

AN ANALYSIS OF FACTORS AFFECTING TO INVESTOR'S DECISION
FOR VARIOUS INVESTMENT AVENUES -A CASE STUDY OF INVESTORS
OF BARDOLI CITY OF GUJARAT

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ABSTRACT

An asset purchased with the intention of generating income or appreciation is referred to as an investment. The term "appreciation" describes a rise in an asset's worth over time. When a person buys a product as an investment, they do not intend to use it right away; instead, they plan to use it to make money later. The present study is designed to identify the factors that influence investors in various financial market investment outlets. Data are collected from 100 samples of individual retail investors from Bardoli city using a well-structured questionnaire. The data are analysed using appropriate statistical techniques. Results showed that risk is one of the several topics related to investing in various investment avenues that has been examined in terms of investor's attitude and view. Women are less likely to invest than men. Those with lower income levels are more likely to invest their money in various types of investments than those with higher income levels. Since tax rates are always increasing, most people invest to reduce their tax burden. Most of the respondents keep their money in banks. There is a need of periodical advertisements of investment avenues to maintain investor's confidence. It is observed that the main investment objectives of investors are growth and income from investment made.

JEL Code: G0, G5

Keywords: Investors, Investment, Investment Avenue

Introduction:

The majority of Indians have little experience investing money in the financial markets, despite economic growth trends that are increasing. Only a small percentage of people in India's population invest their money and contribute to the country's economic growth. It is necessary to encourage people to invest more in the stock market to excel country's growth. Those who are not investing or are deterring themselves from investing should concentrate on taking their money out of banks and using them in the financial market for the efficient operation of our nation's economy so they may earn greater returns.

Only if investors have an optimistic outlook on the financial market and conquer certain fears will they succeed. According to the researcher, investments made today will be beneficial tomorrow; therefore, people should comprehend the significance of financial market investment without any hesitation. They can benefit from it in the future and enjoy every moment of it as a holiday, but to obtain such a secure future, invest now.

The term "individual investor" refers to any investor who personally invests his money in the capital market with a variety of future benefit goals and makes his own financial decisions. A critical decision that the investor makes based on perception is whether to make an investment or not. Perception is the subjective emotion that any investor has towards a particular object. A number of variables, including his mentality, contribute to the associate investor's poor reputation in the investment world.

The money market's fundamental trait is uncertainty, and whenever there is a reward, there is also a risk associated with it. Investing has dangers. Usually, these risks are insignificant, as with Treasury Bonds, but occasionally, as with Stocks, Options, and Commodities, the risk can be significant. The possibility for big profits increases with the amount of risk the investor is willing to assume. But, successful investors are aware that managing risk is more crucial than realizing a profit and that effective risk management is the key to making money from investments. Investors frequently match the options of the investment instrument available to their needs. They require a range of selections for different saving cars. To meet their immediate needs and protective requirements, each investor likes to hold a certain amount within a variety of financial funds. Employees Provident Fund (EPF) contributions for individuals are now required. When the

family's primary breadwinner passes away suddenly, life insurance is typically most popular to cover the ensuing expenses. The need to select wise investment options occurs when the income has been used to save after satisfying statutory obligations and responsibilities.

The study of behavioral finance explains why people don't always make the decisions that are expected of them and why markets don't always act as predicted. Current research demonstrates that the majority of investors make decisions based on emotion rather than logic; most investors experience highs from speculative gains and lows from panicky moods. According to psychological research, the pain of losing money on investments is actually three times greater than the satisfaction of making money. While emotions like fear and greed frequently influence investor decisions, there are other factors that might lead to irrational conduct as well. The value of stocks is found to fluctuate regularly without any alteration in the underlying structure of economies. Moreover, people involved in the exchange are found.

