

Accounting For Investments And Investment Avenues Selected By Investors In The Ratnagiri District Of Maharashtra

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Abstract:

The current study is carried out to analyse the awareness and perception of individual investors in the Ratnagiri district towards the selected investment avenues. The investors have many options of investment avenues available and the investment in these options is subject to the risks involved in them. Some new avenues of investments have arisen which are known as contemporary investment avenues. In the present study, different individual investors from different locations of the Ratnagiri district having different occupations as well as different demographic variables have been chosen to get clear idea about the overall investment scenario of the Ratnagiri district.

Keywords: investment, investment avenues, investors

Introduction:

The investors in the Ratnagiri district are of diverse nature. The response to the different investment schemes in the Ratnagiri district is awesome. Different financial institutes are also functioning in the Ratnagiri district. The banking sector in the Ratnagiri district is performing well, there is combination of public, private and co-operative banks in the Ratnagiri district. The present study deals with the savings and investment practices of the individual investors. The study will help the individual investors, in particular, salaried, retired, businesspersons, professionals and other classes of investors for planning investments for maximizing the returns.

A proper balance among the diverse investment avenues is required for creation and maximisation of the wealth. Investor plans whether to invest savings to get a regular income or to get wealth appreciation or a

mixture of both. Numbers of investment avenues are open for making investments.

Review of Literature:

Mukherjea et al. (2018) in their book "Coffee can Investing" gave blueprint of building portfolio by providing methodology called Coffee can portfolio. According to them, building a coffee can portfolio include selecting companies with, at least, Rs100 crore of market-capital, shortlisting companies operational for around 10 years, selecting companies having at least 10% revenue growth with 15% ROCE for all of the past 10 years. The book appeals to retail investors to plan their finances for wealth creation. The methods discussed in the book are appropriate for an untrained investor for building a strong equity portfolio.

Goel Sweta, (2013), in their research on "Performance of Mutual Funds and Investors Behaviour" stated that the fund

management cost charged by the mutual fund companies result in lessening the returns. Major reasons for not investing in mutual funds are no control over the portfolio, lack of procedural clarity of investment, lack of awareness about the schemes and high risk involved. Investors should take advice from financial planner before investing as the investments in mutual fund are subject to market risk. In 2019, SEBI took steps to protect the investor's interest and maximise the returns. It has made investing in mutual funds easier and has reduced the vagueness concerning different aspects of the funds. Market risk is cannot be totally eradicated but can be properly managed with the appropriate risk analysis of the investor.

Objectives of the Study:

The present study is based on the following specific objectives.

1. To study socio-personal attributes of investors in study area.
2. To study the level of awareness of investors about different investment avenues.
3. To find out the investment pattern of investors in study area.
4. To find out the extent of utilization of different investment advice sources by the investors in study area.

Hypotheses of the study:

The present study is based on the following two hypothesis.

- 1) H_0 : There is no significant difference between investment awareness index of male and female investors in study area.
 H_1 : There is significant difference between investment awareness index of male and female investors in study area.
- 2) H_0 : There is no significant difference between investment advice utilization index of male and female investors in study area.
 H_1 : There is significant difference between investment advice utilization index of male and female investors in study area.

Materials and Methods:

The present study is conducted in Ratnagiri district of Maharashtra. Total 160 investors were selected as respondents from Ratnagiri block using convenience sampling method. The primary data required for present study is collected from respondents through questionnaire. With the help of review of literature, total 20 different investment avenues namely Bank Saving Account, Bank Fixed deposit, Public Provident Fund, Post Office Saving, Government Securities, National Saving Certificate, Real estate, Gold/Silver, Chit Fund, Life Insurance, Mutual Fund, Debentures, Bonds, Equity Share Market, Commodity Market, Forex Market, Virtual Real market, Hedge Funds, Private Equity Investment and Art & Fashion were identified and selected for the present study.

