



## A Study of Investment Awareness and Preference of Individual Working Group in Jalna District, Maharashtra State

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**Abstract:** *Economic development is a condition which transforms a developing economy to a developed economy. In the Indian context, even the current government is also focusing on turning the India economy to a magical figure of 5 trillion US dollars in the coming 5 years by 2024. Many economists agree that the economic growth and development rate are generally affected by physical capital, human resources, technology and natural resources. The contribution of each of these factors is imperative for the economic development of a country. The human resource requires more training and education so that they can perform well and increase the output which will ultimately increase the efficiency in the economy.*

**Keywords:** Economic development, economic growth and Investment

### Introduction:

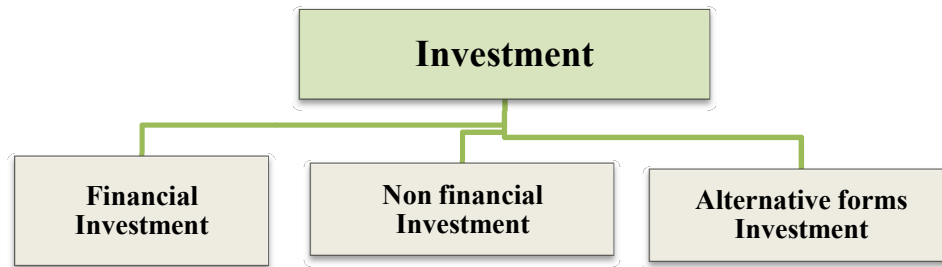
Investment is the allocation of money to assets that are expected to yield some gain over a period of time. The main criteria for investment are expected return, risk involved and liquidity of investment, but the common target in these activities is to wealth. Every individual makes investment, even if the individual does not select stock, investments are still made through participation in pension scheme, opening fixed deposit accounts in bank and purchasing of insurance schemes or home (Kothari, 2012). Investors choose investment alternatives that provide them with a psychological satisfaction rather than those that maximize their economic benefits. Over few years ago only, psychological factors were also influence their investment decision, causing them to behave in irrational way because investors do not make decision like the machines. They invest in financial products with emotions, passions, enthusiasms and dislikes. Domestic saving in India contributes substantially for the growth of an economy. In India, domestic savings originate from three principal sectors namely: (i) Household sector, (ii) Private-corporate sector and (iii) Public sector.

The household sector comprises of individual, non-corporate business and private collectives like temples, educational institutions and charitable foundations. The saving can be held in the form of increases in (a) Liquid assets like currency bank deposits and gold (b) Financial assets like shares, securities and insurance policies and physical assets

### Classification of Investment

The various avenues of investment are Fixed deposit, Recurring deposit, post office savings, Chit, Shares, Mutual Funds, Bonds, Land and Building, Art, Gold, Insurance, Treasury bills, Promissory note, etc. According to the financial divisions Investment in divided into three types

1. **Financial Investment:** Investment made on the cash and cash equivalents, bounds, equity shares, mutual funds, insurance and derivatives etc.
2. **Non financial Investment:** Investment made on the fixed or long term assets, it includes land and building plant and machinery and business real assets etc.
3. **Alternative forms Investment:** made on the art, private equity etc. will come under this category.



Investment as a phenomenon is exactly associated with two important phenomenon i.e. sacrifice of the current income and secondly future expectations from it. This phenomenon may or may not be true all the time depending upon the type of investment made in. These are the assets which do not contribute physically but the values of such assets are derived from the contractual claims. The aim of such type of investment is to earn additional income or appreciation of value of money that one has sacrifices today. The smart investors are always concerned not just about the value addition but also the inflationary factor which may arise in future and may reduce the value of rupee today. Examples of such financial assets include Cash, stocks, bonds, mutual funds, and bank deposits etc.

Table 1 - Trends of Investment in Financial and Physical Assets

Year	Financial Assets (Rs in lakh Crore)	Physical Assets (Rs in lakh Crore)
2014-15	161	119
2015-16	178	132
2016-17	201	143
2017-18	236	156
2018-19	262	168

Source: Karvy private Wealth

### Review of literature:

Rajarajan (1999)<sup>3</sup> has examines the relationship between the various stages in the life cycle of individual investors and their investment size and their investments in risky assets, on the basis of primary data collected from 450 individual investors. This study finds the existence of systematic relationship among them. Ramasamy T and Vinayakamoorthy S (2000)<sup>4</sup> had concluded the study on “Investment – a development factor on savings”. The study reveals that, both savings and investment had equality. It means that an individual wants to have more investment, first he has to save that extent, savings and investment decisions are taken separated by an investor with different motives. Grable J and Joo S. (2001)<sup>5</sup> Compared to people who do not have a saving goal, people with specific saving goal are thought to be more involved in and more motivated towards saving / investing. Highly motivated individuals examine more information before taking investment decision than least motivated ones. Risk taking people tend to do something for reducing their uncertainty. Shobhana and Jayalakshmi (2006)<sup>6</sup> have studied on Investors Awareness and Preferences of Investment has examined the level of investors’ awareness regarding investment options and investment risks. The analysis revealed that investment in real estate/property is preferred by majority of the respondents.

