

MINOR RESEARCH PROJECT

CHANGING INVESTOR PERCEPTION TOWARDS SAVINGS AND INVESTMENTS AMONG THE YOUNGSTERS IN KERALA

NO.F.1885-MRP/14-15/KLMG019/UGC-SWRO

FINAL REPORT

Submitted To:

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DECLARATION AND CERTIFICATE

I hereby declare and certify that, the Minor Research Project entitled “CHANGING INVESTOR PERCEPTION TOWARDS SAVINGS AND INVESTMENTS AMONG THE YOUNGSTERS IN KERALA” (NO.F.1885-MRP/14-15/KLMG019/UGC-SWRO) is a bonafide record of research work carried out by me during 2015-2017. Further certify that the work presented in the report is original and carried out according to the plan in the proposal and guidelines of the University Grand Commission.

Dr. Joshy Andrews
Principal Investigator

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INTRODUCTION

Every investor has different mindset while taking a decision on investment. It depends on the factors like availability, awareness, easiness, ability of investment etc. It can be observed that, the general Indian investment environment has changed a lot in the last decade. It is due to the impact of deregulations in every field, changes in the government policies, changing job scenario, cultural changes and the changes in the general youth aptitudes. Other than these influences, nowadays, a number of new investment opportunities are available for investors. The risk appetite of the young people also seems to change. Many are now ready to invest their hard earned money in risky financial assets. It is evident from drastic changes in the asset pattern of various investment opportunities. For example, the total AUM of Indian Mutual Fund industry has increased double fold in the last few years.

According to the recently released first set of revised estimates of the GDP for 2015-16, as per the Financial Stability Report of RBI, over a third of all household savings are now in financial rather than physical assets. The share of financial instruments such as Equity, Mutual Funds, Bonds and Bank Deposits in the household sector's savings rose to 34.4 per cent of gross savings in the economy as a whole for the year from 31.3 per cent in 2014-15. It is an indication that the Indian households are finally beginning to save the way the rest of the world does — by putting a bigger share of their nest eggs into financial assets, rather than old favourites, land and gold.

On a nominal basis, the household sector had gross financial savings of Rs.15,14,207 Crore in 2015-16, up from Rs. 12,82,633 Crore in 2014-15. This is good news for the financial services sector in a country where people tend to invest more in financial assets rather than physical assets such as land and homes as well as precious metals such as gold.

In fact, investments in physical assets as a proportion of household sector savings has fallen below the 60 per cent mark for the first time in recent years to about 56.8 per cent. Central Statistics Office data show household investment in physical assets was Rs. 14,83,539 crore in 2015-16, at current prices, compared to Rs. 15,78,151 crore in the preceding year. Notably, savings in financial instruments exceeded savings in physical assets for the first time. Though the combined investment in physical assets and precious metal jewellery for the household sector is a little higher, at Rs. 15,27,469 crore, compared to savings in financial instruments, the fact that financial savings have almost caught up with the value of savings in physical assets appears to indicate the growing financial maturity of the Indian saver, as well as a higher risk appetite.

Savings in gold and silver jewellery have been a little under 2 per cent of the savings of the household sector over the last few years and despite the dip seen in the 2015-16, that proportion has seen only a fractional change.

The dip in savings in gold and silver has come after a massive 24 per cent year-on-year increase in 2014-15, after the government eased restrictions on gold consumption to contain imports. At the same time, the financial liabilities or borrowings of the household sector also climbed in 2015-16 to Rs. 4,31,755 Crore from Rs. 3,63,385 Crore. That notwithstanding, the share of net financial assets (savings less liabilities) in gross savings climbed to 24.6 per cent from 22.4 per cent a year earlier.

If this is the situation persist in our country, the researcher wants to know how the people trend to invest in various investment opportunities in this changing scenario. Here, it is an attempt to know the changes in the investment patterns and the general perception of the young investors, especially the youngsters of Kerala State towards savings/investments.

RESEACH METHODOLOGY

2.1 BACKGROUND OF THE TOPIC

A tremendous change can be observed in the investment culture of Indians especially in the southern states like Kerala in the last few years. Many are trying Gold ETFs instead of Physical gold, Real Estate Mutual Funds in Real estate, ELSS(Equity Linked Savings Scheme)for saving Income Tax, SIP(Systematic Investment Plan) instead of RDs(Recurring Deposits). This a good sign of a reversal of investment pattern chosen by the retail investors in contrast toconventional investment options like Bank Deposits, Post office savings etc. It is an endeavor to look into the factors of these changes and analyze the impact of the same among the young generation. Research topic set here is A Study on Changing Investor Perception towards Savings and Investments among the Youngsters in Kerala.

2.2 STATEMENT OF THE PROBLEM

A general change in the investment pattern among the youngsterscan be observed in and around us today due to various factors. The new employment scenario and the adoption of NPS(National Pension Scheme) instead of old pension scheme or other benefits,is one among them. Increased awareness level of youngsters in financial assets, influence of international businesses in the field of investment and financial services were also accelerated the speed of the same. Here it is an attempt to find out whether there is any change in the investment pattern of youngsters in the state of Kerala. If so, what are the new opportunities they are fixing for investment? What are their new strategies of investment? Why they are making such as movement?

2.3 SIGNIFICANCE OF THE STUDY

This study is based on the general change in the investment behavior of youngsters in Kerala. Such changes have a big impact on the financial system of the country. When the general investment behavior of the investors changes, it is the challenge of the industry to deal with this move. The investors need new investment options, novel services and proper client backups etc. to cope with their changing savings and consumption pattern. The study is an attempt to know more about the existing situation.

2.4 SCOPE OF THE STUDY

The study covers changing investor perception towards savings and investments among youngsters in Kerala. As the study was conducted among the young population in the state of Kerala, the scope is restricted to the state of Kerala.

2.5 OBJECTIVES OF THE STUDY

- I. Study the pattern of savings and investments among the youngsters in Kerala
- II. Examine the changes in the pattern of savings from the conventional investment opportunities
- III. Identify the factors influencing the investors in selecting new savings and investment opportunities.
- IV. Reasons for adapting new investment strategies.
- V. Identify the demographic factors influencing savings and investments.

2.6 METHODOLOGY

The study primarily deals with changing investor perception towards savings and investments and their preference towards new investment opportunities by the youngsters of Kerala State.

The data were collected through a pretested structured questionnaire. The method of data collection was convenient sampling. The sample size was 200 individual investors out of which 140 are male and 60 female respondents. Primary data was collected from the respondents across nine states of Kerala. The respondents were including salaried class, entrepreneurs, people engaged in various professions etc. They were selected purely based on their knowledge about financial matters. The data were collected during the period from May 2015 to February 2016. The different District from which the data were collected is as follows;

Table No. 2.1
DISTRICT-WISE DATA COVERAGE

Districts	Number	Percentage
Kottayam	40	20%
Alappuzha	36	18%
Idukki	20	10%
Pathanamthitta	26	13%
Eranakulam	18	9%
Thiruvananthapuram	24	12%
Kollam	16	8%
Thrissur	14	7%
Kozhikode	6	3%
Total	200	100%

The collected data were tabulated and various tools were used to analyze data. Percentage analysis, Chi-square Test, ANOVA was used for analysis. Data were presented through Tables and Charts.

2.7 LIMITATIONS OF THE STUDY

The basic limitation of the study is that, it is restricted to the state of Kerala. The data were collected from only 9 district of the state and the respondents were selected from urban and semi urban area only. Thus the generalization of results may require further validation.