Investment Awareness Index: -

Awareness score of each respondent related to particular investment avenue is recorded using 3 continuum Likert scale – unaware (0), partially aware (1) and fully aware (2). The total awareness score of each respondent is calculated by taking sum of responses related to each investment avenue. Investment awareness index of each respondent is calculated using following formula.

$$\text{Investment Awareness Index} = \frac{\text{Awareness score obtained by respondent}}{\text{Maximum possible awareness score}}$$

Respondents were classified into three levels of awareness index namely low level (below Mean – S.D.), Moderate level (Mean \pm S.D.) and High level (above Mean + S.D.)

Investment Advice Utilisation Index: -

With the help of review of literature, total five sources of investment advice namely Newspaper, News channel, Friends/ Relatives, Internet and Financial advisor / Broker were identified and selected for the present study. Extent of utilisation of each source by individual is recorded using 3 continuum Likert scale – Never (0), Sometimes (1) and Regularly (2) with respective weightage assigned. Total

utilisation score of each respondent is calculated by taking sum of responses related to each source. Advice utilisation index of each respondent is calculated using formula –

$$\text{Investment Advice Utilisation Index} = \frac{\text{Advice utilisation score obtained by respondent}}{\text{Maximum possible advice utilization score}}$$

Respondents were classified into three levels of advice utilisation index namely low

level (below Mean – S.D.), Moderate level (Mean \pm S.D.) and High level (above Mean + S.D.)

Analysis and Interpretation of the Data:

1. Socio-Personal attributes of investors: -

The socio-personal attributes of selected sample investors in study area are given in table no. 1.

Table No. 1 Socio-Personal attributes of investors

Sr. No.	Particulars	Frequency (n = 160)	Percentage (%)
1	Gender		
	Male	117	73.1
	Female	43	26.9
2	Age Group		
	Young (18 to 34 years)	101	63.1
	Semi-Medium (35 to 44 years)	31	19.4
	Medium (45 to 64 years)	12	7.5
	Old (65 years and above)	16	10
3	Education		
	Under Graduation	26	16.3
	Graduation	40	25
	Post-Graduation	72	45
	Professional Education	22	13.8
4	Occupation		
	Home maker	22	13.8
	Retired	10	6.3
	Salaried	79	49.4
	Business Profession	49	30.6
5	Annual Income		
	Below Rs. 3 lakhs	38	23.8
	Rs. 3 to 5 lakhs	23	14.4
	Rs. 5 to 10 lakhs	64	40
	Above Rs.10 lakhs	35	21.8

Source: Primary Data

It is clearly evident from the table no. 1 that, majority of the respondents belong to male category (73.1%) whereas percentage share of female counterpart is 26.9%. Out of total selected investors, 63.1% of investors belong to young age group, followed by semi- medium age group (19.4%), followed by old age group

(10%) and which is followed by medium age group (7.5%).

Education level of investor plays key role in the investment decision making. Table no. 1 shows that, 45% of sample investors possessed post-graduation level of education, followed by graduation level of education (25%), followed by under graduation level of

education (16.3%), followed by professional education (13.8%).

The study found that, out of 160 investors, 22 investors (i.e., 13.8%) are home maker, 10 investors (i.e., 6.3%) are retired person, 79 investors (i.e., 49.4%) are salaried person whereas 49 investors (i.e., 30.6%) belong to business / profession.

It is clearly evident from table no. 1 that, 40% of total sample investors belong to income level of Rs. 5 to 10 lakhs per annum, 23.8% of total sample investors belong to income level of less than Rs. 3 lakhs per annum, 21.8% of total sample investors belong to income level of Rs. 10 lakhs and above per annum and 14.4% of total sample investors belong to income level of Rs. 3 to 5 lakhs per annum.

2. Level of awareness about different investment avenues: -

Investment awareness index of each respondent is calculated. Based on the values of mean and standard deviation of investment awareness index, sample investors were categorized into three levels namely – Low, Moderate and High. The mean of investment awareness index of respondents is found equal to 0.5552 and standard deviation equal to 0.23368. The study found that, majority of investors in study area (i.e., 63.8%) are having moderate level of awareness about investment avenues which is followed by high level of awareness (25.6%) and low level of awareness (10.6%) respectively.

