Appraisal of Investment Avenues: An Empirical Study of Selected Investors in Bardez Taluka

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Abstract

Investment is the commitment of funds for a period of time with the expectation of receiving more than the current outlay. The return could be in the form of annual income and /or appreciation in price. In this paper we will examine financial decisions from the perspective of respondents from Bardez taluka investing in various investment avenues. The various assets can be further categorized as physical assets and financial assets. A sample of 100 respondents was chosen randomly. Data was collected from a structured schedule. The data was analyzed using tools like Descriptive analysis, Correlation and Chi square. At the end of the paper one will be able to identify which are the investments avenues opted and most preferred by the investors in Bardez Taluka and the reasons what motivates them to prefer the same.

Keywords: Investment, Investment Avenues, Physical Assets, Financial Assets

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1. Introduction

Investment is a fascinating process as one can participate in the decision making process themselves. While the reasons for investment are unique to each individuals, common reasons could be to have money for emergencies, to beat inflation, buy a car or house, pay for education, indulge in travel and hobbies, to give to children or charity and for retirement. It is important for each investor to have a financial plan in order to achieve these goals. There are various investment avenues available to the investors. They can be broadly categorized as Physical assets and financial assets. Investment decisions depends on various factors viz, age, education, occupation, gender, income, marital status, source of information, level of awareness, financial advisor etc.

2. Need for study

The investment activities of investors depend upon the income, savings and disposable income. This in turn depends on the marital status, level of education, level of awareness, kind of occupation, size of family, objectives of investment etc. which ultimately influences the preference and the strategy of investment. The kind of preference may differ from actual investment. The investing decision can range from investing in various investment avenues such as shares, debentures, derivatives, bank deposits, postal deposits, Mutual funds, to traditional investments like gold, real estate etc., ranging from Financial assets to Physical assets. This paper will help the investors, the financial institutions, and the academicians in understanding the level of awareness, motives of investment and the preferences of investors.

3. Literature Review

A few studies have been carried out to examine the investment preferences and practices of the individual investors. Ronald Lease, Wilbur Lewellen and Gary Schlarbaum studied the demographic background, investment attitude, portfolio composition of retail broker's client. William Warren, Robert Stevens and C. William McConkey studied how individual investors were segmented

using demographics and lifestyle analysis. Dr Bhagaban Das, Ms Sangeeta Mohanty and Nikhil Chandra Shil (2008) studied the retail investors behavior towards different savings avenue on the basis of age, gender, education and profession. Dr. K. Ravichandran (2008)studied investors preference towards various investment avenues in capital market with special reference to Derivatives. Anil Suryavanshi (2011) appraised the investment avenues and revealed that respondents prefer safety followed by returns, tax, savings, and maturity than liquidity.

Objectives of the study

1. To study the demographic profile of the investors.
2. To identify the objectives or purpose of investment of the investors
3. To study the level of awareness w.r.t various investment avenues.
4. To analyze the relation between income, savings and investment.

4. Research Methodology

Data was collected through primary survey of investors in Bardez taluka of Goa. Stratified Random sampling technique was used to select the sample. 5 important towns of Bardez taluka viz Mapusa, Calangute, Siolim, Dhargal and Aldona were taken as stratas. 25 respondents from each strata was chosen randomly to get a sample of 125 respondents across various age groups, gender, and occupation. Investor in the study is assumed to be above the age group of 18 years. Respondents were administered with a well-structured schedule. Data was analyzed using percentage analysis, chi square analysis and correlation with the help of SPSS.

5. Limitations of the Study

1. The study is limited to Bardez taluka.
2. The study is limited to few financial assets viz bank savings, postal savings, Govt. securities, corporate securities, mutual fund, life insurance, commodities, derivative sand physical

assets viz gold, silver, agricultural investments and real estate.

Hypothesis to be tested

1. There is no significant relationship between age, education and purpose of savings.
2. There is no significant relationship between income, savings and investment.

Data Analysis and Interpretation

Table 1: Marital status wise distribution of respondents

			Age					Total
			18 - 24	25 - 35	36- 45	46 - 58	59+	
Marital status	Married	Count	1	14	35	26	9	85
		% across status	1.20%	16.50%	41.20%	30.60%	10.60%	100.00%
	Single	Count	23	14	1	1	0	39
		% across status	59.00%	35.90%	2.60%	2.60%	0.00%	100.00%
	Widow / Widower	Count	0	0	0	0	1	1
		% across status	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%
Total		Count	24	28	36	27	10	125
		% across status	19.20%	22.40%	28.80%	21.60%	8.00%	100.00%

Source: Primary Data.

