



An Empirical Analysis Of Young Investor Awareness And Their Investment Patterns Towards Various Investment Avenues

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ABSTRACT

Investment awareness and their investment patterns of young investor is an attempt to know their level of awareness and risk perception to invest among young earners. The responses are collected from twin city i.e Hyderabad and Secunderabad. The primary objective is to study the relationship investment awareness and risk perception of young investors towards various investment options. Primary data was collected through structured questionnaire from the sample of respondents. The study concludes that the recent changes in technology development could provide more knowledge to the young investors about their new investment options along with conventional investments and risk level to take informed decisions on investment pattern.

Key words: Investment awareness, Investment pattern, Investment avenues, Young investors, Conventional investments.

INTRODUCTION:

The study is focused an analysis on young investors' behaviour and their preferences towards their investment options. It has also been find out the characteristics of the young investors and their preferences with respect to their investment avenues. Investment behaviours of investors vary from person to person based on risk taking attitude. Today's competitive environment gives a lot of opportunities towards investment avenues which are being provided by various public and private financial organisations. It is the choice of the young investors who invest money in safe and high return investment avenues. The study would also focus on the people to choose the best investment avenues and also help them to analysis many factors which are required for making an investment. The investors should be alert in choosing the investment alternative, young investors must excise his/her skill, knowledge and experience in selecting the investment options in this situation. The current study is based on investors' preferences towards selecting different investment avenues.

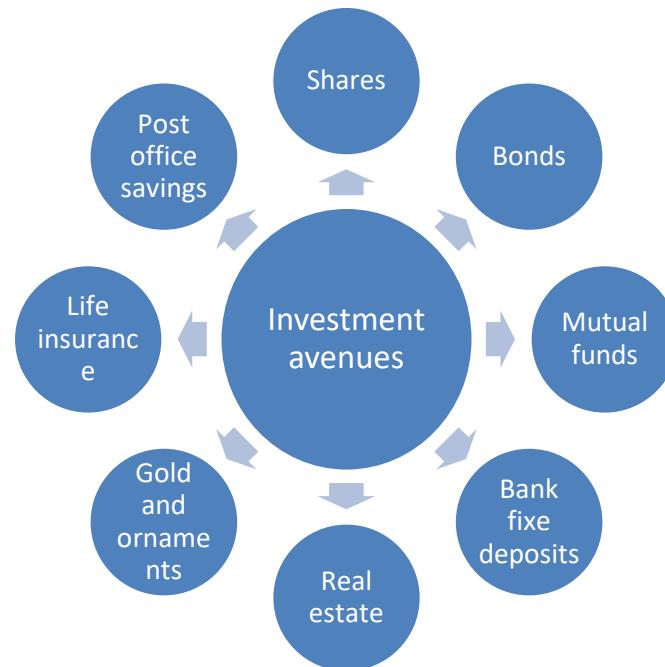
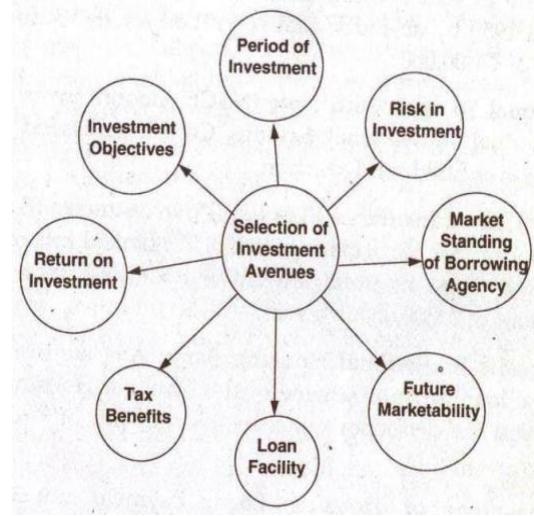
The Convenience sampling method has been used to choose the respondents from the Twin cities viz Hyderabad and Secunderabad.

Selection of the investment option by the individual investor may consider the following criteria.

- Period of investment
- Risk in investment
- Return in investment
- Investment objective
- Future marketability
- Tax benefits
- Market standing borrowing agency
- Loan facility

SOME OF THE INVESTMENT OPTIONS:

1. Stock: Share investment by the young investors in various company stocks in the form of equity and preference shares.
2. Bank fixed deposits: Bank deposits are the safest among all other investments. Hence investors prefer Fixed deposits for specified period.
3. Mutual funds: They are moderate risk and return associated investment options.
4. Bonds: Bonds and Debentures are the another form of fixed return securities of investment.
5. Gold and ornaments: Most common investment option is the Gold and ornaments investment by the common people.
6. Real estate/Properties: Investment in properties such as land, buildings, precious metals, arts, antique pieces, etc. It is most common method of investment.
7. Life insurance: Fixed return investment option is the life insurance. And also risk can be protected with insurance policies.
8. Post office schemes: It is the small savings option for investors.



Among the above investment options, a person has to choose wisely and make a decision regarding their investment. But there are certain factors which are considered before making an investment. The two main important factors are:

- a) Minimum risk
- b) Maximum returns

People are reluctant to invest in risky investment avenues having a fear of loss in their mind. On the contrary, investment which gives low or less return is hardly opted for. Hence, this research gives a clear understanding about their thoughts and vision about investment.

The investment avenues covered for this study are: —

- Shares: May be Equity shares or Preference shares
- Bank deposits: There are 2 types of deposits- a) fixed deposits b) recurring deposits.
- Mutual funds
- Gold and silver
- Property: which may be a house, a shop, a land etc.