Investment Avenues:

(1) Equity Shares

Equity investments signify ownership of an active business. By virtue of ownership, we are entitled to a portion of the company's revenues and assets, but normally, there are no guaranteed payouts. It is seen as a hazardous investment, but depending on the situation, it may also be a liquid investment due to the existence of stock markets. When compared to stocks, which change less frequently, liquidity is more advantageous for investments in equity shares because they are used in daily commerce. Corporations' equity shares fall into one of the following categories: Cyclical scrip, Blue Chip scrip, Growth scrip, Income scrip, and Speculative scrip

(2) Debentures or Bonds

Bonds and debentures are long-term investment options that provide a steady cash flow based on the advertised interest rate. They are viewed as relatively less dangerous. The level of risk associated with bonds or debentures depends on who the issuer is. For instance, it is assumed that there is no probability if the problem was caused by the government. Yet, there are risks associated with investing in long-term debentures or bonds, including interest rate risk and price risk. Let's say someone needs money to pay for his child's school after five years. He is making an investment in a long-term debenture with an 8-year maturity and an annual coupon payment. In that situation, there is a danger of reinvesting the coupon at a lower interest rate from the end of year one to the

end of year five, and there is a risk of price decline due to an increase in interest rate at the end of the fifth year. Investments are frequently made using the concept of a period so as to immunize risk. The following options are available under debentures or bonds: Government securities, saving bonds, Public Sector units bonds, Debentures of private sector companies and Preference shares

(3) Money Market Instruments

Debentures and money market securities are extremely similar; however the time period is much shorter. Typically, it lasts less than a year. Corporate companies can invest in money market instruments to use their idle working cash. Many examples of financial instruments are Treasury Bills, Commercial Paper and Certificate of Deposits.

(4) Mutual funds

Mutual funds are a simple, stress-free method of investing that automatically diversifies your portfolio. An open-end investing business engages exclusively in debt and ratio investments, depending on the scheme. They offer advantages like a professional approach, scalability advantages, and comfort. Continued investing in open-end investment companies can benefit from getting professional management services at a reduced cost, which would not have been feasible at all otherwise. In the event of an open ended mutual fund scheme, the mutual fund is assuring the client that the secondary market would be supported. Investors have complete access to information regarding the performance of their investments. Investors are notified of the performance of their investments in real time. We have the following portfolio types to choose from when using mutual funds: Equity Schemes, Debt Schemes, Balance Schemes, and Sector Specific Schemes etc.

Review of Literature:

(Hu, 2017) Have conducted research on “Investors' perceptions towards potential investment avenues”. The study's goal is to understand why an investor chooses a particular investment strategy. It has been discovered that the motivations behind investing preferences vary depending on the type of investment. The investment objectives, such as risk, return, safety, and liquidity of the investment, are what determine the investor's preference on Investment Avenue.

(S.Hemalatha, April 2019) Have conducted research on “Factors Affecting Individual Investors' Investing Decisions in Relation to Selected Individual Investors”. The study's goal was to identify factors that affected investment choices. The elements impacting investment decision-making have

been found to vary by gender, age, occupation, internet use, level of computer literacy, and use of online trading.

(Elizabeth, September 2018) Have conducted research on “A Conceptual Framework for Emerging Investment Avenues”. The goal of the study is to comprehend the variables influencing various investment decisions and the many avenues for investment that are available on the capital market. According to research, Warren Buffet has said that "success in investing doesn't connect with I.O. after you are above the 25 level, what you need is the temperament to restrict the impulse that brings individuals into difficulty in investing." Thus, an investor shouldn't put all of his or her eggs in one basket.

(Disha, April, 2018) Have conducted research on “A Comparative Analysis of Investor Perceptions of Stocks and Derivatives. The purpose of the research is to compare and analyze the variables that influence investors' decisions when choosing stocks and derivatives. It has been discovered that there are a number of beneficial features that make equity investments simpler for investors, and as a result, investors prefer to make stock investments. It is also stated that investors perceived derivatives to be riskier than stock. Identified the investors' perceptions of equity and derivatives. It has been determined that investors' perceptions of stocks and derivatives are identical.

(Sakshi Bedi, August 2018) Have research conducted on “Women investors' willingness to invest in various avenues”. The study's goal was to determine how demographic characteristics affected women's investment preferences while stealing their investment collateral. It has been discovered that the current study also demonstrates that there is a significant association between a woman investor's income and savings, as well as a significant relationship between her experience and age. Women investors invest primarily for high returns, future security, and financial gain. This study encourages and provides a forum for all women who are interested in investing and saving money. Additionally, it encourages considering the demographic profile while formulating an investing strategy.