Table No 1 exhibits the marital status of the respondents. Of the 125 respondents, 85 respondents were married, 39 of them were single while one was divorcee. Across the age analysis shows that 19% were in the age group of 18-24 years, 22 % were in the age group of 25 -35, while 29 % in age group of 36 -45. Age group of 46-58 had only 22% respondents. While there were only 8 % respondents in the age group of above 59 years.

Table 2: Occupation wise distribution of investors

			Age					Total
			18 - 24	25 - 35	36- 45	46 - 58	59+	
Occupation	Agri-culture	Count	0	2	1	3	2	8
		%	0.00 %	25.00 %	12.50 %	37.50 %	25.00 %	100.00 %
	Private Service	Count	5	10	9	5	1	30
		%	16.70 %	33.30 %	30.00 %	16.70 %	3.30 %	100.00 %
	Govt Service	Count	1	7	9	6	0	23
		%	4.30 %	30.40 %	39.10 %	26.10 %	0.00 %	100.00 %
	Business	Count	0	1	6	3	2	12
		%	0.00 %	8.30 %	50.00 %	25.00 %	16.70 %	100.00 %
	Self Employed	Count	3	4	5	5	3	20
		%	15.00 %	20.00 %	25.00 %	25.00 %	15.00 %	100.00 %
	House wife	Count	0	2	5	4	0	11
		%	0.00 %	18.20 %	45.50 %	36.40 %	0.00 %	100.00 %
	Student	Count	11	0	0	0	0	11
		%	100.00%	0.00 %	0.00 %	0.00 %	0.00 %	100.00 %
	Others	Count	4	2	1	1	2	10
		%	40.00 %	20.00 %	10.00 %	10.00 %	20.00 %	100.00 %
Total		Count	24	28	36	27	10	125
		%	19.20 %	22.40 %	28.80 %	21.60 %	8.00 %	100.00 %

Source: Primary Data.

Table No 2 reveals the number of respondents across the occupation and age groups. Out of 125 respondents there were 8 Agriculturist, 30 respondents working in the Private sector, followed by 30 in the Government sector, 12 were businessmen, 20 were self-employed. 11 were housewives, 11 students and 10 were in the other category belonging to either retired or unemployed. Of the 8 agriculturist 25 % each were in the age group of 25-25 and 59

and above. 38 % were from the age group of 46 -58 and only 12% were from the age group of 36 -45. Of the 30 respondents working in the private sector, 33% and 30% respondents were from the age group of 25-35 and 36 – 45 years. 7% were in the age group of 18-24 and 46-58 each. Of the 25 Government servants 39% were in the age group of 36-45, 31% and 26% from the age group of 25 -35 and 46-58 respectively. Least were from the age group of 18 - 24.

Table No.3 Gender wise distribution of respondents

			Age					Total
			18 - 24	25 - 35	36- 45	46 - 58	59+	
Gender	Female	Count	12	11	19	7	1	50
		%	24.00 %	22.00 %	38.00 %	14.00 %	2.00 %	100.00 %
	Male	Count	12	17	17	20	9	75
		%	16.00 %	22.70 %	22.70 %	26.70 %	12.00 %	100.00 %
Total		Count	24	28	36	27	10	125
		%	19.20 %	22.40 %	28.80 %	21.60 %	8.00 %	100.00 %

Source: Primary Data.

Table No 3 reveals the gender wise distribution of respondents. Of 125 respondents , 50 respondents were female of which 24% were in the age group of 18 -24, 22% in the age group of 22 – 35, 38% in the age group of 36 -45. 14% and 2 % were in the age group of 46 -58 and age group of 59 and above. 75 respondents were male, of which 23% were in the age group of 25 -35 and 36 -45 each. 26% were in the age group of 46 -58, only 16% and 12% were from the age group of 18 -24 and 59 and above.

