision of investment on basis of information given by their friends and Relatives

Table - 8: Showing the whether tax saving is the factors influencing investors to make investment

Particulars	No of Respondents	Percentage
Strongly Agree	73	73%
Agree	25	25%
Neutral	2	2%
Disagree	0	0%
Strongly Disagree	0	0%

Analysis: From the table it is clear that majority of respondents(73) have strongly Agreed that in order to get certain exemption from income tax is one of the

factor induces them to make investments. Remaining 25 respondents have just agreed to the above said fact. (Graph-8)

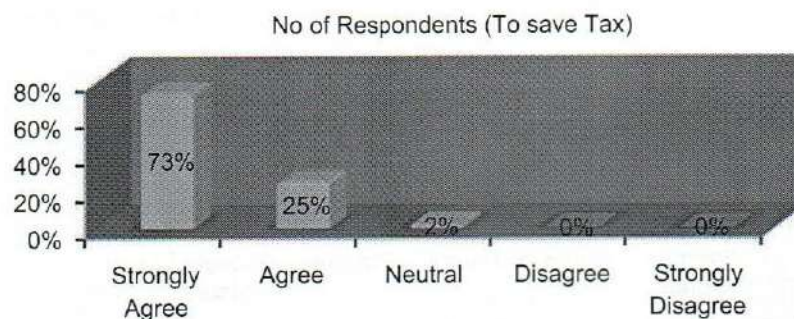
Interpretations

From the Above Table and Graph, we can conclude that majority of investors say 73% of investor say that they tend to make investments just because in order to get exemptions from tax payment under various provisions.

Table - 9: Showing the whether to diversify risk/ reduce risk is the factors influencing investors to make investment

Particulars	No of Respondents	Percentage
Strongly Agree	73	73%
Agree	24	24%
Neutral	3	3%
Disagree	0	0%
Strongly Disagree	0	0%

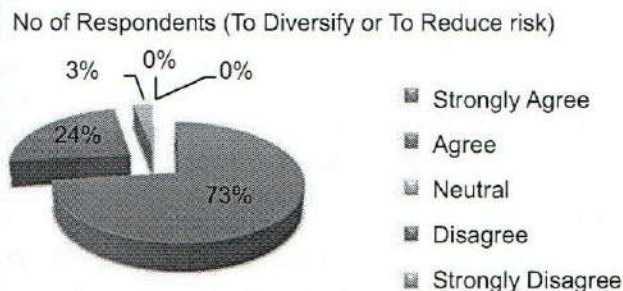
Graph - 8: Showing the whether tax saving is the factors influencing investors to make investment



Graph - 8

Analysis: From the table it is clear that majority of respondents(73) have strongly Agreed that in order to diversify risk or to reduce risk is one of the factor induces them to make investments. Remaining 25 respondents have just agreed to the above said fact.

Graph - 9: Showing whether to diversify risk reduce risk is the factors influencing investors to make investment



Graph - 9

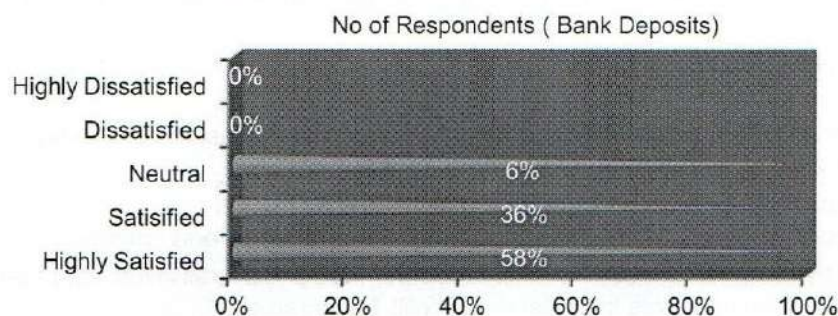
Interpretations

From the Above table and Graph, we can conclude that majority of investors say 73% of investor say that they tend to make investments just because to diversify or to reduce the risk in future and to enjoy portfolio management by not putting all their eggs in same basket. They should play in market with good knowledge of Marketing Conditions

Table 10: Showing Satisfaction level of Investor in making Investments in Bank Deposits

Particulars	No of Respondents	Percentage
Highly Satisfied	58	58%
Satisfied	36	36%
Neutral	6	6%
Dissatisfied	0	0%
Highly Dissatisfied	0	0%

Graph 10: Showing Satisfaction level of Investor in making Investments in Bank Deposits



Graph - 10

Analysis: From the table it is clear that majority of respondents(58) are highly satisfied by making investments in bank deposits and remaining (36) Respondents are just satisfied and 6 Respondents are neutral or they are very much confused about their return on their Bank deposits (**Graph-10**)

Interpretations

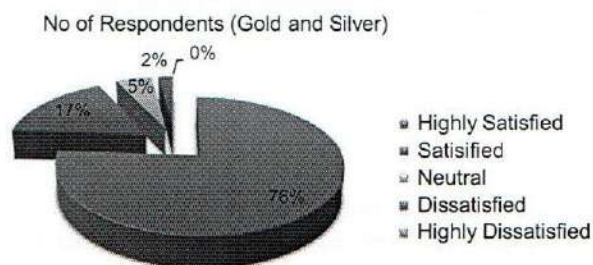
From the Above table and Graph, we can conclude that majority of investors are comfortable and they enjoy making investments in Bank deposits just because it could be one of the safest way for an investor to make investment and less risk involved in it.