REVIEW OF LITERATURE

S. Kalavathy (2009) in her study titled “ A Study on Savings and Investment behavior of Salaried Persons”, a thesis submitted to Bharathiyar University, Coimbatore, she divided the study into two sections. The first section deals with the awareness of savings and investment options available and the factors influencing their investment decision. The second section deals with their preferences, perceptions and satisfaction towards various investment and

savings pattern. The study reveals that the growth in real interest rate, growth in per capita income, spread of banking facilities and the rate of inflation have positive influence on domestic savings.

Krishnamurthy C (2008) in his study, he analyzed the investment profile and awareness of various investment opportunities of salaried class of investors. The satisfaction level of the investors were also analysed on various investment options. It was observed from the study that the salaried class were aware of various insurance schemes, post office savings, investment in gold etc. but a few were aware about various mutual fund schemes.

Bhushan, Puneet (2014) in their study titled “Insights into awareness level and Investment Behaviour of salaried individuals towards Financial Products”, respondents are quite aware about various financial products and they park their money in traditional and safe financial products whereas awareness level of new age financial products among the population is low.

Palanivelu, V.R. and Chandrakumar, K. (2013) in the study titled “A Study on Preferred Investment Avenues among Salaried Peoples with Reference to Namakkal Taluk, Tamil Nadu, India”, he observed that Certain factors like education level, awareness about the current financial system, age of investors etc. make significant impact while deciding the investment avenues. Awareness program has to be conducted by Stock Broking firms, because most of the respondents unaware about new services.

Sireesha, P. Bhanu and Laxmi, Shree (2013) in their study “Impact of Demographics on Select Investment”, It is found that gender, age and friends are mostly influencing the

investment decisions of the respondents. It is concluded that the respondents of the study are conservative in nature and show less concern for money multiplication and liquidity.

Geetha,N. and Ramesh,M. (2011) in the study titled “A Study on People’s Preferences in Investment Behavior”, it was observed that the demographic factors have a significant influence over some of the investment decision elements.

Chaturvedi, Meenakshi and Khare, Shruti. (2013) In their study “Study of Saving Pattern and Investment”, it was perceived that Most popular investment avenues people prefer are bank deposits and real estate, small saving schemes and life insurance. Safety, income, liquidity and marketability capital appreciation, tax benefit and diversification benefits are the major objectives of investment generally set by the investors.

Chakraborty, Suman (2012) In the study titled “A Study of Saving and Investment Behaviour of Individual Households – An Empirical Evidence from Orissa” , it was observed that Saving objective is influenced by demographic factors such as age, occupation and the income level of investors. Female investors tend to save more in a disciplined way than the male investors. Women are risk averse indeed but save more than the male counterparts as the income level rises.

Arti,Gaur.,Julee and Sunita,Sukijha. (2011) in their study “Difference in Gender Attitude in Investment Decision Making in India”, it was perceived that Higher level of awareness for males than females for different investment avenues. Female investors tend to display less confidence in their investment decisions and hence have lower satisfaction levels.

Rajarajan, V. (2003) in his study, “Determinants of Portfolio choice of individual investors”, it was observed that the expected rate of return on investments, risk bearing capacity of investors and investors loss avoidance behaviour had a positive relationship while the locus of control had a n inverse relationship between the portfolio choice.

SudarshanaSaikia, JeetendraKhilnani(2015) in this study, “Investment Pattern of Youth in India with Particular Reference to Mumbai”, the study finds that safety and security, which were always important reasons for investment, are still influential in determining the direction of investment. Saving accounts in banks appears to be the most common way of saving and investing for the respondents. Mutual fund has gained the favor of young investors. Investment in mutual funds through the Systematic Investment Plan (SIP) is a favored investment option for the youngsters.

Verma (2008) studied the effect of demographics and personality on investment choice among Indian investors and found that mutual funds were popular amongst professionals, students and the self employed. Retirees displayed their risk aversion by not investing in mutual funds and equity shares. It was also found that higher the education, higher was the level of understanding of investment complexities. Graduates and above in qualification preferred to invest in equity shares as well as mutual funds.

Gupta and Jain (2008) on the basis of an all-India survey of 1463 households found the preferences of investors among the major categories of financial assets, such as investment in shares, indirect investment through various types of mutual fund schemes, other investment types such as exchange-traded gold fund, bank fixed deposits and government savings schemes. The study provides interesting information about how the investors’ attitude

towards various investment types are related to their income and age, their portfolio diversification practices, and the over-all quality of market regulation as viewed by the investors themselves.

From the literature review, it can be observed that there were many studies conducted in India regarding with investment pattern in general as well as various demographic factors which affect the choice of investment. But very few studies were conducted about the changing pattern of investments of the young generation.

DATA ANALYSIS

The Primary data was collected from the respondents across nine out of 14 states of Kerala. It includes Kottayam, Alappuzha, Idukki, Pathanamthitta, Ernakulam, Thiruvananthapuram, Kollam, Thrissur and Kozhikode. Out of the 200 respondents, 140 were male and 60 females. The age of the respondents were collected in four different classes ranging from 18 to 40. The study was particularly done among the young people in Kerala, especially their investment behavior. For the purpose of study, the young people were defined as the people who come with in an age group starting from 18 and in a maximum of 40. The reason for choosing such an age group is that during this period, they start their earning and searching various investment opportunities. During this period, they generally take major decisions, which are having a big impact in their rest of life. The age wise data is collected in equal proportions in each class of 50 numbers each.

The respondents were including salaried class, business people, self- employed, people engaged in various profession etc. The respondents were selected from each area of occupation include salaried class 60% and the remaining 40 % includes both professionals and entrepreneurs. The annual income was also considered while collecting data. It is

collected from various classes ranging from 3 lakhs to 7 lakhs. The respondents were selected through convenient sampling method purely based on their knowledge about financial matters. As mentioned, the respondents were selected in an equitable manner from nine districts of Kerala and they are having urban or semi-urban exposure. They were individually met and the data were collected during the period from May 2015 to February 2016 through structured questionnaire. The demographic pattern of the respondents is as follows;

3.1 DEMOGRAPHIC PATTERN OF THE STUDY

Table : 3.1.1

GENDER PATTERN OF RESPONDENTS

Gender	No. of Respondents	Percentage
Male	140	70
Female	60	30

Chart 3.1.1

GENDER PATTERN OF RESPONDENTS

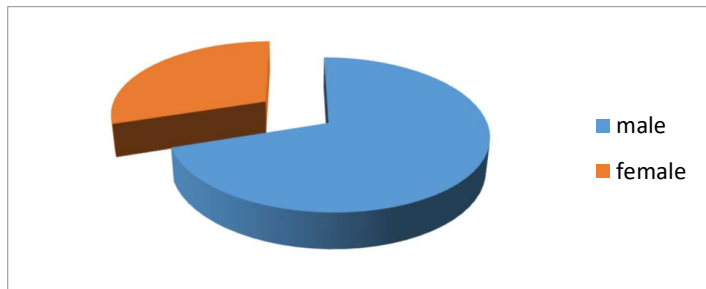


Table : 3.1.2

AGE DISTRIBUTION OF RESPONDENTS

Age	No. of Respondents	Percentage
Upto 25 years	50	25
25 to 30	50	25
30 to 35	50	25
35 and above	50	25