(Arora, 2018) Have conducted research on “Investor`s views of Mutual Funds as an Investing Alternative”. The goal of the study was to determine how investors felt about mutual funds as an investment choice. According to research, the majority of investors put their money in mutual funds and did so primarily for the purpose of earning a return; as a result, they preferred to put their money in growth fund schemes. They also demonstrate their interest in mutual funds

financially. The survey also shows that every investor has a different objective when investing in mutual funds.

(Garg, 2018) Have conducted research on “Investment Preference for Several Investment Avenues”. This objective of study “to know reason for investment objectives”. It has been discovered that a variety of characteristics, including age, gender, income, education, and occupation, significantly influence the investor's choice of investments. Age and gender, among other variables, have little bearing on the choices made by investors. The investor's choice of investments is influenced by factors like income, employment, and education.

(Zoubi, 2017) Have conducted research on “An analysis of investor’s favorite investment avenues and their exposure to the equity market”. The goal of the study is to examine consumer investment in the equity and commodity markets as well as how investors feel about different investment options. The government should take the necessary steps to convince investors to invest in UTI and mutual funds since the majority of respondents did not wish to do so despite the fact that these are the newest investment schemes.

(Shreya.S.Mishra, 2017) Have conducted research on “Investing opportunities for educational institution investors”. The goal of the study was to "know the different investment choices available". The majority of investors choose to invest in shares, mutual funds, and debentures although they do favor other routes. Investors make their own investment decisions and are affected by friends and family. Most investors only invest up 10% of their yearly income. Returns are the most crucial aspect that influenced the decision to invest.

(Modi, December 2017) have conducted research on “Influence of Demographic on Investment choice”. The study’s goal was to identify variables that influence investment choices. It has been discovered that Risk, return, market trends, and prior performance have a significant impact on investing decisions. The influence of gender on investment decisions is relatively minimal. The majority of investors invest money for retirement and family security. The decision to invest does not simply depend on demographic factors.

Research Gap:

The main barrier to the expansion of India's economic development is the disregard for how the common people of India behave towards investment, particularly in various investment avenues. It is important to determine the causes of this kind of human behavior in order to channel idle savings into various investment avenues and spark investor interest in those avenues. This paper

seeks to establish a connection between investors and the various investment avenues that will ultimately be advantageous for the prosperity of our nation.

Research Objectives:

The main objectives of this study are to identify the factors that influence investors in various financial market investment outlets. The secondary objectives include:

- To understand the investors' demographics
- To ascertain the effects of a demographic profile on several aspects those affect an investment opportunity.

Research Methodology:

The purpose of the current research is to identify the factors that influence investors in various financial market investment outlets. The descriptive research design was used in this paper. The data was acquired using a standard questionnaire, and only primary data was used. The researcher used the non probability convenience sampling method. The sample was collected from 100 individual retail investors from Bardoli city. A variety of statistical approaches, including the one-sample t-test, have been used for the testing of hypotheses in order to measure various phenomena and analyze the acquired data effectively and efficiently to reach reasonable conclusions. The collected data was analyzed using statistical tools such as SPSS for tabulation and data modification.

Analysis and Findings:

Table 1 Gender

Gender	Frequency	Percent
Female	67	67.0
Male	33	33.0
Total	100	100.0

Table 2 Age

Age	Frequency	Percent
Below 25	26	26.0
26-35	35	35.0
36-45	31	31.0
Above 45	8	8.0
Total	100	100.0

According to the survey mentioned above, 33% of respondents were women, while 67% of respondents were men. Men invest more money than women, according to the survey.

