

## A survey on Investors Perception towards Investment Avenues in Godavari Districts of Andhra Pradesh

Dr. E.Apparao<sup>[a]</sup> & Prof. N. Kishore Babu<sup>[b]</sup>

### Abstract

*Investing in various types of assets is an interesting activity that attracts people from all walks of life with respect to their occupation, economic status, education and family background. When a person has more money than he requires for current consumption, he would be coined as potential investor. The investor who is having extra cash could invest it in securities or in any other assets like gold or real estate or could simply deposit it in his bank account.*

*At present, a wide variety of investment avenues are open to the investors to suit their needs and nature. Knowledge about the different avenues enables the investors to choose investment intelligently. The required level of return and the risk tolerance decide the choice of the investor. The investment alternatives range from national savings certificates, indira vikas patra, kisan vikas patra, provident fund, mutual fund schemes, insurance schemes, chits, bank fixed deposits, company fixed deposits, company shares, bonds /debentures, government securities, postal savings schemes and real estate etc.*

*The emerging investment scenario clearly reveals that there is a changing trend in preferences of investors towards new saving instruments. During 80s and 90s different types of savings and investment schemes have been introduced and adopted. It is observed that during such period the investing public have shifted from traditional to new debt and equity based schemes. As per the survey findings of L.C.Gupta (Gupta; 1993) in his two studies during mid-1990 and mid-1992, the most memorable change in the investment behavior of the people were shifting towards shares and debentures from traditionally adopted savings instruments like NSCs, LIC policies, Bank and Postal deposits etc.*

**Key words:** investment avenues, source of information, purpose of savings, preference of savings, investment motives.

<p><sup>[a]</sup> <b>Dr.E.Apparao,</b> Associate professor, Department of Management Studies, Rajiv Gandhi Institute Of Management And Science Atchempeta, Kakinada-533005 East Godavari District, Andhra Pradesh Mobile No: +91-9395382907 drapparaoepi@gmail.com</p>	<p><sup>[b]</sup> <b>Prof. N. Kishore Babu,</b> professor, Department of commerce and management studies, AndhraUniversity, Visakhapatnam, Andhra Pradesh. email:dr.nkishorebabu@gmail.com</p>
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### 1. Introduction

Equity market otherwise called stock market is a public entity for trading shares or stocks of a particular company at an agreed price. Supply and demand in the stock market is affected by various factors that in turn affect the price of the stocks (stock volatility). Equity market otherwise called stock market is a public entity for trading shares or stocks of a particular company at an agreed price. Supply and demand in the stock market is affected by various factors that in turn affect the price of the stocks (stock volatility). Investment decisions in equities are sometimes rational where the investors take decisions analyzing the information in the market. Some investors take irrational decisions where they ignore certain information that is available. Irrational decisions may also be due

to the investor's limited capacity to process the information available. Investors also take decisions matching the risk absorption level. Stock market is said to be peculiar though there are different methods and tools to analyze before taking decisions. Investment decisions are still found to be complicated as there are various factors to be considered to choose equity or a stock to invest in or trade into. These socioeconomic, demographic, and attitudinal factors act as key drivers for investment decisions. There is always something that is underpinning an investment decision making process as the probabilities of returns are a concern. Most of the investors feel insecure in managing their investment on the stock market because it is difficult for an individual to identify companies which have growth prospects for investment. Even after identifying the growth oriented companies and their securities, the trading practices are also complicated, making it a difficult task for investors to trade in all the exchange and follow up on post trading formalities. Hence this is very much important to the stock dealers especially who are new to the market. The equity investment decisions are influenced by few factors like good corporate earnings, stock marketability, stock affordability, dividend announcements, Price earnings ratio, Momentum effect, Contrarian effect, Investment behaviour of FIIs, firm's reputation, socially responsible investing, Current economic indicators, Opinion from family/friends/colleagues, broker's recommendation, and other professional advice.

## **2. Objective of the study**

- 1) To study the perceptions of the Investors towards various Investment Alternatives.
- 2) To suggest the suitable strategies / Policies / Schemes for Investment companies according to the perceptions of Investors.

## **3. Methodology of the Study**

The study is based on both primary and secondary data. However, as the study is primarily evaluative in nature and mainly deals with psychology and behaviour of the investors, primary data provides foundation for the present study. The primary data is collected through structured questionnaires. The questionnaire is designed keeping in view the objectives of present research work and it is pre-tested by means of a pilot study. The secondary data is also made use of at some places of the study wherever it became necessary. The relevant secondary data gathered from the reports, books, journals, periodicals, dailies, magazines, and websites.