Chart 3.1.2

AGE DISTRIBUTION OF RESPONDENTS

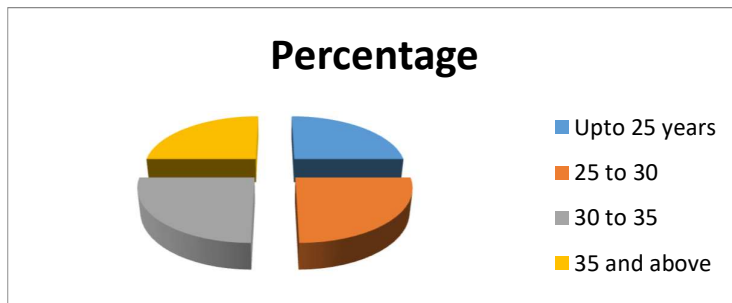


Table : 3.1.3

OCCUPATION DISTRIBUTION OF RESPONDENTS

Occupation	No. of Respondents	Percentage
Professionals	43	21%
Entrepreneurs	37	19%
Salaried employees	120	60%
Others	0	0 %

Chart 3.1.3

OCCUPATION DISTRIBUTION OF RESPONDENTS

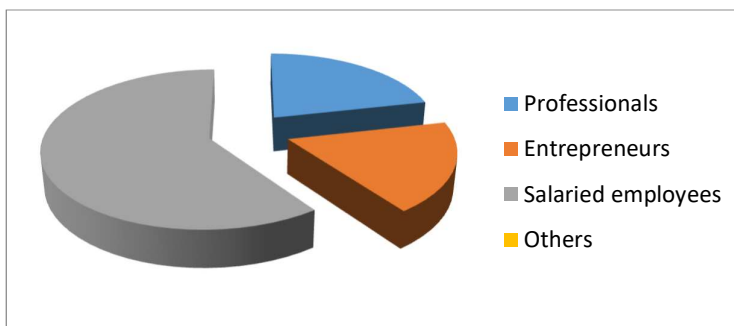


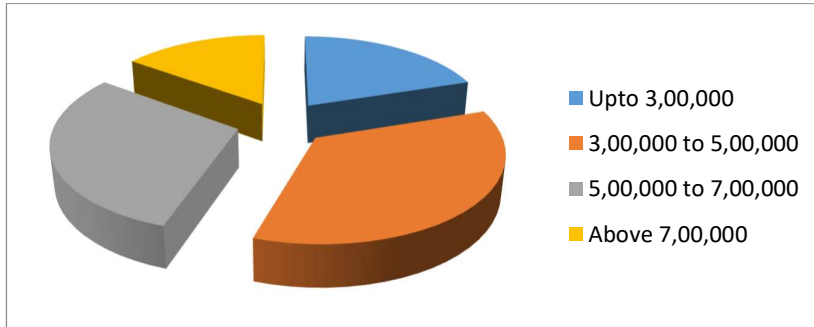
Table : 3.1.4

ANNUAL INCOME DISTRIBUTION OF RESPONDENTS

Occupation	No. of Respondents	Percentage
Upto 3,00,000	40	20%
3,00,000 to 5,00,000	70	35%
5,00,000 to 7,00,000	60	30%
Above 7,00,000	30	15%

Chart 3.1.4

ANNUAL INCOME DISTRIBUTION OF RESPONDENTS



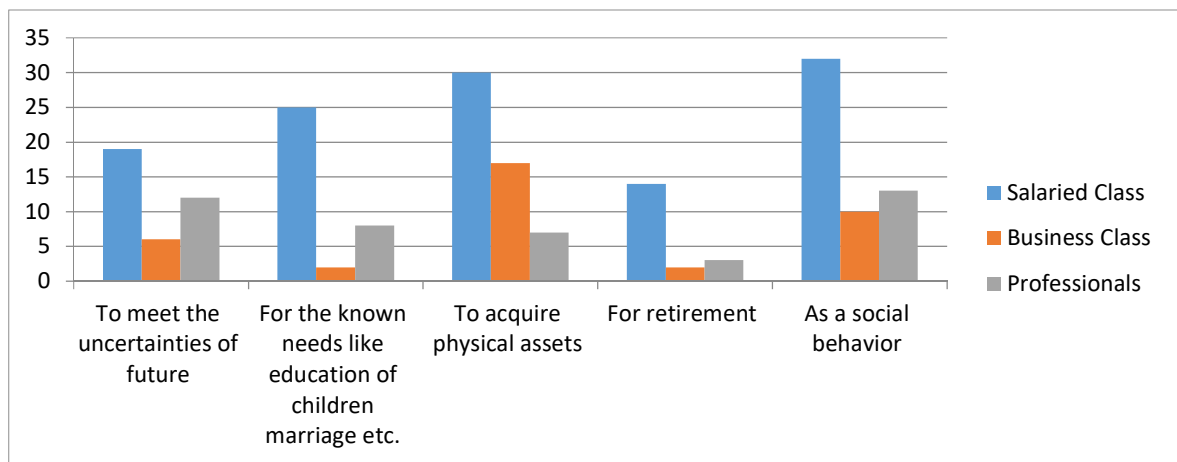
3.2 SAVING OBJECTIVES OF INVESTORS

Table: 3.2.1.

OCCUPATION WISE SAVING OBJECTIVES OF INVESTORS

Savings Objectives	Salaried Class	Business Class	Professionals	Total
To meet the uncertainties of future	19	6	12	37
For the known needs like education of children marriage etc.	25	2	8	35
To acquire physical assets	30	17	7	54
For retirement	14	2	3	19
As a social behavior	32	10	13	55
<i>Total</i>	120	37	43	200

Chart: 3.2.1



Inference: from the data, it can be observed that the majority of the salaried class is seeing investment as a pure social behavior as well as for acquiring physical assets and meeting

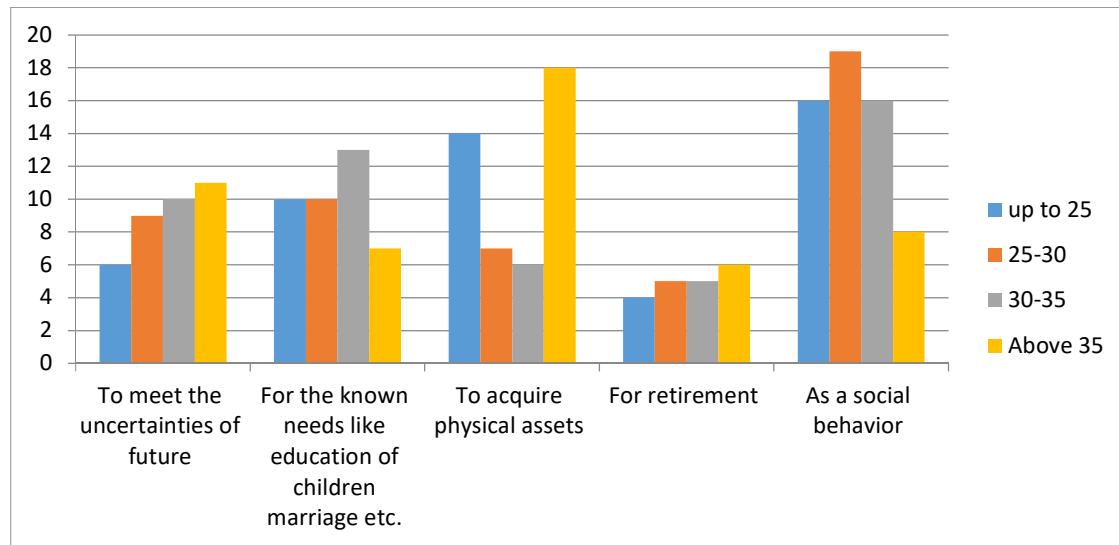
children’s education marriage etc. In case of business class, investing based on the objective to acquire physical assets in future as well as it is done as a social behavior. The Professionals also move in the same path. It is observed that very few of all the categories responded as it is done for retirement.