### Statement of problem

The study aims at assessing awareness about various investment avenues and impact of various factors while making investment decision. Secondly the study aims at understanding current investment patterns of the Jalna city, further study digs into the risk and return perception of different avenues and financial literacy of the selected sample.

### Objectives of the study

1. To understand the level of influence of demographic factors on investment.
2. To find out level of investment awareness in the Jalna city and its relation with investment behaviour.
3. To study the investment behaviour towards investment avenues in the Jalna city.

### Hypothesis

This research study will test the following hypotheses given below using the suitable statistical tests:

1.  $H_0$  “There is no significant association between the Gender and the Investment awareness level”.
2.  $H_0$  “There is no significant association between the income level & awareness of the investments”.

### Research Methodology

This section describes the statement of problem, need of the study, scope of the study, objectives of the study, Hypothesis, research design used, the study population and sampling procedure, data collection methods with data analysis tools used and chapter scheme of the report.

### Research Design

The present study is of a descriptive nature which describes the characteristics of a group of inventors. For accomplishing this purpose the desk research and source research work has been carried out. The desk research helped tremendously in setting the research questions to be asked to the respondents.

### Sample Size

Sample size is a number out of population. For this study researcher used random sampling method where respondents were chosen entirely by chance. The help of surveymoney.com has been taken for calculating of sample size, with 95 percent confidence level which means 95 percent certainty of results and margin of error was set to 5 per cent which means the variation of opinion of selected sample with total population. 384 respondents were selected for the research work. Of those, 372 respondents responded

### Result and Discussion

#### Income and Saving Pattern of the Households

Income is an important determinant of the saving behavior of the persons. Income is a positive factor that analyses the savings of a country or a household. The level of income is very low but the marginal propensity to consume is very high among these categories of people. So, the saving rate of respondents is lower. Or many people do not save at all. To know the saving behavior and the saving pattern of these respondents, data from 372 respondents are taken on different aspects of savings to estimate the level and awareness of savings of these people.

Table- 2 Monthly Income of the Respondents (In Thousands)

Monthly Income (in INR)	No of Respondents	Percentage
Less than 10,000	35	9.41
10,001 to 30,000	103	27.69
30,001 to 50,000	121	32.53
50,001 to 1,00,000	86	23.12
1,00,001 and above	27	7.26
Total	372	100.00

(Source: Field Survey 2019-20)

**Inference**

From table-2 shown that monthly income of respondents as regards monthly income a majority of the respondents (32.53%) have income ranging from 30001 to 50,000, followed by 103 (27.69%) respondents in the income group of between 10,001 and 30,000, 86 of respondents (23.12 per cent) of the respondents earn between the 50,001 to 1, 00,000 per months, Those who earn less than 10,000 per months constitute 9.41 per cent and interesting feature is that respondents earning more than 1 lakh per Months only 7.26 per cent (Figure-1)