REVIEW OF LITERATURE:

In Bangalore, Karnataka, Ashly Lynn Joseph and Prakash (2014) examined the investment preferences of 100 investors. They found that 41.07% of the population prefers to invest in fixed deposits, followed by 30.36% in the insurance industry, 10.71% in mutual funds, 8.93% in real estate, 5.36% in post office savings, and 3.57% in the stock market.

A study on the "Investment Behavior of Individual Investor in Stock Market" was done by Warne and Suman D.P. in 2012. The study's goal was to look at how investors invest and the factors that influence different types of investors (in terms of age, education, income etc.).

In his work titled "Determinants of Investor's Financial Literacy," Kaboor.A. (2010) made an effort to investigate the sources of investment knowledge and investor behaviour as well as to gauge the extent of financial literacy. According to the report, there are differences in financial literacy amongst various investor groups.

"Socially Responsible Investors and Their Advisers" by Statman Meir, 2007. He noted that danger is present while investing in various routes and in various people. This article demonstrates the social responsibility of financial advisors who give investors advice. They discuss their personal journeys to socially conscious investing and share advice for working with clients who share their values.

OBJECTIVE:

- To study the relationship between the young investor awareness and their attitude towards various investment avenues.
- To test the impact of awareness and risk perception of the young investors on investment avenues.

RESEARCH METHODOLOGY:

The study was done majorly by collecting primary data through a structured questionnaire. A questionnaire prepared in Google form and information was collected with the help of it. Sample size was 150. The respondents all are from Hyderabad and Secunderabad city. A personal interview of also taken from some of the respondents to understand their investment perception in a better way.

A structured questionnaire was framed and circulated to the respondents to understand and analyse investment patterns of young investor in various investment options. This structured questionnaire contains two parts. First part deals with the questions relating to demographic factors influencing on investment behaviour. Second part of the questionnaire contains questions relating to investment patterns towards various investment avenues. Primary data was collected through structured questionnaire from the sample of respondents and secondary data was collected from internet, articles, magazine and reports.

DATA ANALYSIS & INTERPRETATION:

The questionnaire contains two parts, i.e demographic factors and investment patterns of various investment avenues. Primarily, Demographic variables and 150 respondents with the frequency of response are given in the Table: 1. Frequency of response and their cumulative percentage also mentioned the same table.

Table: 1 Demographic factor considered in the structured questionnaire.

Demographic variables		Frequency	Percentage	Cumulative %
Age	Below 20 years	15	10	10
	21-30 years	60	40	50
	31-40 years	45	30	80
	Above 40 years	30	20	100
	Total	150	100	100
Gender	Male	90	60	60
	Female	60	40	100
	Total	150	100	100
Occupation	Govt employee	30	20	20
	Private employee	45	30	50
	Self employed	68	45.33	95.33
	Other	7	4.66	100
	Total	150	100	100
Qualification	UG (Degree)	45	30	30
	Post Graduate	52	34.66	64.66
	Professional course	38	25.33	90
	Other	15	10	100
	Total	150	100	100
Income(PA)	Below 2lakhs	22	14.66	14.66
	2 lakhs – 5 lakhs	45	30	44.66
	5 lakhs – 10 lakhs	60	40	84.66
	Above 10 lakhs	23	15.33	100
	Total	150	100	100

Source: Author computations based on demographic variables & the responses of various investors

The above table:1 shows the demographic factors considered in the study to which various investor responses and their cumulative percentages are explained. Majorly study was concentrated on the young investors who are middle and below middle age group. Majority of the investors whose income group is from 5 lakhs to 10 lakhs per annum.

Table: 2: Period of investment and their response

Sl. no.	Options	No. of Respondents	Percentage (%)
1	Below 2 years	12	8
2	2-5 years	63	42
3	6-10 years	48	32
4	Above 10 years	27	18
Total		150	100

From the above table:2 we can clearly understand that the majority of investors i.e 42% are preferring to invest for the period of 2-5 years and 32% of respondents are preferring for the period of 5-10 years. It can be inferred that the young investors may expect their investment return early and hence they prefer short period investment avenues.

Table:3: Percentage of income saving as investment option and their response

Sl. no.	Options	No. of Respondents	Percentage (%)
1	Below 10%	36	24
2	11-20%	66	44
3	21-30%	33	22
4	Above 30%	15	10
Total		150	100

From the above table:3 we can infer that majority of young investors are saving upto 20% of their income. It can be because of expense or luxurious life style, their percentage of income as investment is comparatively less. Most of the middle and above age people will save their income by diverting to various investment options.

Table:4- Young investor preferences and their investment avenues

Sl. no.	Options	No. of Respondents	Percentage (%)	Mean
1	Shares	33	22	3.9
2	Mutual funds	24	16	3.17
3	Bank Fixed Deposits	48	32	4.44
4	Real estate	21	14	3.15
5	Gold and silver	24	16	3.65
Total		150	100	

From the above Table:4 we can understand that bank fixed deposits and shares investment are majorly preferred by those investors. Based on the above facts we can infer that young investor not just taking the risk to get more returns in their investment options. They are studying more and considering all factors that affect the investment option. It depends on the type of education and awareness they have about investment option is the major criteria which influences the investment decision.

CONCLUSION:

The risk taking attitude is more in young investors compare with the middle and old age people. These investors prefer in the investment options which gives more returns. We can also see the result of investment period is from 2 years to 5 years is more preferred by the young investors. Majority of the investors prefer to save less than 20% of their income sources. It can conclude that the savings are less compare to their expenses. According to the study's findings, the Indian young investment community has showed a lot of interest in investing in safer investments like bank deposits and other financial products that are available in markets that are expanding as a result of the market's rapid expansion.

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