Table: 3.2.2.

AGE WISE SAVING OBJECTIVES OF INVESTORS

Savings Objectives	up to 25	25-30	30-35	Above 35	Total
To meet the uncertainties of future	6	9	10	11	36
For the known needs like education of children marriage etc.	10	10	13	7	40
To acquire physical assets	14	7	6	18	45
For retirement	4	5	5	6	20
As a social behavior	16	19	16	8	59
	50	50	50	50	200

Chart: 3.2.2



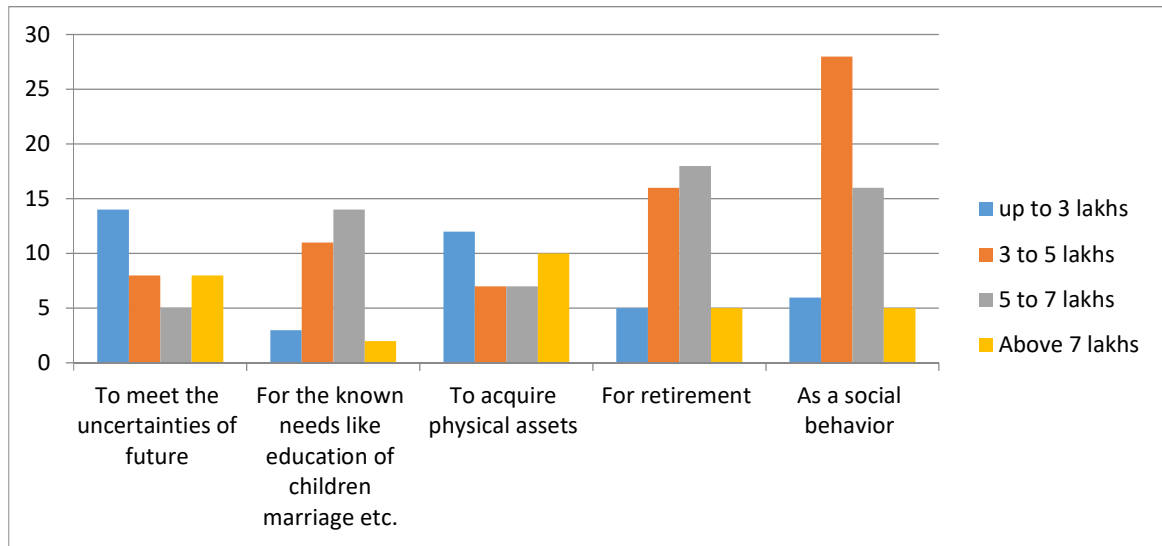
Inference: from the data, it can be observed that as in the case of age-wise distribution, majority of the investors consider investment as part of a social behavior and the other factors they consider mostly are to acquire physical assets and kept for the purpose of the education and marriage of their children.

Table: 3.2.3.

INCOME WISE SAVING OBJECTIVES OF INVESTORS

Savings Objectives	up to 3 lakhs	3 to 5 lakhs	5 to 7 lakhs	Above 7 lakhs	Total
To meet the uncertainties of future	14	8	5	8	35
For the known needs like education of children marriage etc.	3	11	14	2	30
To acquire physical assets	12	7	7	10	36
For retirement	5	16	18	5	44
As a social behavior	6	28	16	5	55
	40	70	60	30	200

Chart: 3.2.3



Inference: when considering the data based on income majority of the respondents consider investment as a social behavior and it is kept for their retirement. The other factors also got due weightage as a reason for investment.

To analyze the association between saving objectives and occupation, age and income a hypothesis is formulated;

H₀ : Investors saving objective is independent of their occupation, age and income.

For the analysis purpose, three sub hypothesis has been developed;

H₀₁ : Investors saving objective is independent of their occupation.

H₀₂ : Investors saving objective is independent of their age.

H₀₃: Investors saving objective is independent of their income.

Chi-square test was applied to know the dependency. The observed values of the test are presented in the following table;

Table: 3.2.4

Demographic factors	Degree of freedom	Table Value	Chi-square value	Dependency
Occupation	8	17.8	15.5	Significant
Age	12	33.0251	21	Significant
Income	12	33.02572	21	Significant

From the table, it can be observed that in the case of first hypothesis, H₀₁, at 5% significance, with a level of degree of freedom 8, the chi-square value calculated is 17.8 and the table value is 15.50. As the calculated value is more than the table value, the first hypothesis, H₀₁, is rejected and it is concluded that occupation is dependent on saving objective.

In the case of first hypothesis, H₀₂, at 5% significance, with a level of degree of freedom 12, the chi-square value calculated is 33.0251 and the table value is 21. As the calculated value is more than the table value, the first hypothesis, H₀₂, is rejected and it is concluded that Age is dependent on saving objective.

Similarly, in the case of first hypothesis, H₀₃, at 5% significance, with a level of degree of freedom 12, the chi-square value calculated is 33.02572 and the table value is 21. As the

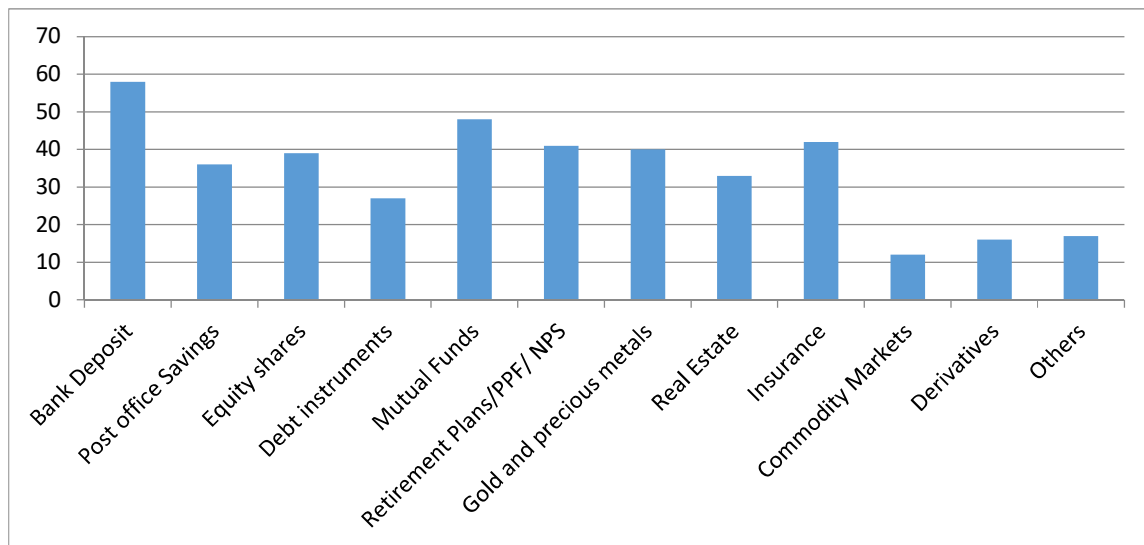
calculated value is more than the table value, the first hypothesis, H_{03} , is rejected and it is concluded that Income is dependent on saving objective.