Table 4: Age and Purpose of savings Cross tabulation

		Purpose of savings						Total
		Child Education	Marriage	Provision for Contingency	Purchase of Physical Asset	Earn Interest	Earn stable n regular income	
Age	18 - 24	1	6	7	1	2	7	24
	25 - 35	9	10	5	2	0	2	28
	36- 45	26	0	9	0	0	1	36
	46 - 58	12	0	12	0	0	3	27
	59+	3	0	5	0	0	2	10
Total		51	16	38	3	2	15	125

Source: Primary Data.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	68.589[a]	20	.000
Likelihood Ratio	75.354	20	.000
Linear-by-Linear Association	4.467	1	.035
N of Valid Cases	125		

Table No 4 reveals the age wise distribution of investors and their purpose of savings. Main purpose of savings revealed by the study was 'child education' followed by the purpose of 'providing for contingency'. Least savings were done with the purpose of earning interest. Across the age highest savings were done by the age group of 36-45, followed by the age group of 25 -35. Least savings were seen in the age group of 59 and above. Majority of the respondents in the age group of 18-24 saved to provide for contingency. While more savings were made in the age group of 25-35, for the purpose of marriage , followed by savings for child education. To establish the relationship between age and purpose of savings, a chi square

test was applied with a null hypothesis that there has been no significant relationship between age and purpose of savings. The results showed that p value 0.00 is less than the significant value of 0.05. Thus the null hypothesis was rejected and it can be concluded that there exist a significant relationship between age and the purpose of savings.

Table 5: Gender and Purpose of savings Cross tabulation

		Purpose of savings						
		Child Education	Marriage	Provision for Contingency	Purchase of Physical Asset	Earn Interest	Earn stable n regular income	Total
Gender	Female	21	8	13	1	2	5	50
	Male	30	8	25	2	0	10	75
Total		51	16	38	3	2	15	125

Source: Primary Data.

Table No. 5 shows the Gender wise purpose of savings. Number of male respondents was 75 while females were 50. It can be seen that majority of males ie 40% and females ie 42% save for child education, followed by savings for contingency. Least among females were savings for purchase of physical asset, while men saved least to earn interest.

Table 6: Education and Purpose of savings Cross tabulation

		Purpose of savings						Total
		Child Education	Marriage	Provision for Contingency	Purchase of Physical Asset	Earn Interest	Earn stable n regular income	
Education	Non Metric	6	1	13	0	0	0	20
	SSC	3	1	4	0	0	0	8
	HSSC	20	7	7	1	2	6	43
	Graduate	20	7	8	0	0	8	43
	Post-Grad	0	0	5	1	0	1	7
	Diploma	2	0	1	1	0	0	4
	Total	51	16	38	3	2	15	125

Source: Primary Data

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	48.704[a]	25	.003
Likelihood Ratio	48.829	25	.003
Linear-by-Linear Association	1.040	1	.308
N of Valid Cases	125		

Table No 6 shows the relation between education and purpose of savings. Of the total 125 respondents, there were equal number of HSSC and graduates ie. 43 respondents, followed by 20 SSC holders. Least were diploma holders being 4 respondents. Of the Non Matrices they saved more for contingency and least for purchase of new assets or to earn interest and income. Among the SSC holders majority saved for contingency and least for purchase of new assets or to earn interest and income. While the Graduates and HSSC holders saved more for child education and least for purchase of physical assets. Among the post graduates maximum

respondents saved for contingency. Diploma holders saved more for child education followed by contingency and purchase of physical assets. To establish the relationship between education and purpose of savings, a chi square test was applied with a null hypothesis that there has been no significant relationship between education and purpose of savings. The results showed that p value 0.03 is less than the significant value of 0.05. Thus the null hypothesis was rejected and was concluded that there exist a significant relationship between education and the purpose of savings.

Table 7: Occupation and Purpose of savings

		Purpose of savings						
		Child Education	Marriage	Provision for Contingency	Purchase of Physical Asset	Earn Interest	Earn stable n regular income	Total
Occupation	Agriculture	5	0	3	0	0	0	8
	Private Service	12	7	5	1	0	5	30
	Govt. Service	14	2	5	2	0	0	23
	Business	6	1	3	0	0	2	12
	Self Employed	9	3	7	0	0	1	20
	Housewife	5	0	6	0	0	0	11
	Student	0	1	4	0	2	4	11
	Others	0	2	5	0	0	3	10
Total		51	16	38	3	2	15	125

Source: Primary Data.