For the study, the researcher selected stock market investors in East Godavari and West Godavari Districts of Andhra Pradesh. For this purpose he visited all the stock broking agencies in these two districts. There are 96 stock broking agencies in these two districts out of which 65 in East Godavari and 31 in West Godavari. The researcher selected a minimum of 6 investors from each stock broking agency and collected information through structured questionnaire. Total sample size 576.

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#### 4. Data Analysis

The perception of investors towards different investment avenues has been investigated, the survey results shown in the table 1.

**TABLE NO: 1 INVESTORS PERCEPTION REGARDING VARIOUS TYPES OF SAVINGS SCHEMES**

Name of the scheme	Awareness of the schemes					Adoption of the schemes				
	Yes	%	No	%	Total	Yes	%	No	%	Total
National savings certificates	372	64.58	204	35.42	576	177	30.73	399	69.27	576
Indira vikas patra/ Kvp	344	59.72	232	40.28	576	146	25.35	430	74.65	576
Provident fund	453	78.65	123	21.35	576	249	43.23	327	56.77	576
Mutual fund schemes	446	77.43	130	22.57	576	319	55.38	257	44.62	576
Insurance schemes	495	85.94	81	14.06	576	421	73.09	155	26.91	576
Chits	426	73.96	150	26.04	576	256	44.44	320	55.56	576
Bank fixed deposits	486	84.38	90	15.62	576	386	67.03	190	32.97	576
Company fixed deposits	366	63.54	210	36.46	576	166	28.82	410	71.18	576
Company shares	496	86.11	80	13.89	576	443	76.91	133	23.09	576
Bonds / debentures	403	69.97	173	30.03	576	176	30.56	400	69.44	576
Government securities	340	59.03	236	40.97	576	110	19.10	466	80.90	576
Postal savings schemes	442	76.74	134	23.26	576	180	31.25	396	68.75	576
Purchase of real estate	436	75.69	140	24.31	576	242	42.01	334	57.99	576

Source: Field Survey

**Analysis:** Table 1 reveals the present status of the investors' awareness and adoption of different savings instruments. It is observed that nearly 86 percent of respondents are aware of company shares and insurance schemes. It is a remarkable observation that most of them are also aware of bank fixed deposits (84.38 per cent), provident fund (78.65 per cent), mutual fund schemes (77.43 per cent), postal savings schemes (76.74 per cent), real estate (75.69 per cent), chits (73.96 per cent), bonds and debentures (69.97 per cent), national savings certificates (64.58 per cent), company fixed deposits (63.54 per cent), indira vikas patra / kisan vikas patra (59.72 per cent) and government securities (59.03 per cent) respectively.

But, the adoption behavior of the respondents reveals that in comparison with other vehicles, the adoption rate of company shares is the highest (76.91per cent). Traditional schemes have been purchased by significant number of the respondents. However, it is seen that insurance schemes have been purchased by 73.09 per cent, bank fixed deposits by 67.03 per cent and mutual funds by 55.38 per cent. Hence, it is evident that traditional investment avenues like national savings certificates, indira vikas patra and government securities lost its prominence. A paradigm shift from the traditional investment avenues to modern high yield investment avenues like shares, mutual fund schemes is observed.

#### Source of Information

Investors rely on different sources of information while investing. The sources of information may be magazines, news papers, information provide by friends and relatives, brokers or agents, television, radio advertisements and internet. Here it is proposed to make an enquiry into the

respondents' preferences of their sources of information to invest in different investment avenues. The survey results are presented in the table 2.

**TABLE NO: 2 RESPONDENTS OPINION ON SOURCE OF INFORMATION REGARDING THEIR INVESTMENT**

Sources of information	Total number of respondents		
	Rank-1	Rank-2	Rank-3
Magazines	58	55	88
National news papers	90	<b>127</b>	72
Friends & relatives	<b>119</b>	72	78
TV & radio advertisements	81	58	61
My official source	34	17	36
Cinema slides	12	11	13
Local news papers	35	68	55
Brokers/agents	88	95	<b>90</b>
Internet	49	53	60
Advertisements by mutual fund organizations	8	12	18
Road shows/exhibitions	2	8	5
<b>Total</b>	<b>576</b>	<b>576</b>	<b>576</b>

Source: Field Survey

**Analysis:** From table it is clear that the majority of respondents give their first preference of source of information from their friends and relatives. National news papers, brokers or agents advices, as their second and third preference of source of information. Significant number of respondents relied on magazines, television and radio advertisements, local news papers and internet. The preference of source of information is negligible in exhibitions or road shows, cinema slides and advertisements by mutual fund organizations. Hence, it is concluded that the national news papers, friends and relatives advices, broker or agent information and internet sources used to invest in the different investment avenues.