3.3. PREFERENCE OF INVESTMENT OPPORTUNITIES

Table:3.3.1

Investment Opportunities	%
Bank Deposit	58
Post office Savings	36
Equity shares	39
Debt instruments	27
Mutual Funds	48
Pension Plans/PPF/ NPS	41
Gold and precious metals	40
Real Estate	33
Insurance	42
Commodity Markets	12
Derivatives	16
Others	17

Chart: 3.3.1



Inference: From the table, it can be inferred that bank deposit still the favor of even the young generation. 58% of the total population prefers bank deposits as their primary investment opportunity. It is an interesting fact that 48% of the total respondents invested in

Mutual Funds. Many Mutual Fund investors responded that they have opted Systematic Investment Plan(SIP) for mutual fund investment and it is more convenient for them. The potential growth of investment in this venture tempts them to invest more in this route. Insurance is the next preferred choice. It is observed that majority of the people selected endowment policies among various categories of insurance. Another noted fact is that a good number of people have investment in either Pension schemes, EPF or National Pension Scheme(NPS). Respondents revealed that many of them have awareness about National Pension Scheme and majority of the salaried class have insistence from their employer to have NPS account. Respondents from the government and semi government employees already have NPS account.

Gold is the next preference. Out of the 200 respondents, 40% of the respondents have investments in gold, mostly in the form of Jewelry. Few investors have investments in Gold Exchange Traded Funds(GOLD ETFs). The other preferred areas of investments are Equity Shares, Post Office Savings and Real Estate. A good number of people have investments in this areas too.

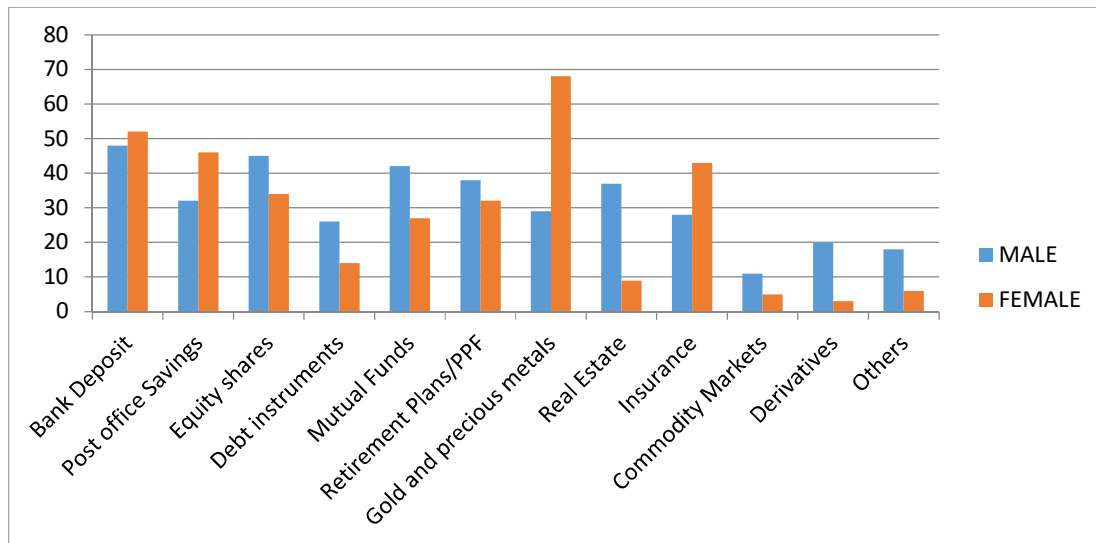
Eventhough the number of people invested in Commodity Markets and Derivatives are less compared to other popular opportunities, it is interesting that people started preferring these areas.

Table: 3.3.2

INVESTMENT PREFERENCE BY MALE AND FEMALE INVESTORS

Investment Opportunities	Male %	Ranked by Male Respondents	Female %	Ranked by Female Respondents
Bank Deposit	48	1	52	2
Post office Savings	32	6	46	3
Equity shares	45	2	34	5
Debt instruments	26	9	14	8
Mutual Funds	42	3	27	7
Retirement Plans/PPF	38	4	32	6
Gold and precious metals	29	7	68	1
Real Estate	37	5	9	9
Insurance	28	8	43	4
Commodity Markets	11	12	5	11
Derivatives	20	10	3	12
Others	18	11	6	10

Chart 3.3.2



Inference: In a comparison among Male and Female investors on preference on investment opportunities, it is observed that there is much difference in their preference. When the male respondents have given rank 1 to Bank Deposits, the female parts have assign rank 1 to Gold and precious metals. Female prefer Post office Savings Bank Insurance etc. is said to be because of its convenience in investment. It is also an interesting fact that a good number of female investors prefer Mutual Funds for investment. Considering the investments of male segment, their choice is Equity and Mutual Funds as the second and third Rank. They are also

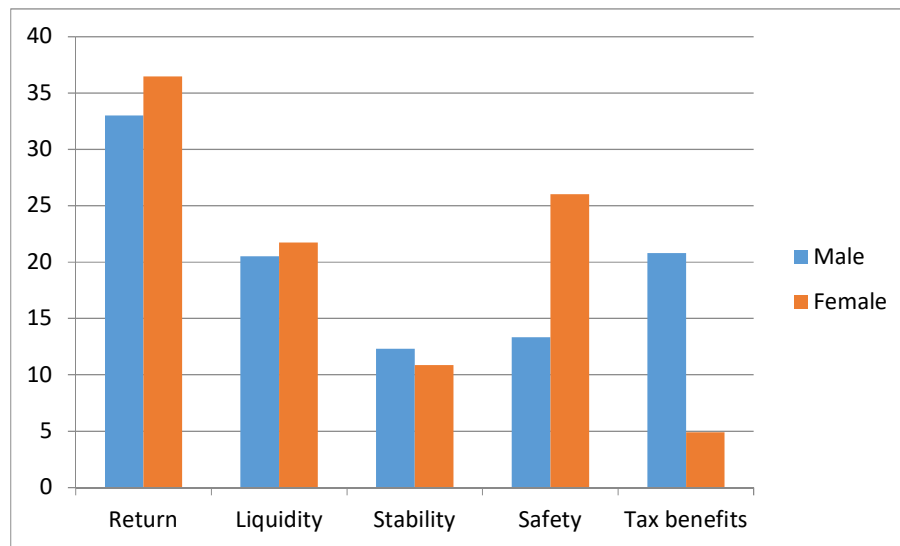
interested in real estate and chosen with 5th Rank. It is observed that the least ranks were scored by Commodity, Derivatives and Other investment opportunities by both male and female parts.

3.4 FACTORS CONSIDERING WHILE CHOOSING INVESTMENT OPPORTUNITIES

Table: 3.4.1

Risk	Male %	Rank by Male	Female %	Rank by Female
Return	33.02	1	36.47	1
Liquidity	20.52	3	21.72	3
Stability	12.31	5	10.86	4
Safety	13.35	4	26.03	2
Tax benefits	20.80	2	04.92	5

Chart 3.4.1



Inference: From the data, it can be observed that Return is the most important factor while choosing an investment by both men and women. When the male group chooses tax benefits as the second important factor, it becomes the least factor in case of women.

