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INVESTMENT PREFERENCE IN KOLHAPUR CITY

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Abstract:

This paper examines basic preferences of the people while planning for investments in the age group of 18-35. The analysis indicates that most of the working people have invested at their end and the statistics reflect that the preferred sector is the Government sector. The private sector is also playing the equal role in the economy. More generally, most of the invested funds are in Banks following the Insurance and real estate. One of the possible explanations for this pattern may be due to the faith in the Government sector rather than the returns out of it.

KEYWORDS:

Investment Preferences, Investment Avenues, Nature of Investment

1. INTRODUCTION:

People earn money for their livelihood, i.e. to satisfy their basic needs. After they satisfies the basic needs they think of increasing their standard of living or to save the earned money for their future as they know that, till they work, they will get the money. But after retirement or any mis-happenings in their life, they will not be able to meet requirement in the monetary terms. Also sometimes they try to increase the standard of living along with the savings. This is possible if they are having an aim or has anticipated future well in advance.

Now, if they are investing some part of their income, the question arises as to what, how, when and where the person should invest. There various avenues available in the market are right from postal & bank savings to equity market, etc. The risk apatite of the person investing decides or guides the path of investment. In the general sense, more the risk, more are the returns in the market. Considering this general formula for investment, the customer invests in various avenues available in the market.

#The money you earn is partly spent and the rest is saved for meeting future expenses. Instead of keeping the savings idle you may like to use savings in order to get return on it in the future. This is called Investment. In other words, Investment is 'the act of committing money or capital to an endeavor with the expectation of obtaining an additional income or profit.'

It's actually pretty simple: investing means putting your money to work for you. Essentially, it's a different way to think about how to make money. There are many different ways you can go about making an investment. This includes putting money into stocks, bonds, mutual funds, or real estate (among many other things), or starting your own business. Sometimes people refer to these options as "investment vehicles," which is just another way of saying "a way to invest." Each of these vehicles has positives and negatives, which will be discussed later in the thesis. The point is that it doesn't matter which method you choose for investing your money, the goal is always to put your money to work so it earns you an additional profit.

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There are few things which should be kept in mind while investing, which are as follows:

1. Risk Appetite
2. Time Horizon
3. Inflation Rates (Time value of money)

Based on all these factors one should decide what should be a good investment for them.

In investment there are two factors to be considered

RISK and REWARD.

#“A REPORT ON FINANCIAL PLANNERS IN THE GROWING ECONOMY LIKE INDIA” by THE INDIAN INSTITUTE OF PLANNING AND MANAGEMENT, NEW DELHI

2. Need of the study:

It is the general observation that 'early you start saving, the more you save'. The need for the study is to observe the investment preferences of the people in the society as to what are the drivers that motivates them to invest in any investment mode available in the market. This study will give a direction to the companies to focus the age group who have just started earning.

3. Statement of the problem:

Do the people really have basic preferences while planning for investments and what are the factors upon which they invest?

After having review of the market, it was brought to the notice of the researcher that there are very few investor select the right preference and right avenue for the investment. Understanding this problem, researcher has decided to make in depth study of the subject. Hence the study entitled “A Study of Investment Preferences in Kolhapur City” came up for further depth study.

4. Objectives of the study:

1. To identify the different investment options preferred by investors
2. To study the investor's preferences towards the government / private sector investments.
3. To identify the factors affecting the investment.

5. Hypothesis:

H1: There is no relation between Education of the Investor and Investment opted.

H2: There is no relation between Age of the Investor and Investment Sector opted.

H3: There is no relation between Education of the Investor and Risk opted.

H4: There is no relation between Job of the Investor and Investment opted.

5. Review of Literature:

1. Prof. Mark Gererd Hayes in his article entitled “Investment and finance under fundamental uncertainty” explained that 'We can link the behavior of investor with the liquidity theory of Keynes analysis under the uncertainty.'

2. Prasanna Chandra in his book entitled “Investment analysis and portfolio management” mentioned that “The risk and return relation must be taken in consideration while framing the investment portfolio of the investor. The investor having high income ready to take higher risk and vice-versa.”

3. Mr. Kirti Jayantilal Somiya in his thesis entitle “Scientific management of small scale investors protection in new millennium reference to India Challenges and opportunities” explained that 'Small investors are still not very well educated and aware about the investment. If scientific management is done of small scale investors investment they can be treated as a good opportunity. The small investors also do not know about the redressal system. Protection is available in the Indian Regulatory System but the investors are aware of it.’

6. Methodology of the Study

Research Design:

Considering this work as a basic research, this study has followed descriptive research design. An attempt is made in this study to understand an association between the education, age, job of the Investor and the investment made and their association with the risk opted. Data were collected from the individual of age group of 18–35 with an average salary of 60 thousand–3.5 lakhs from Kolhapur, India.

Data Collection:

A structured questionnaire was designed to collect the primary data from the individuals from Kolhapur city.

Sampling Method

A convenient sampling method was used to obtain the data from the individuals from Kolhapur city.

Sample Size

A Sample of 100 respondents was chosen for data collection.

6.Data Analysis and Interpretation:

Table No. 1: Avenues Opted by Respondents:

	Frequency	Percent
Insurance	37	37
Banks	68	68
Post Office	3	3
Equities	2	2
Real Estate	32	32
Others	0	0

Here the researcher is trying to find out various investment preferences opted by the investors. From the general observation of the chart, it reflects that the respondents have opted for all types of investment avenues. But the banks are still preferred as compared to the other sources of investment. Along with this sector, insurance and real estate is also preferred by the respondent.