#### **Savings Pattern**

One of the most important and necessary things one can do for one's financial well being is to start saving. Once the habit is instilled it automatically develops and becomes much easier for a person to save on a regular basis. The quantum of savings makes the investors financially and economically strong. An enquiry has been made to the savings pattern of respondents, shown in table 3.

**TABLE NO: 3 RESPONDENTS OPINION ON EXISTING SAVINGS PATTERN**

Saving Schemes	Total number of respondents		
	Rank-1	Rank-2	Rank-3
National savings certificates	31	53	45
Fixed deposits	<b>148</b>	76	79
Insurance schemes	82	88	<b>109</b>
Shares/debentures	115	<b>95</b>	100
Postal savings schemes	41	51	45
Chits	42	56	62
Mutual funds	45	84	52
Provident fund, pension & retirement plans	23	25	33
Real estate/fixed assets	49	48	51
<b>Total</b>	<b>576</b>	<b>576</b>	<b>576</b>

Source: Field Survey

**Analysis:** The sample respondents were asked to provide their first, second and third ranks of their present savings. The responses when tabulated indicated fixed deposits to be a favorite choice. The responses show that 148 respondents have invested in the fixed deposits. From further analysis of the table, it is evident that respondents are nearly invested with real estate, mutual funds, chits and postal savings schemes of 49, 45, 42, and 41 respectively. Second choice has given to shares and third preference to insurance schemes. Hence, it is observed from the table that the respondents prefer fixed deposits first as they are risk free, shares as their second choice because the shares involve high risk and high return, finally the respondents prefer insurance as their third choice.

**Purpose of Savings**

Saving is not investing. Saving money is not the same thing as investing. The purpose of saving is to have some money available at a moment’s notice whenever you need it. The investor may save for safety for future, capital appreciation, regular returns, speculative gains and tax benefits. Hence, it is proposed to make an enquiry into the purpose savings of the respondents. The survey results are presented in table 4.

**TABLE NO: 4 RESPONDENTS OPINION ON THE PURPOSE OF THEIR SAVINGS**

Particulars	Mean	S.A	A	N	D	S.D	Total
Safety for future	4.39	372 (64.58)	119 (20.66)	49 (8.51)	10 (1.74)	26 (4.51)	576 (100)
Capital appreciation	3.82	183 (31.77)	178 (30.90)	157 (27.26)	47 (8.16)	11 (1.91)	576 (100)
Regular returns	3.85	174 (30.21)	235 (40.80)	95 (16.49)	51 (8.85)	21 (3.65)	576 (100)
Speculative gains	2.95	60 (10.42)	133 (23.09)	194 (33.68)	95 (16.49)	94 (16.32)	576 (100)
Tax benefits	2.75	106 (18.40)	78 (13.54)	127 (22.05)	94 (16.32)	171 (29.69)	576 (100)
<b>Overall Mean</b>	<b>3.55</b>						

Source: Field Survey

SA = Strongly Agree; A = Agree; N = Neither Agree nor Disagree; D = Disagree; SD = Strongly Disagree

Note: per cent of the respondents are indicating in parenthesis.

**Analysis:** As is clearly evident from above table 4, the investors here are seen preferring safety for future which is a double edged tool. The respondents thought that one way savings for facing future uncertainties, the other way receives a regular return. The choice of safety for future may be further analyzed by considering the impact of various socio-economic variables on it. A close review of the table of the socio-economic profile shows that the maximum numbers of respondents is married, with the age group of 20-40 years and belong to a middle class income group below 3 lakhs per annum. This category of respondents would definitely fall within the bracket and would have the desire and need to save.

In interesting observation above the table the safety for future is highest (4.39 mean score) responses to purpose of savings, followed by regular returns (3.85mean score) and capital appreciation (3.82 mean score), speculative gain (2.95mean score) and tax benefit (2.75 mean score) is least purpose of savings in my study.

### Preferences of Safest Investment Avenues

It is a herculean task to measure the safety of different investment avenues. Bank deposits, insurance, shares and debentures, mutual fund schemes and post office schemes etc., are a few safest investment alternatives to the investors. Based on the risk tolerance of the investors they prefer to invest in the alternatives. Therefore, it is proposed to make an enquiry into the preferences of safety investment avenues of respondents. Table 5 shows the survey results.