Distribution of investors according to the level of awareness about investment avenues is given in table no. 2.

Table No. 2 Distribution of investors according to the level of awareness about the investment avenues

Sr. No.	Awareness level about investment avenues	Frequency (n = 160)	Percentage (%)
1	Low	17	10.6
2	Moderate	102	63.8
3	High	41	25.6

Source: Primary Data

3. Investment pattern of investors in study area: -

The study found that, out of total 160 investors, 137 investors (i.e., 85.6%) have invested in bank saving account, 126 investors (i.e., 78.8%) have invested in Life Insurance, 122 investors (i.e., 76.3%) have invested in Equity share market, 118 investors (i.e., 73.8%) have invested in Bank Fixed Deposits, 107 investors (i.e., 66.9%) have invested in Mutual funds, 104 investors (i.e., 65%) have invested in Post Office Savings. 84 investors (i.e., 52.5%) have invested in Government securities, 75 investors (i.e., 46.9%) have invested in Public Provident Funds as well as Art & Passion, 73 investors (i.e., 45.6%) have invested in Real estate, 63

investors (i.e., 39.4%) have invested in National Saving Certificates, 60 investors (i.e., 37.5%) have invested in Gold / Silver, 54 investors (i.e., 33.8%) have invested in Commodity market, 48 investors (i.e., 30%) have invested in Debentures, 45 investors (i.e., 28.1%) have invested in Chit fund, 42 investors (i.e., 26.3%) have invested in Bonds, 38 investors (i.e., 23.8%) have invested in Private Equity investment, 37 investors (i.e., 23.1%) have invested in Hedge funds as well as in Forex market, 31 investors (i.e., 19.4%) have invested in Virtual Real estate. It is clearly evident from the table no. 3 that, bank saving account, life insurance, equity share market, bank fixed deposits, mutual funds, post office savings are more preferred investment avenues

by the investors in study area whereas the investment avenues namely virtual real estate, forex market, hedge funds, private equity investments, bonds, chit funds, debentures and

commodity market are less preferred by the investors in the study area. Investment avenue wise investment pattern of investors in study area is given in table no. 3.

Table No. 3 Distribution of investors according to investment pattern

Sr. No.	Investment avenues	Response (n = 160)			
		Yes		No	
		Frequency	%	Frequency	%
1	Bank Saving Account	137	85.6	23	14.4
2	Bank Fixed Deposit	118	73.8	42	26.2
3	Public Provident Fund	75	46.9	85	53.1
4	Post Office Savings	104	65	56	35
5	Government Securities	84	52.5	76	47.5
6	National Saving Certificates	63	39.4	97	60.6
7	Real Estate	73	45.6	87	54.4
8	Gold / Silver	60	37.5	100	62.5
9	Chit Fund	45	28.1	115	71.9
10	Life Insurance	126	78.8	34	21.2
11	Mutual Fund	107	66.9	53	33.1
12	Debentures	48	30	112	70
13	Bonds	42	26.3	118	73.7
14	Equity Share Market	122	76.3	38	23.7
15	Commodity Market	54	33.8	106	66.2
16	Forex Market	37	23.1	123	76.9
17	Virtual Real Estate	31	19.4	129	80.6
18	Hedge Funds	37	23.1	123	76.9
19	Private Equity Investment	38	23.8	122	76.2
20	Art and Passion	75	46.9	85	53.1

Source: Primary Data

4. Objectives of investment: -

The investor invests money to attain definite target. Investment differs in terms of returns, risk and time. Distribution of investors according to the objectives of investment is given in table no. 4. Table no. 4 shows that, out of 160 investors, 69 (i.e., 43.13 %) investors made investments for earning regular income,

45 (i.e., 28.12 %) investors made investments for wealth creation, 20 (i.e., 12.5 %) investors made investments for reducing tax burden, 15 (i.e., 9.37 %) investors made investments for children's / dependent's education and 11 (i.e., 6.88 %) investors made investments for meeting unanticipated expenses.