Table no. 7 exhibits the relation between purpose of saving and occupation. Among the 8 agriculturist, 5 respondents saved for child education, while the rest agriculturist saved for contingency, of the 30 respondents working in the private sector 40% saved for

child education, 33% for marriage, 16% for providing for contingency and earning stable income each. Of the 23 Government servants interviewed 60% saved for child education, 21% saved for provision for contingency and 8% saved for marriage and purchase of physical assets. Among the 12 businessmen, 50% saved for child education, 25% for provision for contingency, 16% for earning stable and regular income and the least Government servants saved for marriage, among the 20 self-employed respondents , 9 saved for child education , followed by 7 saving for contingency and 3 for marriage. Among the housewives, 55% of them saved for contingency, 45% for child education. Of the student category of respondents majority of them saved for provision for contingency and to earn stable income, least saved for the purpose of marriage.

Table 8: Marital status and Purpose of savings

		Child Education	Marriage	Provision for Contingency	Purchase of Physical Asset	Earn Interest	Earn stable n regular income	
Marital status	Married	50	0	27	1	0	7	85
	Single	1	16	11	2	2	7	39
	Widow/ Widower	0	0	0	0	0	1	1
Total		51	16	38	3	2	15	125

Source: Primary Data.

Table No 8 reveals the purpose of savings across the marital status. Among the married 85 respondents majority i.e. 50 respondents save for child education, followed by provision for contingency and earn stable income. Majority of the 39 single respondents saved primarily for marriage followed by provision for contingency. While the widow saved to earn stable and regular income.

Table 9: Correlation

Particulars	Annual income	Annual savings	Amount of investment PA	Amount of invest FA
Annual Income	1	.837**	.702**	.684**
Age	.255**	.250**	.170	.205*
Gender	.193*	.176	.095	.188*
Education	.474**	.446**	.271**	.309**
Marital Status	-.199*	-.113	-.183*	-.098
Occupation	-.414**	-.297**	-.200*	-.172

Source: Primary Data.

**. Correlation is significant at the 0.01 level. And *. Correlation is significant at the 0.05 level

Table No 9 shows the correlation between age, gender, education, marital status, occupation and annual income, annual savings and amount of investment in Physical assets and Financial assets. Positive correlation was seen between age and income, savings and investment, but the level of correlation is less. Similarly correlation between gender and income, savings and investment was also negligibly positive. With regard to correlation between education and income there was 47% correlation, education and savings also showed a 45% positive correlation. Relation between education and investment in physical assets and financial assets were 27% and 30% respectively. Marital status and occupation had a negative correlation with income, savings and investment. While income had a very high positive correlation of 83% with savings revealing that income influences ones savings. Investment in physical asset and financial asset also had a positive relation with income of 70% and 68% respectively. Clearly signifying that investment is it in physical assets or financial assets it depends on the level of income.

Table10: Awareness Level of Physical Asset and Education

		Non Metric	SSC	HSSC	Graduate	Post Grad	Diploma	Total (row)
Awareness	Gold	20	8	43	43	7	4	125
	Silver	18	8	38	40	7	4	115
	Agricultural	19	8	37	35	7	4	110
	Real Estate	13	6	29	33	7	3	91
	Total	20	8	43	43	7	4	125

Source: Primary Data.

Table No 10, shows the awareness level about the physical assets across the educational level. Of the 125 respondents 20 were Non Matric, 8 were SSC, 43 HSSC and Graduates, while 7 were Post Graduates and 4 were Diploma holders. It can be seen that all 125 respondents were aware about gold as an investment in physical format. With regard to silver all SSC holders, Post graduates and Diploma holders were aware about it except a few Non matric and few graduates. Of all the respondents only 110 respondents were aware about the agricultural investment and only 91 out of 125 respondents were aware about real estate as an investment and its benefits.

Table 11: Awareness of Financial Asset and Education

			Non Metric	SS C	HSSC	Graduate	Post Grad	Diploma	Total
					Education				
Awareness	Bank	Count	20	8	43	43	7	4	125
		%	100 %	100 %	100 %	100 %	100 %	100 %	100 %
	Post	Count	20	8	40	42	7	4	121
		%	100 %	100 %	88 %	97 %	100 %	100 %	96 %
	Govt Securities	Count	2	0	11	14	3	3	33
		%	10 %	1 %	25 %	32 %	43 %	75 %	26 %
	Corporate Securities	Count	2	0	13	30	6	3	54
		%	10 %	1 %	30 %	70 %	85 %	75 %	43 %
	Life insurance	Count	19	8	42	42	7	4	122
		%	95 %	100 %	97 %	97 %	100 %	100 %	97 %
	Mutual Fund	Count	1	0	9	24	6	2	42
		%	5 %	1 %	20 %	55 %	85 %	50 %	33 %
	Commodities	Count	0	0	1	3	4	0	8
		%	0 %	1 %	2 %	6 %	57 %	1 %	6 %
	Derivatives	Count	0	0	1	3	5	0	9
		%	0 %	0 %	3 %	6 %	71 %	1 %	7 %
Total		Count	20	8	43	43	7	4	125