**TABLE NO: 5 PREFERENCES OF SAFEST INVESTMENT AVENUES OF RESPONDENTS**

Particulars	Mean	S.A	A	N	D	S.D	Total
Bank deposits	4.43	427 (74.13)	71 (12.33)	17 (2.95)	22 (3.82)	39 (6.77)	576 (100)
Insurance	3.90	212 (36.81)	186 (32.29)	109 (18.92)	45 (7.81)	24 (4.17)	576 (100)
Shares / debentures	3.17	82 (14.24)	180 (31.25)	147 (25.52)	89 (15.45)	78 (13.54)	576 (100)
Mutual funds	3.15	72 (12.50)	162 (28.13)	190 (32.99)	90 (15.63)	62 (10.76)	576 (100)
Post office schemes	3.65	213 (36.98)	121 (21.01)	115 (19.97)	81 (14.06)	46 (7.99)	576 (100)
Commodity derivatives	2.39	30 (5.21)	50 (8.68)	180 (31.25)	170 (29.51)	146 (25.35)	576 (100)
<b>Overall Mean</b>	<b>3.45</b>						

Source: Field Survey

SA = Strongly Agree; A = Agree; N = Neither Agree nor Disagree; D = Disagree; SD = Strongly Disagree

Note: per cent of the respondents are indicating in parenthesis.

**Analysis:** Bank deposits are the safest mode of investment as observed from the above table. There are 427 respondents strongly agreed in this regard. Next to the bank deposits, for insurance and post office schemes responded strongly agree. The risk tolerances of commodity derivatives are very high because of that reason majority of the respondent strongly disagree as a safest mode of investment.

It is observed from the above table that bank deposits are the highest mean score (4.43), next to that insurance and post office schemes (3.90, 3.65), shares and debentures (3.17), mutual funds (3.15) and the least mean score commodity derivatives (2.39). Hence, it is concluded that the bank deposits have the highest safety and commodity derivatives are the least preference of safety given by the respondents.

### Preferences of Savings Avenues

Saving is the difference between income and expenditure. A high level of savings helps the economy to progress on a continuous growth path since investment is mainly financed out of savings. Here an attempt is made to trace out the preferences of different savings schemes of the respondents. Table 6 shows the survey results.

**TABLE NO: 6 PREFERENCES OF SAVINGS AVENUES OF RESPONDENTS**

Particulars	Mean	S.D	A	N	D	S.D	Total
Cash / Savings deposits at bank	3.78	203 (35.24)	213 (36.98)	53 (9.20)	42 (7.29)	65 (11.28)	576 (100)
Fixed deposits in bank	3.89	215 (37.33)	204 (35.42)	72 (12.50)	51 (8.85)	34 (5.90)	576 (100)
Insurance schemes	3.66	171 (29.69)	165 (28.65)	150 (26.04)	53 (9.20)	37 (6.42)	576 (100)
Shares / debentures	3.52	145 (25.17)	177 (30.73)	140 (24.31)	61 (10.59)	53 (9.20)	576 (100)
Postal savings schemes	3.31	120 (20.83)	147 (25.52)	165 (28.65)	78 (13.54)	66 (11.46)	576 (100)
Chits	3.19	136 (23.61)	118 (20.49)	128 (22.22)	105 (18.23)	89 (15.45)	576 (100)
Mutual funds	3.33	116 (20.13)	167 (29.00)	156 (27.08)	67 (11.64)	70 (12.15)	576 (100)
Provident fund, pension and retirement plans	3.16	106 (18.40)	126 (21.88)	174 (30.21)	93 (16.14)	77 (13.37)	576 (100)
<b>Overall Mean</b>	<b>3.48</b>						

Source: Field Survey

SA = Strongly Agree; A = Agree; N = Neither Agree nor Disagree; D = Disagree; SD = Strongly Disagree

Note: per cent of the respondents are indicating in parenthesis.

**Analysis:** In both tables No: 5 and 6 depict uniformity of opinion. Table No: 6 represents respondents preferred savings instruments and table No: 5 represents respondents opinion on the safety of the instruments. It is clearly seen that the respondents prefer bank fixed deposits. The risk-averse nature of the respondents is depicted as they are more favourable towards cash and bank savings when compared to investing the same cash in instruments like insurance funds, shares and debentures and mutual funds. Here it may also be inferred that the investors/ respondents exhibits a clear personality type of external locus of control where an individual places importance on external environment on his life. This may also refer to the contingency orientation of the investor where the investor would like to have easy access to liquid cash to face an unforeseen contingency and therefore would not like to tie up the cash in not-so-easily retrievable instruments.