Table no. 4 Distribution of investors according to the objectives of investment

Sr. No.	Objectives	Frequency (n = 160)	Percentage (%)
1	To reduce tax burden	20	12.5
2	Wealth creation	45	28.12
3	To earn regular return	69	43.13
4	To meet unanticipated expenses	11	6.88

5	For children's / dependent's education	15	9.37
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Source: Primary Data

5. Utilization of different advice sources:

Investors use different sources of advice for taking their investment decisions. Source wise

mean of investment advice utilization score is given in table no. 6 and graphically represented by figure no. 1.

Table No. 5 Source wise mean of investment advice utilization score

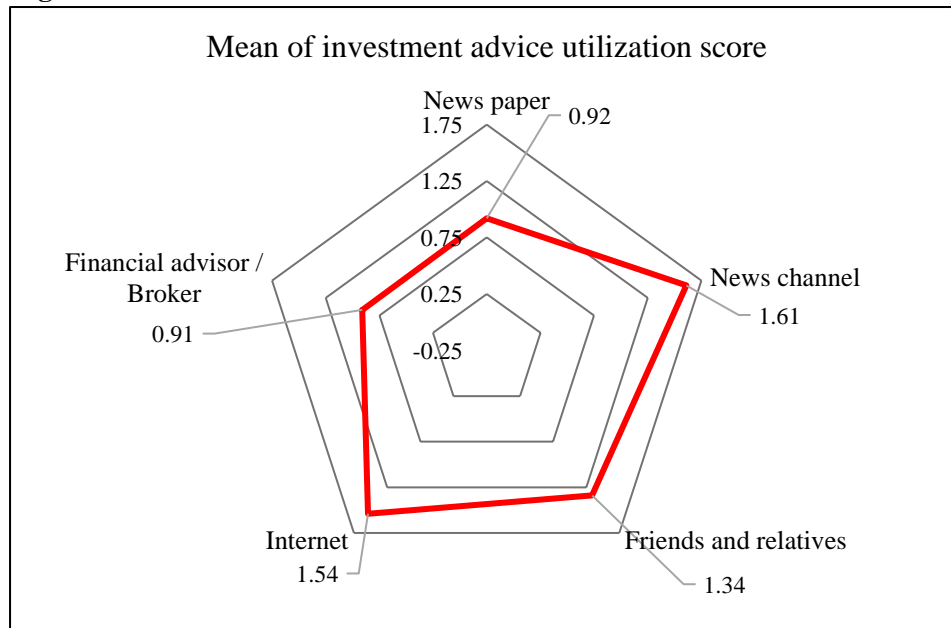
Sr. No.	Source of investment advice	Investment advice utilization score	
		Mean	Rank
1	News paper	0.92	IV
2	News channel	1.61	I
3	Friends and relatives	1.34	III
4	Internet	1.54	II
5	Financial advisor / Broker	0.91	V

Source: Primary Data

Table no. 5 shows that, the mean of investment advice utilization score is highest (i.e., 1.61) in case of News channel. Therefore, the study concludes that, news channel is the major source of investment advice utilized by the investors in study area. Internet is another important investment advice source utilized by

the investors in study area with mean utilization score equals to 1.54. The mean of investment advice utilization score in case of friends and relatives is found to be 1.34 which is followed by Newspaper (0.92) and financial advisor / broker (0.91) respectively.

Figure No. 1 Source wise mean of investment advice utilization score



Source: Primary Data

6. Distribution of investors according to extent of utilization of investment advice sources:

Distribution of investors according to extent of utilization of investment advice sources is given in table no. 6. The study found that, out of total 160 investors selected for present study,

104 investors (i.e., 65%) belong to moderate level of utilization of investment advice sources followed by high level of utilization (37 investors i.e., 23.1%) and low level of utilization (19 investors i.e., 11.9%) respectively.