Source: Primary Data.   N.B.: % to count of education

Table No 11 exhibits the awareness of financial assets across different educational levels. With regards to awareness of Banks all

respondents across different educational levels were found to be aware of bank as an investment avenue. But with regard to Post 96% of the respondents were aware of the investment avenue. Only 26 % of the total respondents were aware about the Government securities. Across all the educational levels only 10% Non-matric were aware of the Government securities. No SSC holders were aware about the option. Around 22% of HSSC holders, 19% graduates, 58% Post Graduates and only75% Diploma holders were aware about the Government securities option.

While only 43% of the respondents were aware of the corporate securities with 10% of Non Matric being aware of shares, no SSC holder among the respondents were aware about it. 30% of the HSSC holders were aware of it. With regards to graduates and Post Graduates 70% and 85% of the respondents were aware about shares respectively. 75% of the Diploma holders were also aware about shares and corporate securities. So it can be concluded that higher the level of education of the respondent they are more aware about the shares as an investment option. As far as the awareness of life insurance is concerned 97% of the respondents were aware about insurance. Among the SSC holders, Post graduates and Diploma holders 100% awareness about life insurance was seen. 97% awareness was seen among the HSSC and graduates. Non Matric had the least 95% level of awareness about life insurance. Analysis of Mutual Fund shows that only 33% of the respondents were aware of Mutual fund. 50% of the Diploma holders, 55% of the graduates and 85% of the Post graduates were found to be aware of mutual fund. While only 20% of the HSSC, one non matric and none of the SSC holder was aware about the mutual fund as Investment Avenue.

Awareness about commodities and derivatives showed that only 65 of the respondents were aware about them respectively. None of the Non Matric, SSC and Diploma holders were aware about both commodities and derivatives, while only 2% of the HSSC respondents were aware about both. Similarly only 6% of the graduate were aware about both of them. Only with regards to Post graduates 71% of them were aware about derivatives and 57% of the post graduates were aware about the commodities avenue. It can be thus concluded that only more educated respondents were

aware about avenues life mutual funds, shares, commodities and derivatives. Less awareness was seen about these avenues among the less educated.

Table 12: Awareness level of Physical Asset and Age

		Age					Total
		18 - 24	25 - 35	36- 45	46 - 58	59+	
Awareness Physical Asset	*Gold*	24	28	36	27	10	125
	Silver	22	25	33	26	9	115
	Agricultural Land	22	25	30	23	10	110
	Real Estate	16	22	26	22	5	91
Total		24	28	36	27	10	125

Source: Primary Data.

Table No 12 reveals the awareness about the physical assets across the different age groups. Of the 125 respondents 100% awareness with regards to gold was seen across all age groups. But only 88% respondents were found to be aware of silver as investment. In the age group of 18 -24 only 91% of the respondents were aware about silver. Similarly in the age group of 25 -35, 33 out of 36, 26 out of 27 and 9 out of 10 respondents were aware in the age group of 36 -45, 46 -58 and 59 and above respectively. Similarly only 88% respondents were aware about agriculture as investment and only 73% of all respondents were aware about real estate as investment avenue.

5. Conclusion

From the study it can be concluded that majority of the respondents were male, most of the respondents fell in the age group of 36 -45 years. Majority of the respondents worked in the private sector. It was also found that many married respondents saved for child education followed by provision for contingency.

While single respondents saved for marriage purpose. The analysis of the relation between income, savings and investment revealed that income had a high correlation of 70% on savings and 68% on investments depended on income itself. Age and income, savings and investment also had less but positive correlation. While gender had negligibly low positive correlation with income, savings and investment, marital status and occupation had a negative correlation. Majority of the respondents across age and education were aware about gold, followed by silver, agriculture and real estate avenues. Awareness about financial assets like bank was 100% across all the respondents, followed by postal savings and life. 43% of the respondents were aware about corporate securities and shares while only 26% respondents were aware about the Government securities, awareness about them was more among the graduates and postgraduates. Similarly only the highly educated respondents were found to be aware of derivatives followed by commodities.

6. Suggestion

From the study we can suggest that more awareness about the financial assets need to be made — especially about assets like stock, mutual funds, commodities and derivatives.

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