#### **Expected Frequency of Returns**

The investor takes a number of decisions in the process of investment. The investor has to decide about his risk tolerance and frequency of expected returns. Usually, investors confine to a particular time frame to expect returns. It is important to know the frequency of returns in which the investor expects whether it is less than one year, one to five years or more than five years. Therefore, the researcher made an attempt to know the frequency of returns which is shown in table 7.

**TABLE NO: 7 EXPECTED TIME HORIZONS FOR RETURNS OF RESPONDENTS**

Years	No. of respondents	Percentage
Less than 1	110	19.10
1-5	444	77.08
More than 5	22	3.82
<b>Total</b>	<b>576</b>	<b>100.00</b>

Source: Field Survey

**Analysis:** As is evident from table 7 the expected time horizon for returns is seen to be between 1-5 years and more than five years. The majority of respondents do not expect immediate returns from their investments leading to an inference that they may require returns between 1-5 years to provide supplement to regular income. The respondents may also preferring returns after 5 years as they opt for safety for future. Hence, it concluded that majority of the respondents (444) expected returns between 1- 5 years period.

### Motives of Investment

There are specific needs for all types of investors. For individual investors, retirement, children’s education/ marriage, housing etc., are major event triggers that cause an increase in the demand for funds. Irrespective of their socio-economic characteristics different investors are expressing their motives of investments. In order to assess motives, which are preferred by the majority of the investors, the respondents were asked to rank all these motives in order of their preferences. The results are depicted in the table no. 8.

**TABLE NO: 8 INVESTMENT MOTIVES OF RESPONDENTS**

Investment motives	Ranks	No. of respondents	Percentage
Regular income	1	174	30.21
More income/profit	2	94	16.32
Capital appreciation (growth)	3	55	9.55
Safe return of capital & interest	4	50	8.68
Savings for old age	5	46	7.99
Tax savings	6	40	6.94
Convenient to operate	7	30	5.21
Purchase of real estate	8	29	5.03
Easy to transfer/sale	9	19	3.30
Life insurance benefits	10	17	2.95
Emergency need of funds	11	14	2.43
Availing loan facility	12	8	1.39
<b>Total</b>		<b>576</b>	<b>100.00</b>

Source: Field Survey

**Analysis:** It is observed from the table that regular income has been the most desirable motive (30.21 per cent) of investment in stock markets. The majority of the respondents expressed their opinion that more income/ profit is their main investment objective. So from the above rankings it can be seen that different investments have their individual motives of investment. Constant flow of returns expected by the investors will be the reason to give first priority to regular income. From other motives, it is observed that capital appreciation, safe return of capital and interest, savings for old age and tax benefits in investments are also well considered. Investing public is not giving so much importance to other motives or features of the investment.

### Future Savings Pattern

Table 5.3 revealed existing savings pattern of respondents. By considering all risk tolerances, quantum of returns and frequency of returns, the respondents were asked to give their preferences for their future savings. The results are shown in table 9.



**TABLE NO: 9 PROBABLE FUTURE SAVINGS PATTERN OF RESPONDENTS**

Name of the scheme	Total number of respondents		
	Rank-1	Rank-2	Rank-3
National savings certificates	44	27	61
Ivp /Kvp	26	21	43
Provident fund	81	36	57
Mutual fund schemes	64	97	<b>128</b>
Insurance schemes	49	75	59
Company shares & debentures	65	<b>104</b>	79
Postal savings	25	68	39
Bank deposits	<b>122</b>	94	58
Purchase of real assets	100	54	52
<b>Total</b>	<b>576</b>	<b>576</b>	<b>576</b>

Source: Field Survey

**Analysis:** It can be seen from the table that the majority of respondents (122) gave their first preference to bank deposits. A significant number of respondents (100) interested to invest in real estate. Second choice has given to company shares and third preference to mutual fund schemes. Hence, it is observed from the table that the respondents in the future also prefer fixed deposits first as they are risk free, shares as their second choice because the shares involve high risk and high return, finally the respondents prefer mutual fund schemes as their third choice.

**Behaviour & Attitude of Managers and Staff of Stock Broking Firms**

The present study is made to know the perception of investors on different factors. Now it is the turn to know the perception of investors towards stock broking firms managers and staff, because they play an important role in settlement of transactions. The satisfaction levels of investors are classified into very satisfied, satisfied and not satisfied basis. So an enquiry has been made to ascertain about the satisfaction levels of investors towards stock broking firms managers and staff. The result is shown in table 10.