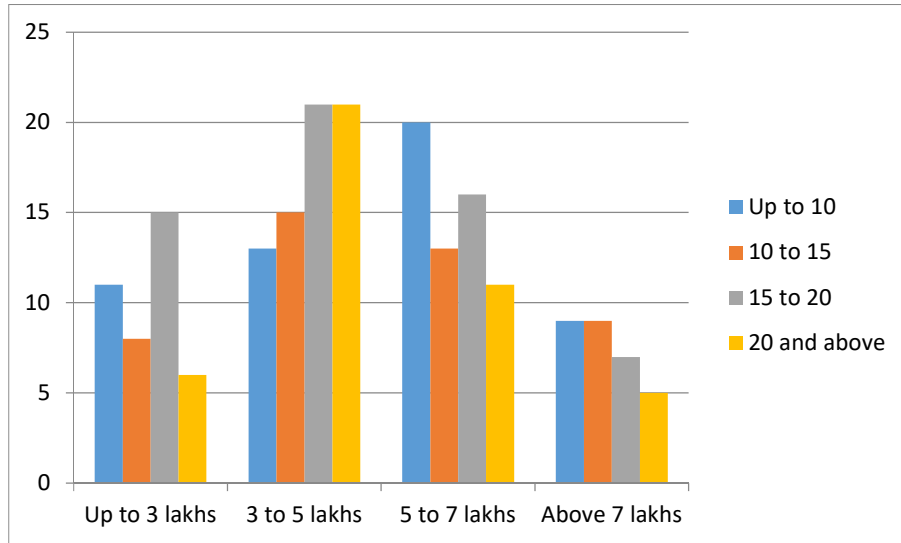
3.5 PERCENTAGE OF SAVINGS TO TOTAL INCOME

Table: 3.5.1

Percentage of income	Up to 3 lakhs	3 to 5 lakhs	5 to 7 lakhs	Above 7 lakhs	Total
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Up to 10	11	13	20	09	53
10 to 15	08	15	13	09	45
15 to 20	15	21	16	07	59
20 and above	06	21	11	05	43
Total	40	70	60	30	200

Chart: 3.5.1



Inference: It can be observed from the chart that majority of the respondent's income comes within the range of 3 to 5 and 5 to 7 lakhs. Many of them could save even above 20% above of their income.

PERCENTAGE OF TOTAL INCOME SAVE / INVEST BY MALE AND FEMALE RESPONDENTS

Table: 3.5.2

Percentage of income	Up to 3 lakhs		3 to 5 lakhs		5 to 7 lakhs		Above 7 lakhs		Total	Total
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Up to 10	8	3	12	1	18	2	8	1	46	7
10 to 15	6	2	13	2	11	2	6	3	36	9

15 to 20	13	2	16	5	13	3	4	3	46	13
20 and above	6	2	15	4	7	4	4	1	32	11
Total	33	9	56	12	49	11	22	8	160	40

Financial discipline is one of the important factors in the success of one's attainment of investment goals. The above data provides a scope to analyze whether there is any significant difference in the response of both male and female respondents in proportion of savings to total income across various income levels. For this purpose, a hypothesis has been developed.

H₀₂ : There is no significant difference in the response of male and female respondents in proportion of savings to total income across the income level.

Two sub hypothesis has been developed for the analysis;

H_{02a}: There is no significant difference in the response of male respondents in proportion of savings to total income.

H_{02b}: There is no significant difference in the response of female respondents with in each income level.

The statistical tool, Two-way ANOVA test has been applied for both male and female respondents. The results of the same is given in the table below;

Table: 3.5.3

Variations	Sum of squares	Degree of freedom	Means squares	Variance ratio
Between Rows (savings to total income)	139.5	3	46.60	3.07
Between columns (level of income)	45.5	3	15.23	1.00
Residual errors	136	9	15.11	

The calculate value of variance between rows and columns is 3.07. It is less than the table value with degree of freedom degree of freedom of 3 and 9 at 5% significance level which is 3.86. So in the case of male respondents, null (H_{02a}) hypothesis is accepted. Here it is concluded that there is no significant difference in the response of male respondents in proportion of savings to total income.

Table: 3.5.4

Variations	Sum of squares	Degree of freedom	Means squares	Variance ratio
Between Rows (savings to total income)	52.5	3	18.6	14.34
Between columns (level of income)	49.5	3	16.5	13.64
Residual errors	11	9	1.22	

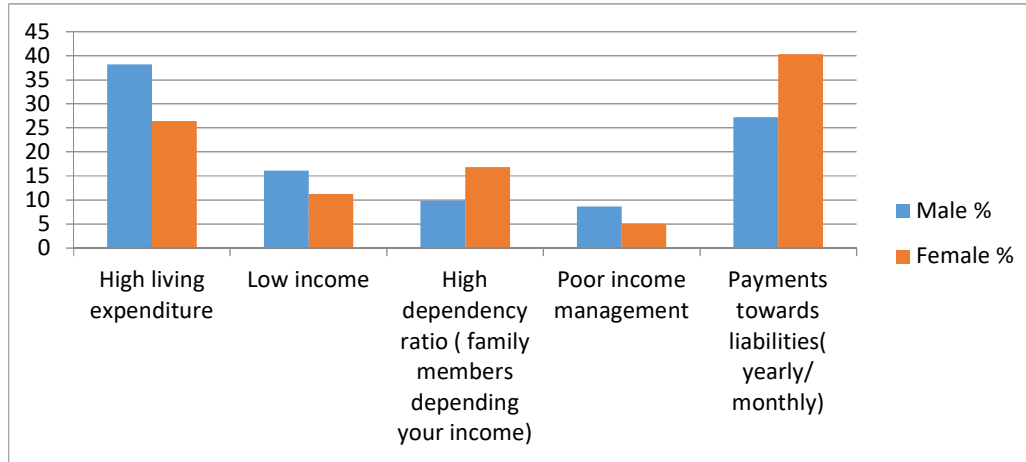
In case of female respondents, the value of variance calculated is 14.34 and the variation between columns is 13.64, which is more than the table value with degree of freedom 3 and 9 at 5% significance level 3.86. So in the case of female respondents, null hypothesis is rejected. So it is inferred that there is significant difference in the number of female respondents between proportions of savings to total income and various income levels.

3.6 FACTORS WHICH DISTRACT INVESTORS FROM SAVINGS AND INVESTMENT

Table: 3.6.1

Risk	Male %	Rank by Male	Female %	Rank by Female
High living expenditure	38.23	1	26.41	2
Low income	16.06	3	11.28	4
High dependency ratio (family members depending your income)	9.85	4	16.85	3
Poor income management	8.65	5	5.08	5
Payments towards liabilities(yearly/ monthly)	27.21	2	40.38	1

Chart : 3.6.1



Inference: From the table and chart, it is clear that reasons like payment towards liabilities and high living expenditure scored high ranks. Among the two reasons, while female group ranked payment towards liabilities as the major reason, the male group placed the reason as high living expenditure. Poor income management is selected as the least important reason by both the groups.

3.7 FINANCIAL LIABILITIES OF THE INVESTORS AND THE ALLOCATION OF INCOME

In response to a query about the financial liabilities of the respondents, 94.5% of them admitted that they have some kind of financial liabilities like housing loan, vehicle loan, gold loan, personal loan etc.