Table - 11: Showing Satisfaction level of Investor in making Investments in Gold

Particulars	No of Respondents	Percentage
Highly Satisfied	76	76%
Satisfied	17	17%
Neutral	5	5%
Dissatisfied	2	2%
Highly Dissatisfied	0	0%

Analysis: From the table it is clear that majority of respondents(76) are highly satisfied by making investments in Gold and Remaining (17) Respondents are just satisfied by investing in Gold and 2 respondents are dissatisfied

Graph 11: Showing Satisfaction level of Investor in making Investments in Gold



Graph - 11

Interpretation

From the Above Table and Graph, we can conclude that majority of Respondents (76%) of them are highly satisfied by making investments in Gold. Investments in gold are always subjected to risk but if the investors know about the market conditions and if he is able predict in advance about the price changes in gold he will be in great position to earn more profits

Table - 12: Showing Satisfaction level of Investor in making Investments in Government Securities

Particulars	No of Respondents	Percentage
Highly Satisfied	79	79%
Satisfied	17	17%
Neutral	0	0%
Dissatisfied	0	0%
Highly Dissatisfied	2	2%

Analysis: From the table it is clear that majority of respondents (79) are highly satisfied by making investments in Government Securities and 17 respondents are just satisfied and 2 respondents are highly dissatisfied by making investments in government Securities (**Graph-12**)

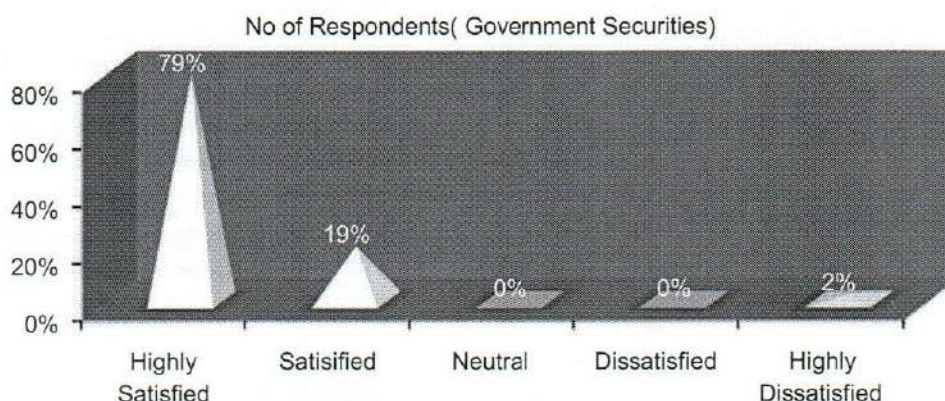
Interpretation:

From the Above Table and Graph, we can conclude that majority of investors (79%) are highly satisfied by making investment in government securities as they ensure less risk and high return. Investors behavior will always be tending towards achieving higher amount of profits by undertaking less risk.

Findings:

From the study it is found that majority of Investors are very much interested to make their investment in Gold, Preference shares and Debentures, Government Securities etc as because they are very much satisfied

Graph - 12: Showing Satisfaction level of Investor in making Investments in Government Securities



Graph - 12

and gained profits from investing in those opportunities. This Study has direct bearing effect on Savings A/C, Fixed Deposits, Gold, Silver, Mutual Funds, Government Securities etc. The regulatory authorities should always aim to protect the interest of Investors.

Suggestions

1. It is suggested to Investor, time horizon/time period should be taken into account before deciding their pattern of Investment.
2. It is also suggested to investor instead they themselves taking decisions they should seek advice from Broker and Financial planner.
3. It is also suggested to Investor not to take any investment decisions at the last minute, every investor have to take sufficient time and plan from beginning of Financial Year.
4. According to Recent Scenarios, a return on investments are based on market situations, so it is advisable that investor should keep themselves upgrading with new guidelines and Terms and conditions
5. Investors should always be aware of various investments opportunities and overall investment avenues available etc. They should make their investments by utilising Portfolio Management.

6. SEBI should regulate the financial markets by framing strict rules and regulations thereby protecting investor's interest.
7. It is suggested to Investors that equity, preference shares should be reviewed regularly so that if stock is not performing, then necessary changes can be made.

Conclusions

This research shows that education level of Investor is important for the present day investors in city like Mysore. Before making any investment an investor should make detailed study about the market and investors should seek possible information about the market from various sources. The Outcome of the Study shows that majority of Investors would like to invest in Gold, Government Securities, Preference Shares etc.

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