**TABLE NO: 10 OPINIONS ON BEHAVIOUR & ATTITUDE OF MANAGERS AND STAFF OF STOCK BROKING FIRMS**

Behavior & attitude	Very Satisfied		Satisfied		Not Satisfied	
	No. of Respondents	Percentage	No. of Respondents	Percentage	No. of Respondents	Percentage
Courtesy	313	54.34	236	40.97	27	4.69
Efficiency	197	34.20	354	61.46	25	4.34
Interest in work	232	40.28	308	53.47	36	6.25
Attitude	227	39.41	327	56.77	22	3.82
Helpfulness	188	32.64	349	60.59	39	6.77
Presence	167	28.99	363	63.02	46	7.99
Solving investment grievances	167	28.99	296	51.39	113	19.62
After sale services	170	29.52	275	47.74	131	22.74

Source: Field Survey

**Analysis:** It is observed from the Table No.10 that more than 95 percent respondents are satisfied with the courtesy of stock broking firms, only 4.69 percent respondents are not satisfied. Managers and other staff members receive the investors with politeness. Here, dissatisfaction levels of respondents are negligible.

- So far as efficiency of the staff is concerned, it is 197 of respondents are very satisfied with promptness, 354 respondents are satisfied, but 25 are not satisfied.
- Interest in work by staff members develops not only the work culture of an organization, but shows the spirit of the employees to interact with the customers. In this study it is found that only 40.28 percent respondents are with the opinion that the staffs are “very much satisfied”, 53.47 per cent respondents “satisfied” in interacting with them. But, 6.25 percent respondents have found that staffs are not interested in this.
- Very interestingly it is observed that more than 96 percent respondents are with opinion that, the attitude of the staff members are either “highly positive” or “positive”, but a negligible percent are of opinion that their attitude is negative. Thus, the staffs should maintain the same towards their clients, so that the response rate should be more in favour of positive.
- 93 percent respondents give their opinion that the staff members are helpful in giving required services when they are approached, whereas 6.77 per cent are with their opinion that the staffs are not helpful.
- So far as satisfactorily solving the investors grievances is concerned, it is found that 167 respondents are with the opinion that the staff members are “very much interested” in attempting and solving their grievances 296 are satisfied and 113 are not interested about this.
- 29.52 percent respondents are very satisfied with the “After Sales services” provided by the staff, 47.74 per cent are satisfied, but 22.74 percent are not satisfied.
- It may be summarized that on an average 90 percent respondents are satisfied with the behavior and attitude of the members of the concerned stock broking firms. So, continuing the same attention is required to make all these behavioral aspects more and more positive to get a growing interest with the investors’ community.

## 5. Findings

- 1) The study found that majority of respondents aware of all the savings schemes like national savings certificates, indira vikas patra/ kisan vikas patra, postal savings schemes, mutual funds, insurance schemes, chits, bank fixed deposits, company fixed deposits, shares, bonds and debentures, government securities, real estate etc., besides that all these schemes have been adopted by the respondents except national savings certificates, indira vikas patra/ kisan vikas patra, chits, company fixed deposits and government securities.
- 2) The study distinctly comes out with the required sources of information for the investment obtained from various means. But the majority of respondents obtained their information regarding investment through their friends and relatives as a first priority; it was followed by national news papers within the first rank. Whereas, regarding rank two, the first place was occupied by national news papers and it was followed by friends and relatives. But in the rank three, the first place was occupied by the broker/ agents it was followed by magazines.
- 3) As per the respondents opinion the fixed deposits savings pattern was rated by the respondents as a rank one, and it was followed by shares and debentures, insurance schemes and real estate/ fixed assets respectively. In the same way the respondents also rated as a rank two of various existing savings schemes pattern, 95 respondents rated for shares and debentures followed by insurance schemes. Whereas, within the rank three insurance schemes were rated by the majority of respondents (109), and it was followed by shares and debentures (100). Finally, it can be concluded that the majority of respondents (148) were rated the fixed deposits as a first rank.
- 4) The study also found that the majority of respondents have savings for the purpose of safety for future, capital appreciation, regular returns, speculative gains and tax benefits. They pre-

serve certain portion of income as savings for the safety for future as a first priority (mean score 4.39). It was followed by regular returns (mean score 3.85).