Table No. 6 Distribution of investors according to extent of utilization of investment advice sources

Sr. No.	Level of utilization of investment advice sources	Frequency (n = 160)	Percentage (%)
1	Low	19	11.9
2	Moderate	104	65
3	High	37	23.1

Source: Primary Data

Testing of Hypotheses: -

Hypothesis testing is one of the most important processes of any research study. The present

study is based on the two hypotheses. The results of statistical test used for testing hypothesis is given in table no. 7.

Table No. 7 Independent sample 't' test results

Hypothesis No	Variable	Significance Level (alpha)	t value	p value	Comparison between significance level and p value
1	Investment awareness index of male and female investors	0.05	0.841	0.402	$0.402 > 0.05$ (H_0 Accepted)
2	Investment advice utilization index of male and female investors	0.05	3.652	0.000	$0.000 < 0.05$ (H_1 Accepted)

Source: Primary Data

An independent sample 't' test is conducted to determine whether there is significant difference in investment awareness index of male and female investors. The result indicates that, there is no significant difference between male ($M = 0.5457$, $SD = 0.22958$) and female ($M = 0.5808$, $SD = 0.24542$), [$t(160) = 0.841$, $p = 0.402$]. Therefore, we accept the null hypothesis, 'There is no significant difference between investment awareness index of male and female investors.'

An independent sample 't' test is conducted to determine whether there is significant difference in investment advice utilization index of male and female investors. The result indicates that, there is significant difference between male ($M = 0.6051$, $SD = 0.15304$) and female ($M = 0.7070$, $SD = 0.16532$), [$t(160) = 3.652$, $p = 0.000$]. Therefore, we reject the null hypothesis, 'There is no significant difference between investment advice utilization index of male and female investors.'

Findings of the study: -

The major findings of the study are as follows -

1. Majority of the investors (around 73.1%) belong to male category and remaining 26.9% to female category.
2. Majority of the investors (i.e., 63.1%) are belong to the young age group of 21-30 years.
3. Majority of the investors are highly qualified i. e. Post Graduate and Professionals.
4. Majority of the investors are salaried.
5. Majority of investors are from the income group of Rs.5,00,000 p.a. to Rs.10,00,000 p.a.
6. 63.8% of investors have moderate level of awareness about different investment avenues.
7. Majority of the investors are aware about Bank Saving Account, Bank Fixed Deposit, Life Insurance and Equity Share Market.
8. Majority of the investors made investments for earning regular return and for creation of wealth.
9. Most of the investors usually plan their investments by watching news channels, followed by investors using internet and investors consulting with their friends and relatives.
10. Almost two third of the total investors are having moderate level of investment advice utilization index.

Conclusion: -

The investors in the Ratnagiri district are of diverse in nature. Majority of the investors belong to male category having age between 21-30 years and possess high level of education. The study reveals that, majority of the investors in study area from income group of Rs. 5 lakhs to 10 lakhs per annum. Almost two third of the total investors are having moderate level of investment advice utilization index. The study found that, there is no significant difference between investment awareness index of male and female investors. Majority of investors made investments for earning regular return and for creation of wealth. Most of the investors in the study area plan their investments by watching news channels. This study reveals that, there is no significant difference between

investment advice utilization index of male and female investors in study area.

Suggestions: -

1. The investors should keep aside sizable amount from their income as investable surplus for ensuring adequate amount of investment.
2. The investor must have updates about market and economic situations.
3. The investor should consult Financial Planner while preparing a comprehensive financial plan.
4. Investors should have well prepared investment plan and should adhere to the plan.
5. Adopting protective measures like Term as well as Health Insurance is essential in financial planning.
6. Investor should ensure proper liquidity at all times.
7. Regulators should prepare SOPs for investing in different avenues of investments
8. Government should consider the taxation issues seriously for boosting the investors to invest more.
9. There should be efficient Grievance Redressal Mechanism in function to give justice to the investors.
10. Regulators like IRDA, SEBI or RERA should prepare and adopt appropriate policies for ensuring investors' protection.

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