Table No. 2: Preferred Sector by the Respondent:

	Frequency	Percent
Not Opted	1	1
Private Sector	39	39
Government Sector	59	59
Any Other	1	1
Total	100	100

Here the researcher is trying to know the inclination of the respondents towards the government or private sector investment. In the research, the researcher has found the preference of the respondents towards government sector is more as compared to the private sector. But it shouldn't be neglected that the private sector has also gained a lot of confidence from the respondents. From the above data collected, it has been observed that the respondents prefer Government sector more than the private sector.

Table No. 3: Education / Risk

Qualification	Risk					Chi-Square Tests	5% signi.
	Less Risk	Moderate Risk	High Risk	A mix of risky and risk-free investment	Total		
Under Graduate	25	1	0	0	26	.911	4.006
Graduate	32	2	0	2	36		
Post Graduate	31	3	1	2	37		
Other	01	0	0	0	01		
Total	89	6	1	4	100		

From the above table it has been inferred that the expected count of Chi-Square test is less than the calculated Chi-Square value at five per cent level of significance, therefore, the hypothesis framed stands accepted. It has been concluded that irrespective of the education, all except few have preferred to invest in less risky investments. Thus it has found that education does not influence on the preference of the investment made. Again it should also be noted that today's market situation is much volatile. This can be one of the reasons for going to less risky investment.

Table No. 4: Education with Investment

Education / Investment →	Yes	No	Total	Chi-Square Tests	5% signi.
Under Graduate	26	0	26	.305	3.628
Graduate	34	2	36		
Post Graduate	37	0	37		
Other	1	0	1		
	98	2	100		

From the above table it has been inferred that the expected count of Chi-Square test is less than the calculated Chi-Square value at five per cent level of significance, therefore, the hypothesis framed stands accepted. It has been concluded that all under graduates, most of graduates and post graduates have invested their money in some or the other form of investment. Thus it has found that education as a primary factor does not influence on the preference of the investment made. The major success secret of investment business in India is one to one relationship with the person.

Table No. 5: Job Sector / Investment

Professional	Investment			Chi-Square Tests	5% signi.
	Yes	No	Total		
Marketing / Sales	18	0	18	1.051	.591
Operations / Office Work	48	1	49		
Any Other	33	0	33		
Total	99	1	100		

From the above table it has been inferred that the expected count of Chi-Square test is less than the calculated Chi-Square value at five per cent level of significance, therefore, the hypothesis framed stands accepted. It has been concluded that irrespective of the job sector, all of the respondents have invested their money in one or the other form. Thus it has found that job sector does not influence on the preference of the investment made. Again it should also be noted that today due to the awareness of the investment products and many sales personnel in the market, all of them have invested in one or the other form of investment.

FINDINGS:

1. In today's world, more number of job opportunities is available in every stream of life. Investment sector is also one of the upcoming sectors which have proved over a period of time. Hence awareness of various options of investment and also due to more one to one relations with most of the people, it has been found that most of the respondents have started investing in one or the other option, irrespective of their education, job sector, experience in their job, etc. This has helped most of the companies to come up with various modes of investment avenues depending upon the investor's choice.

2. Most of the respondents have preferred banks for investing their money due to their liquidity factor, moderate returns and safety factors. This is the one of the oldest sectors among various investment modes and also backed up Act, Law, rules and regulations, etc., most may prefer this kind of avenue. While in banking sector, nationalized banks are more preferred as compared to cooperative banks. Again it has also been found that most of the respondents prefer other Government sector investment as the risk associated is very less irrespective of age and their experience in the job and its sector. Still most of the respondents are not ready to invest in high risk investment option due to the fluctuating market situations.

3. It has also been found that this age group i.e. 18 to 35 and with the limited income group doesn't prefer share market and related investments, gold and silver. These investments need a reasonable amount of investment. May be due to this factor, risk involved, uncertain returns and a highly volatile market situation, this type of investment options are not preferred by this early age group of investors. Early age investors are having their own priorities ranging from own further education to settlement in their life. Also real estate investment is being preferred by a very few number of people in this age group.

4. One thing is very certain related to the awareness of the investment products is that if the products are much marketed, there are chances of getting sold in the market. This is very true for Post Office investment savings options. This type of option is very good for getting good returns, highly liquid in nature, secured and few options offer tax saving plans also. The awareness of the schemes is very less as compared to any other investment avenue. This had affected in the sales of the good savings plan in this age group. This age group is highly busy in the day today activities. Hence these investors may not find that much time to go and make enquiry of the scheme in the post office.

SUGGESTIONS:

1. Knowledge of share market should be given to this age group. Their investment in shares for a short run and long run should be generated through different promotional plans. Various types of investor awareness camps should be conducted to let this young age investors to start their investment with a short term delivery based trading. Even mutual fund option can also be the best option for them. This can be possible with the help of systematic SIP investment plans. Ulips is also one more type of investment which can be opted by this age group. This can be helpful for the investors who will be looking for a long term investment plans. Benefits of long term investment plans should also be canvassed. Gold and Silver are also a good option for these type of investors. This can be promoted with the help of gold funds or purchasing a small amount on the exchanges for getting confidence.
2. Post office saving plans is very good in the term of security and returns. Due to lack of promotional activities, these plans are not sold to the extent of bank deposits. Various development activities should be conducted to promote the savings plans and options available with the post office. This will help to generate a good amount of savings to the post offices.

CONCLUSION:

It has been seen that the investment in one or the other form has been done by most of the people. This indicates that the awareness among this age group is increasing and they have well understood that "By investing in the early age, one get better and compounding returns as compared to the late ones."

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