- 5) It was evident that 86.46 per cent respondents agreed that bank deposits were the safest investment avenue. It was followed by insurance (69.1 per cent) and the meager portion of respondents (13.89 per cent) were opined that commodity derivatives were the least safe investment of the given investment avenues.
- 6) Regarding savings avenues the majority of respondents (72.75 per cent) were opined that fixed deposits in bank was a preferred savings avenue as it was followed by cash/ savings deposits at bank with the 72.22 per cent of respondents. Whereas the least preferred option was meant to provident fund, pension and retirement plans by having of 40.28 per cent. The same finding was also reflected the mean scores, because of 3.89 mean score was opted by fixed deposits in bank and it was followed by cash/ savings deposits at bank (3.78 mean score) and the least mean score was 3.16 for provident fund, pension and retirement plans.
- 7) The study distinctly comes out with the regular income was prime motive for investment and it was followed by more income/ profit, capital appreciation and safety return of capital and interest respectively. But, the availability of loan facility was rated by the respondents as a investment motive as a rank twelve which was considered as a least rank.
- 8) The anticipation of respondents for the probable future savings reflected that the respondents preferred bank deposits as a first probable future saving alternative and it was followed by company shares and debentures and mutual fund schemes.
- 9) Of the given behaviour and attitude parameters of managers and staff of stock broking firms towards investors was reflected that, investors were very satisfied regarding courtesy (54.34 per cent) it was followed by interest in work (40.28 per cent), attitude (39.41 per cent) and presence as well as solving investment grievances (28.99 per cent). whereas, investors were satisfied regarding presence of staff with 63.02 per cent it was followed by efficiency 61.46 per cent and helpfulness (60.59 per cent) respectively. But, 22.74 per cent of respondents were not satisfied regarding after sale services it was followed by solving investment grievances 19.62 per cent.

## **6. Suggestions**

- 1) Majority of the investing respondents were found to be in the age group of 20 to 40 years. Hence it is suggested that investment schemes tailored to the senior citizens need to be developed.
- 2) It was found from the study that urban people were more aware of the different investment schemes than the rural. As more than 80 percent of the Indian society resides in rural areas, it is strongly suggested that necessary steps should be taken to increase awareness among rural population about the existing investment schemes.
- 3) The perception of most investors on the safety and liquidity of different investment avenues is unfavourable. Hence there is need to create the environment to instil confidence on investing public with regard to the liquidity and safety of their investment schemes.
- 4) More than 20 per cent of respondents are not satisfied with after sale services of stock broking firms. Therefore, efforts to improve the after sale services by the managers and staff of stock broking firms, so as to satisfy the needs of customers.
- 5) It was observed that large number of investor complaints and grievances regarding the managers and staff of stock broking firms are not properly resolved. Therefore, it is recommended that stock broking firms should be careful enough in resolving the grievance of the investors.
- 6) As there is change in the income levels of the investors most of the investors are interested to divert their savings to profitable investment opportunities. However, prior to that there is a

dire need to initiate steps to inculcate a habit of savings among the growing middle class families. The savings are to be pooled and canalized into productive investment, there by returns to investors may enhance. It may further accelerate investment in corporate securities in future on a large scale.