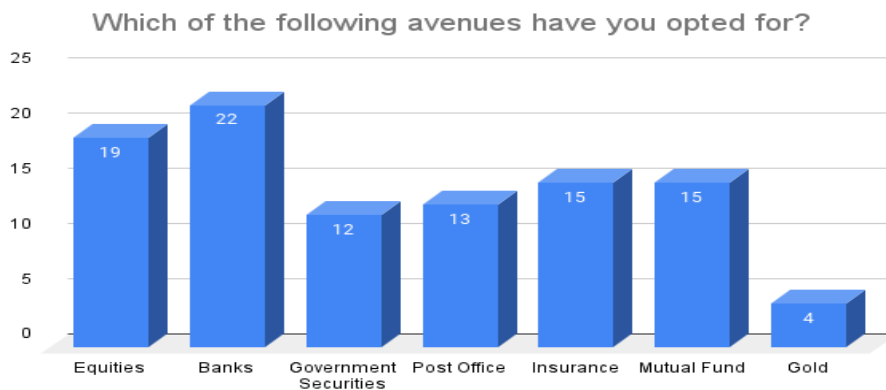
According to the outcome of the study, 26% of respondents were under the age of 25, 35% were between the ages of 26 and 35, 31% were between the ages of 36 and 45, and 8% were over the age of 45. So, it can be determined from the preceding table that the majority of respondents, or 35% of them, fall into the 26–35. Ages 29 to 35 were considered to be the majority of participants.

Table 1 Marital Status

Marital status	Frequency	Percent
Married	18	18.0
Unmarried	82	82.0
Total	100	100.0

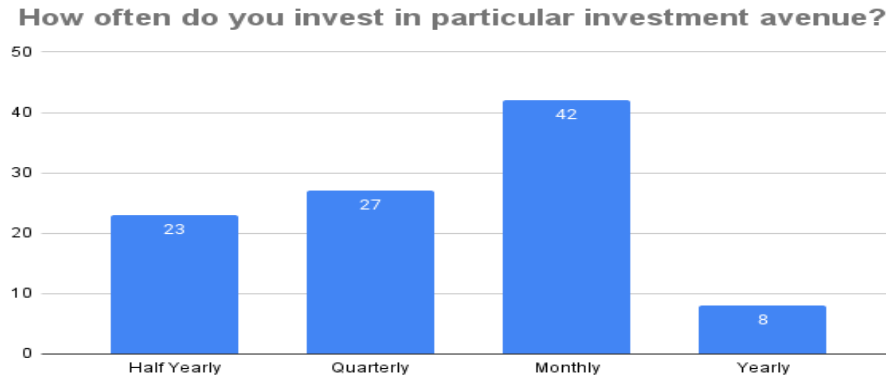
According to the existing study, 82% of respondents are unmarried, and 18% of respondents are married. So, it is clear from the preceding table that 82% of the respondents are bachelors.

Figure 1 which of the following avenues have you opted for?



From the graph, we can determine that 19% of respondents opted for equities, 22% opted banks, 12% opted government securities, 13% opted post offices, 15% opted insurance, 15% opted mutual funds, and 4% opted gold. According to the graph, investors choose banks over alternative options more frequently.

Figure 2 how often do you invest in particular Investment Avenue?



According to the graph above, 42% of respondents engage in a specific investment avenue monthly, 27% invest in a specific investment avenue quarterly, 23% invest in a specific investment avenue half-yearly, and 8% invest in a specific investment avenue annually. So, according to the graph, investors are making more monthly investments in a certain investment channel.

Table 4 One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Return Rate	100	1.84	1.170	.117
Risk Level	100	2.28	.922	.092
Diversification	100	2.37	.971	.097
Ease of Access	100	2.46	.947	.095
Economic Growth	100	2.42	1.017	.102
Awareness	100	2.27	.993	.099
Availability of Finance	100	2.17	1.129	.113

Table 5 One-Sample Test

	Test Value = 2					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Return Rate	-1.368	99	.174	-.160	-.39	.07
Risk Level	3.037	99	.003	.280	.10	.46
Diversification	3.811	99	.000	.370	.18	.56
Ease of Access	4.856	99	.000	.460	.27	.65
Economic Growth	4.130	99	.000	.420	.22	.62
Awareness	2.718	99	.008	.270	.07	.47
Availability of Finance	1.506	99	.135	.170	-.05	.39

Hypothesis:

1. H0: Factor affected in different investment avenues respondent are not agreed for return rate.

H1: Factor affected in different investment avenues respondent are agreed for return rate.