Figure -1 showing Monthly Income of Respondents

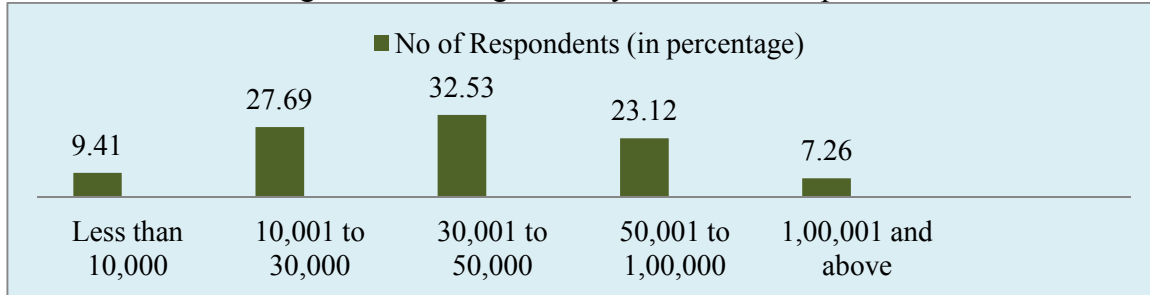


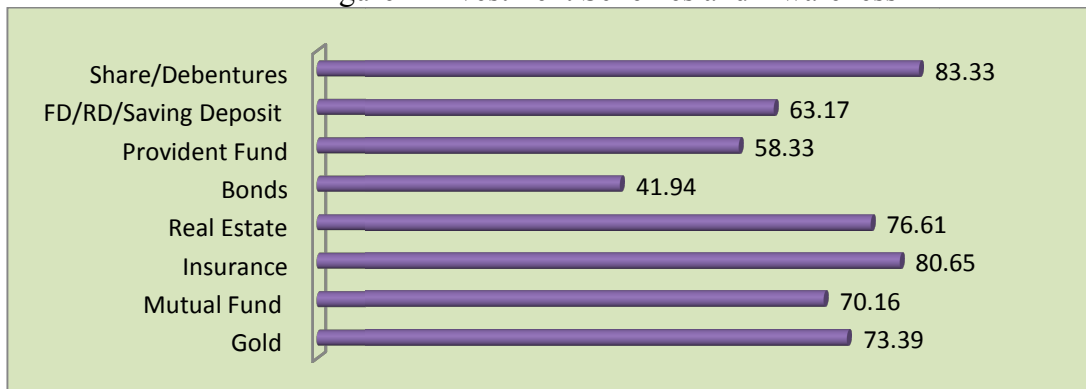
Table -3 Measure of Investment Schemes and Awareness (multiple)

Particulars	No of Respondents	Percentage
Gold	273	73.39
Mutual Fund	261	70.16
Insurance	300	80.65
Real Estate	285	76.61
Bonds	156	41.94
Provident Fund	217	58.33
FD/RD/Saving Deposit	235	63.17
Share/Debentures	310	83.33

(Source: Field Survey 2019-20)

Note: Since some of the investors have mentioned more than one response, the responses are outnumbered the respondents.

Figure-2 Investment Schemes and Awareness



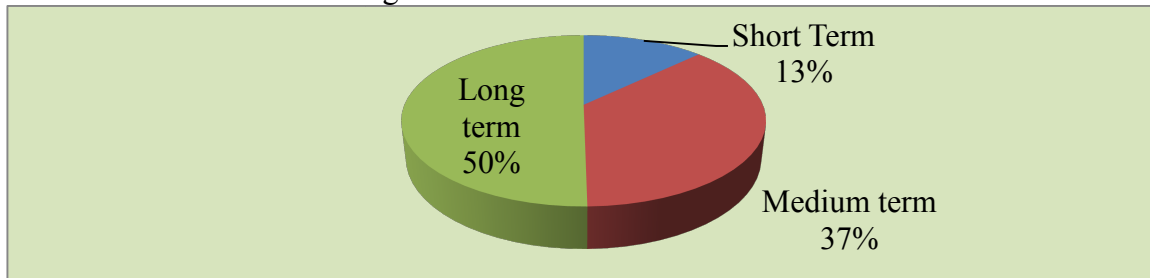
It was noticed from table -3 that 83.33 per cent of respondents had aware about Shares and Debentures; followed by 80.65 per cent of respondents had aware about Insurance, 76.61 per cent of respondents aware about real estate, 73.39 per cent of respondents had aware about gold investment, 70.16 per cent of respondents had aware about mutual fund investment 63.17 per cent of respondents had aware about FD/RD/saving deposit investment Schemes, 58.33 per cent of respondents had aware about provident fund and 41.94 per cent of respondents had aware about bonds (Figure-2)

Table -4 Tenure Prefer for Investment (Period of Investment Holding)

Tenure	No of Respondents	Percentage
Short Term (Less than 1 years)	48	12.90
Medium term (1 to 3 years)	137	36.83
Long term (More than 3 years)	187	50.27
Total	372	100.00

(Source: Field Survey 2019-20)

Figure -3 Tenure Prefer for Investment



It is revealed from Table-4. that Tenure Prefer for Investment of 372 respondents 187 (50.27%) of respondents hold the assets for long term investment (more than 3 years) followed 137 (36.83%) of respondents hold the assets (between one to three years) medium term investment and 48 (12.90%) of respondents hold the assets (less than one year) short term investment. (Figure-3)