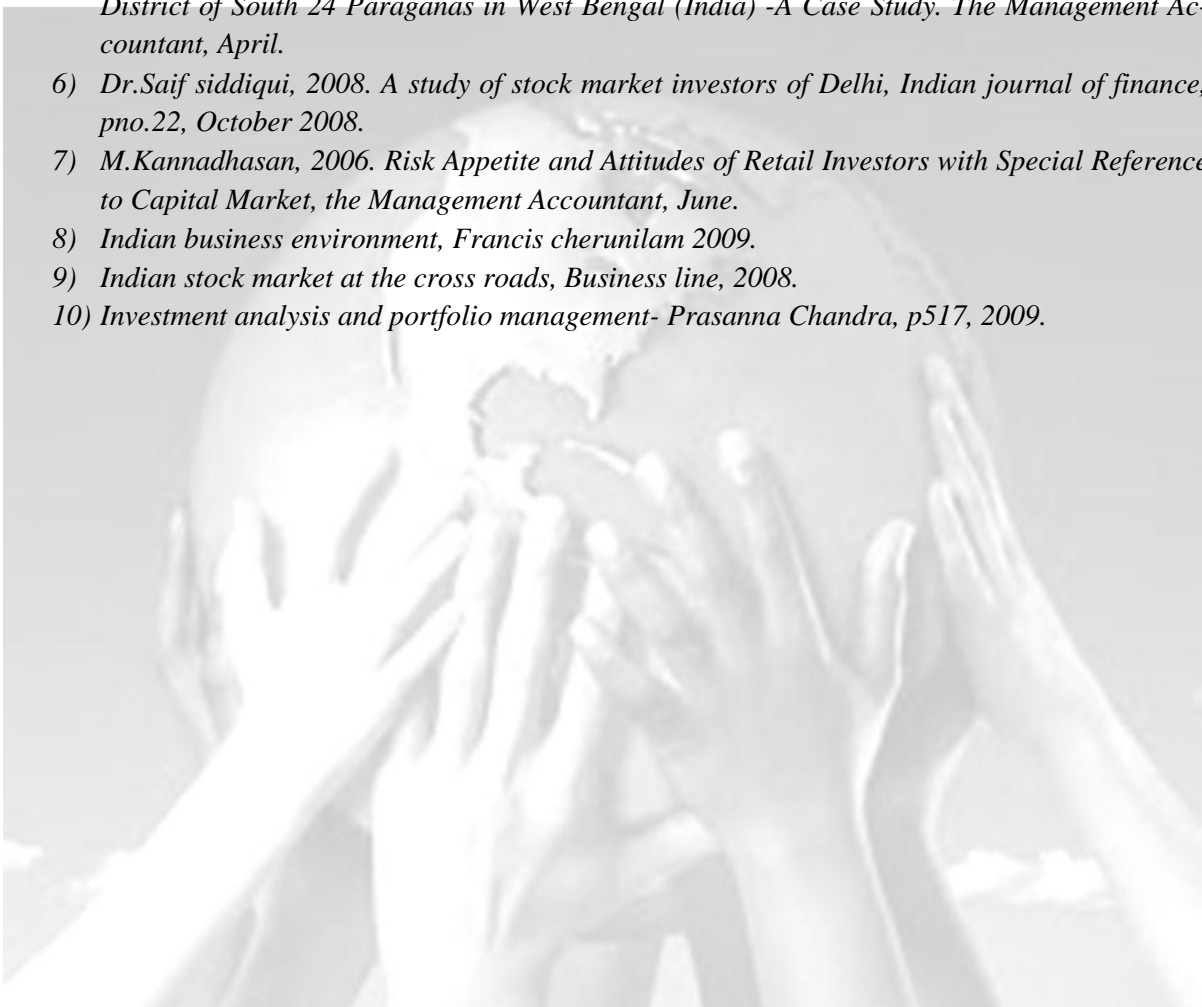
- 7) Construction of an efficient portfolio is always advisable to maximize the return and minimize the risk. It is disheartening to note that the investors in East Godavari and West Godavari are very little aware of investment in company securities. Hence, investors should be educated about the benefits of investment in diversified industries and companies. If one company fails is in crisis, investment in other companies would be safe. Diversification of funds among different industries is a must because, if one industry fails or experiences a down trend in share value, investment in other industries would be safe. So investors are to be explained about the advantages of diversifying funds across industries and over different companies in the same industry.

## 7. Conclusion

There are considerable number of studies on Indian Stock markets and its related activities. However, most of these studies concentrated either on overall development, growth, development and performance of Capital market in India or on the recent trends of change after liberalization. Most of the studies reviewed above have mainly covered the aspects at macro level, like the ownership patterns in the capital market, occupation-wise break up of paid up value of share holdings of individuals, ownership pattern of shares/debentures, geographical distribution of share ownership in India. Though there are some specific studies on the investment pattern of individual, they mainly focused their attention on individual investors' problems and need for their protection. There are no specific studies exclusively on investment culture focusing on investors' awareness, his evaluation process of investment, his investment pattern, risk perception and risk preference. It is needless to emphasize that the behaviour of the small and household is a very crucial area in the formulation of policies and procedures for the orderly growth and development of securities markets in any nation. There are only a few studies covering the issue of investor perception and behaviour at micro/regional level. Especially in the context of decline in the participation of small and household investors in the primary market operations, withdrawal of investors from the capital market, diversion of household savings into safer investment avenues like bank deposits, real estate and unproductive assets like gold and silver, it becomes all the more important to study and analyse the investor awareness, perceptions and preferences of various investment avenues available to them in the securities markets. This may help the policy makers in evolving the suitable strategies to get small and household investors once again in large numbers into the capital market operations. Hence, the present investigation is an attempt in that direction. The issues investigated in the present study include awareness of investment avenues, investment pattern, the most preferred objectives of investors, and investment evaluation. Moreover, this study is mainly undertaken in Coastal Andhra, a very prominent region of Andhra Pradesh, with the hope that the observations and conclusions of the study are of immense use.

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