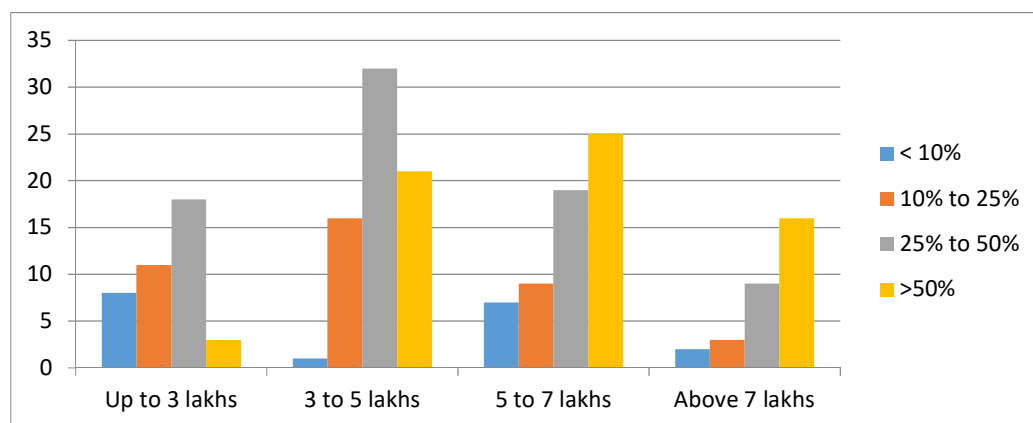
PROPORTION OF INCOME USED FOR PAYING OFF FINANCIAL LIABILITIES

Table No. 3.7.1

Percentage of income	Up to 3 lakhs	3 to 5 lakhs	5 to 7 lakhs	Above 7 lakhs	Total
< 10%	8	1	7	2	18

10% to 25%	11	16	9	3	39
25% to 50%	18	32	19	9	78
>50%	3	21	25	16	65
Total	40	70	60	30	200

Chart No. 3.7.1



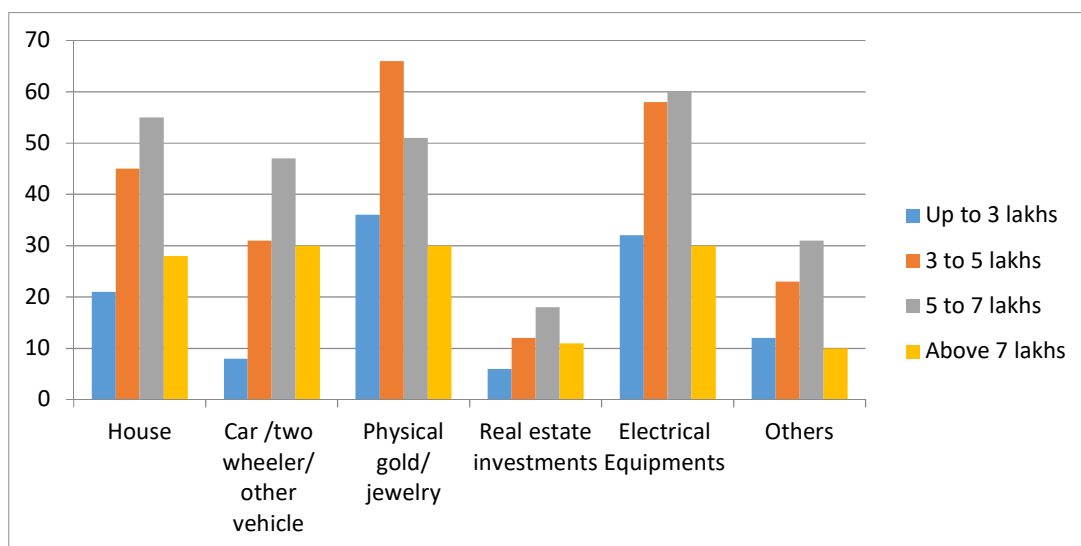
Inference: It is clear from the presentation that the proportion of the income used to pay off financial liabilities is much higher, 25% to 50% and above 50% among the class of investors whose annual income is in the group of 3 to 5 lakhs and 5 to 7 lakhs. These financial liabilities were created for acquiring various physical assets presented below;

3.8: PHYSICAL ASSETS OWNED BY VARIOUS INCOME CATEGORY OF INVESTORS

Table: 3.8.1

Physical Assets	Up to 3 lakhs	3 to 5 lakhs	5 to 7 lakhs	Above 7 lakhs	Total/200
House	21	45	55	28	149
Car /two wheeler/ other vehicle	8	31	47	30	116
Physical gold/ jewelry	36	66	51	30	183
Real estate investments	6	12	18	11	47
Electrical Equipments	32	58	60	30	180
Others	12	23	31	10	76
No. of respondents in each category of income	40	70	60	30	

Chart :3.8.1



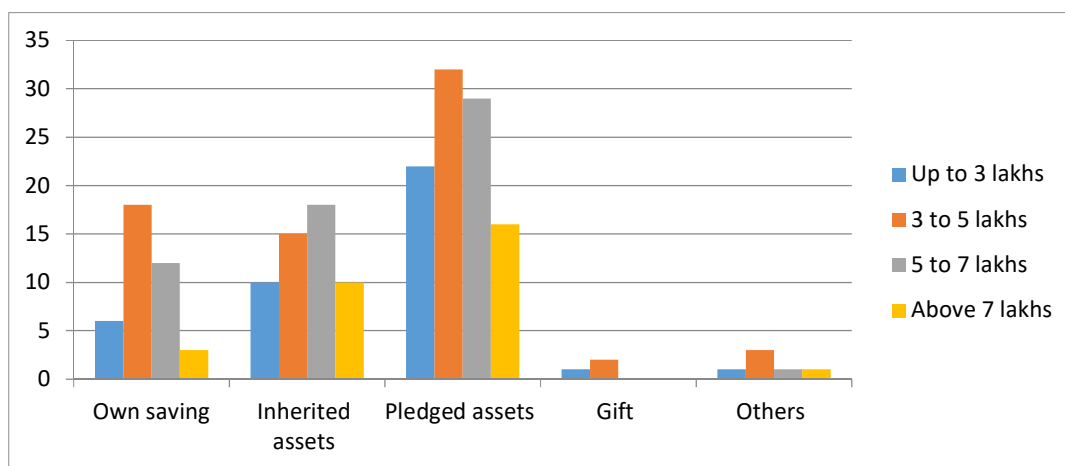
Inference: It is an interesting fact that out of 200 respondents, 149 occupies a home and 116 of them have either a car/ two wheeler or any other kind of vehicles. It is also noteworthy that 183 out of 200 respondents possess physical gold or jewelry but the quantity they own is not mentioned at all. Very few, only 47 among them have investment in real estate as an investment opportunity and 76 of them have some other kind of physical assets in possession.

3.9 SOURCES OF ACQUISITION OF PHYSICAL ASSETS

Table: 3.9.1

Sources of acquisition	Up to 3 lakhs	3 to 5 lakhs	5 to 7 lakhs	Above 7 lakhs	Total
Own saving	6	18	12	3	39
Inherited assets	10	15	18	10	53
Pledged assets	22	32	29	16	99
Gift	1	2	0	0	3
Others	1	3	1	1	6
Total	40	70	60	30	200

Chart: 3.9.1



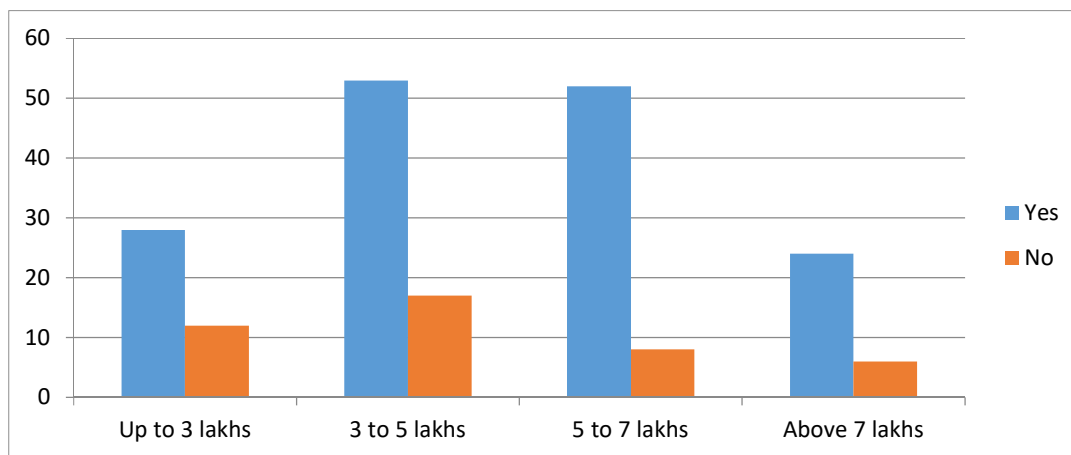
Inference: From the chart and table, it can be observed that majority of the respondents across the income groups admit that they have acquired various physical assets they owned by them through either through pledging the assets or through some kind of loans and advances. It is also a noteworthy point that a few were inherited those assets through their own savings. Sources like gift or some other sources are negligible.