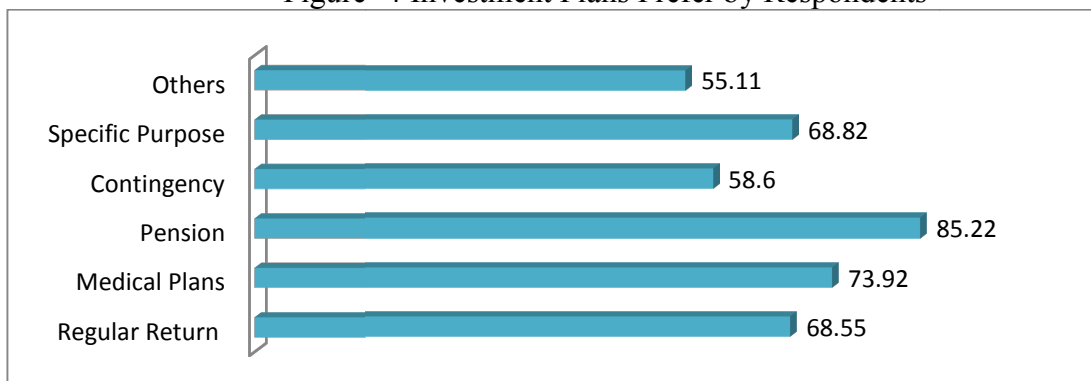
Table- 5 Investment Plans Prefer by Respondents (multiple)

Investment Plans	No of Respondents	Percentage
Regular Return	255	68.55
Medical Plans	275	73.92
Pension	317	85.22
Contingency	218	58.60
Specific Purpose	256	68.82
Others	205	55.11

(Source: Field Survey 2019-20)

Note: Since some of the investors have mentioned more than one response, the responses are outnumbered the respondents.

Figure- 4 Investment Plans Prefer by Respondents



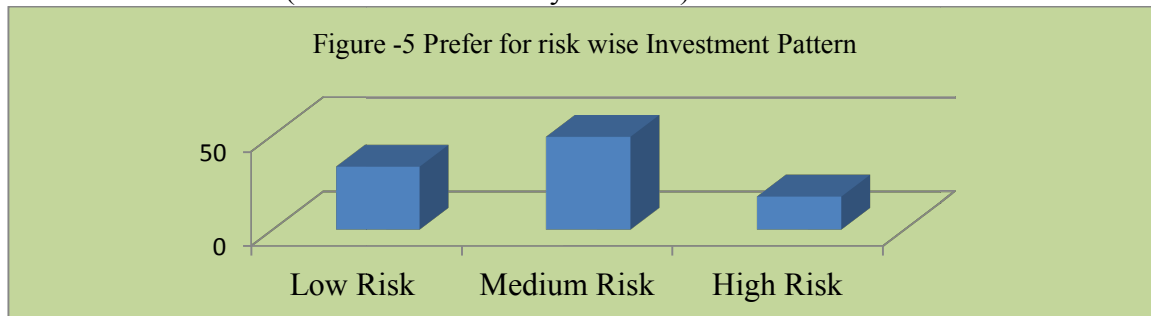
It was pinpointed from table-5 researcher has give chance to respondents to chooses more prefers from in the questionnaire. It was described that out of 372 respondents 85.22 per cent of respondents had prefer for pension investment plan; followed by 73.92 per cent of respondents are prefer for medical investment plans, 68.82 per cent of respondents are prefer for specific purpose investment plans, 68.55 per cent of respondents are prefer for regular

return investment plans, 58.60 per cent of respondents are prefer for contingency investment plans and 55.11 per cent of respondents are prefer for other investment plans, (Figure-4)

Table -6 Prefer for risk wise Investment Pattern

Level of Risk	No of Respondents	Percentage
Low Risk	124	33.33
Medium Risk	183	49.19
High Risk	65	17.47
Total	372	100.00

(Source: Field Survey 2019-20)



It appears from table-6 that Prefer for risk wise Investment Pattern of 372 respondents 183 (49.19%) of respondents prefer for medium level risk; Followed by 124 (33.33%) of respondents prefer for lower level risk and 65 (17.47%) of respondents prefer for high level risk. (Figure-5)

### Hypothesis to be tasted

$H_0$  "There is no significant association between the Gender and the Investment awareness level".

**Inference:** The calculated Chi-squared score (1.1282) is less than the 0.05 level significance (3.841). So, Null hypothesis is accepted. Hence it is concluded that there is no significant relationship between the gender and the investment awareness level.

$H_0$  "There is no significant association between the income level & awareness of the investments".

**Inference:** The calculated value of Chi-squared test is (17.18) is greater than the 0.05 level significance (9.488). Therefore, Null hypothesis is rejected Hence it is concluded that there is significant association between the income level & awareness about the investments avenues.

### Conclusion

The study identified the category of investors into risk taker and risk averter. By analyzing certain key parameters with respect to risk takers those who are willing to invest their surplus in the equity , the study finds that the age, income, years of experience, awareness of market and conservative attitude emerge as the important variables in differentiating the risk takers from the risk avoiders. The study also finds the importance given by the respondents in selecting their choice of investment avenues with respect to primary market and secondary market. The major conclusion of the study is that there is no significant relationship between the gender and the investment awareness level. The study also concludes that there is significant relation between income level and awareness about the investments avenues.



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