From the preceding table, it can be determined that a significant value of 0.174, which is greater than 0.05, indicates that the null hypothesis (H0), which states that factors that affect return rates on various investment avenues, is accepted.

2. H0: Factor affected in different investment avenues respondent are not agreed for risk level.

H1: Factor affected in different investment avenues respondent are agreed for risk level.

From the preceding table, it can be concluded that a significant value of 0.003, which is less than 0.05, indicates that the null hypothesis (H0) is rejected, the alternative hypothesis

(H1) is accepted, and the factors influencing the various investment avenues that respondents have chosen to pursue are not all agreed upon as to the appropriate level of risk.

3. H0: Factor affected in different investment avenues respondent are not agreed for diversification.

H1: Factor affected in different investment avenues respondent are agreed for diversification.

With the help of the above table, it can be inferred that a significant value of 0.00, or less than 0.05, indicates that the null hypothesis (H0) is rejected, the alternative hypothesis (H1) is accepted, and the factors affecting the respondents' agreement to diversify their investments are not significant.

4. H0: Factor affected in different investment avenues respondent are not agreed for ease of access.

H1: Factor affected in different investment avenues respondent are agreed for ease of access.

As shown in the preceding table, a significant value of 0.00, or less than 0.05, indicates that the null hypothesis (H0) is rejected, the alternative hypothesis (H1) is accepted, and the factors affecting the respondents' various investment options are not all agreed upon for the sake of accessibility.

5. H0: Factor affected in different investment avenues respondent are not agreed for economic of growth.

H1: Factor affected in different investment avenues respondent are agreed for economic of growth.

From the above table, it can be determined that a significant value of 0.00, which is less than 0.05, indicates that the null hypothesis (H0) is rejected and that alternative hypothesis

(H1) and Factor affecting different investment channels respondents are not agreed upon for economic growth.

6. H0: Factor affected in different investment avenues respondent are not agreed for awareness.

H1: Factor affected in different investment avenues respondent are agreed for awareness.

The significant value of 0.008 in the preceding table, which is less than 0.05, indicates that the null hypothesis (H0) is rejected, the alternative hypothesis (H1) is accepted, and the factors affecting the respondents' awareness of various investment avenues are not all agreed upon.

7. H0: Factor affected in different investment avenues respondent are not agreed for availability of finance.

H1: Factor affected in different investment avenues respondent are agreed for availability of finance.

From the preceding table, can be deduced that a significant value of 0.135, which is greater than 0.05, indicates that the null hypothesis (H0), which states that factors affecting various investment avenues affect respondents' financial availability, is accepted.

Conclusion:

This study concentrated on the elements influencing the behavior and portfolio of individual investors. It bolsters the widely held belief regarding the impact of the independent variables of investing purpose and risk profile. It also looked at how the performance of a person's portfolio and the perceived extent of investor behavior can affect one another. Risk is one of several topics associated with investing in different investment avenues that have been investigated in terms of investor attitudes and perceptions. Men are more likely than women to invest. Those with lower salaries are more inclined to put their money into different investment options than those with higher income levels. Since tax rates are always rising, the majority of individuals invest in order to save money on taxes. More participants in this survey put their money in banks. In order to keep

investors' faith, more advertisements should occasionally be released. Growth and income are people's key investing goals.

Recommendation:

- Investor knowledge is a crucial element for the Indian economy. For investors, it is important to conduct research and awareness campaigns.
- The majority of investors throughout the study period put their money into growth and income funds, it was discovered. This suggests that more work needs to be done by investors to educate the public about the earning potential of their schemes.
- To ensure that investors are aware of the company's financial situation, all investment businesses should provide their annual reports to investors on time. Knowing the status of their investment will assist the investor in making future plans.
- Every investment firm should create a variety of products with various risk-return profiles to cater to the needs of various investor segments.
- According to the requirements of their investors, all investment organisations should introduce fresh and creative programmes. Several cutting-edge items are available on the market. Individuals have the capacity to invest, and different investment channels need to investigate this capacity. Companies should develop creative plans to meet the needs of retail investors given the growing awareness among retail investors about the capital market, mutual funds, shares, government securities, insurance, etc.

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