3.10 INVESTMET IN LIFE INSURANCE BY INVESORS

Table: 3.10.1

Payment of Insurance Premium	Up to 3 lakhs	3 to 5 lakhs	5 to 7 lakhs	Above 7 lakhs	Total
Yes	28	53	52	24	157
No	12	17	8	6	43
Total	40	70	60	30	200

Chart: 3.10.1



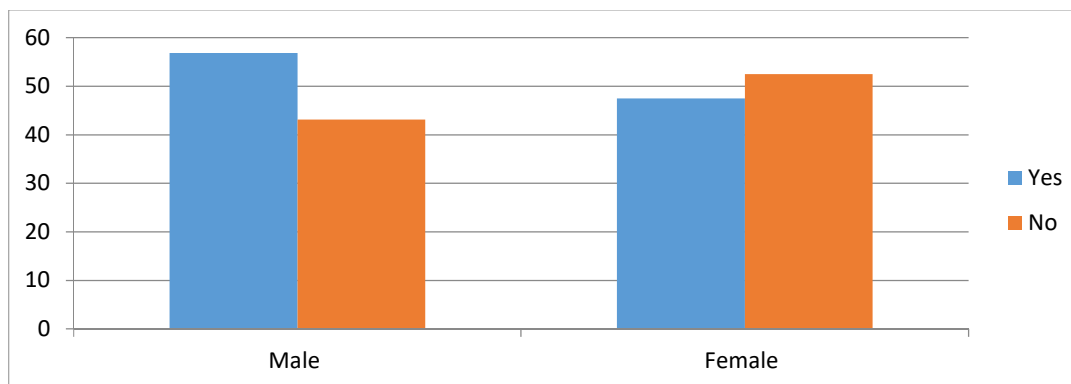
Inference: It is clear from the table and charts that majority of the investors having life insurance coverage other than different investments. It is calculated that 78.5% out of a 200 respondents having coverage under life insurance.

3.11 TAKING EXPERT OPINION REGARDING INVESTMENT

Table: 3.11.1

Expert opinion Regarding investment	Male	%	Female	%	Total
Yes	78	48.75	28	46.67	110
No	82	51.25	32	53.33	90
Total	160		60		200

Chart: 3.11.1



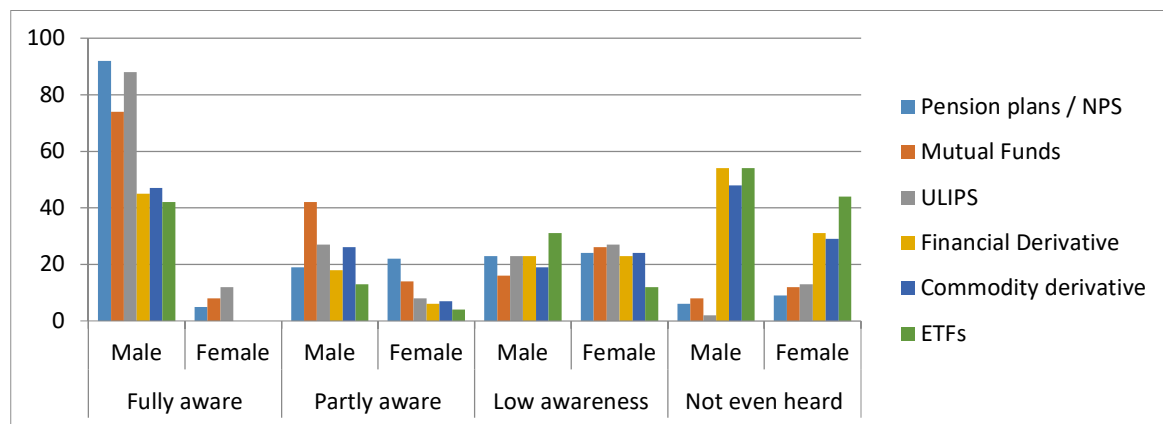
Inference: There is no clear picture on whether the male or female group having the dominance in taking expert opinion regarding investment. But one thing is implied that near to half of the both the categories of investors are taking expert opinion regarding investment.

3.12 AWARENESS LEVEL OF NON-CONVENTIONAL INVESTMENT OPPORTUNITIES

Table :3.12.1

Investment Options	Fully aware		Partly aware		Low awareness		Not even heard	
	Male	Female	Male	Female	Male	Female	Male	Female
Pension plans / NPS	92	5	19	22	23	24	6	9
Mutual Funds	74	8	42	14	16	26	8	12
ULIPS	88	12	27	8	23	27	2	13
Financial Derivative	45	0	18	6	23	23	54	31
Commodity derivative	47	0	26	7	19	24	48	29
ETFs	42	0	13	4	31	12	54	44

Chart : 3.12.1



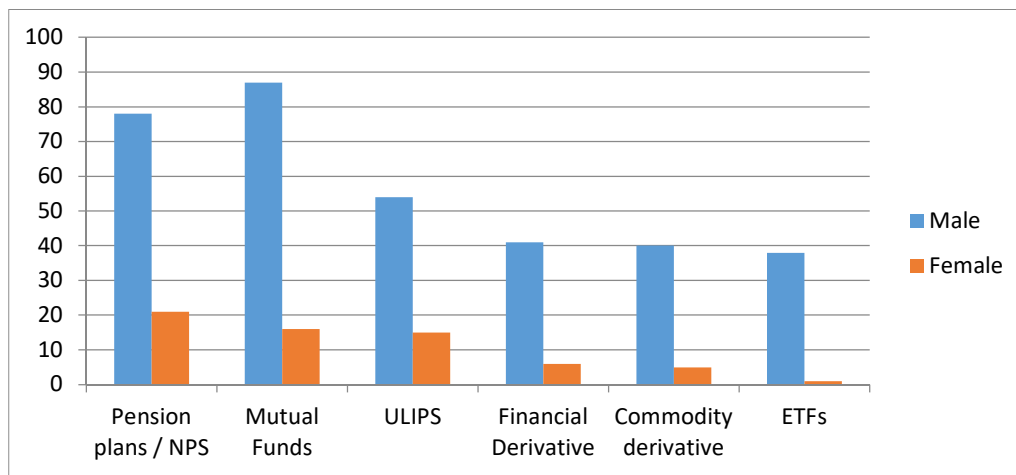
Inference: Considering the awareness level of non-conventional investment avenues, male respondents dominate the awareness regarding investments. More than half of the male respondents are either fully or partly aware about these investment avenues and a very few were not aware about these products. A good number of female group does not have awareness in Exchange Traded Funds(ETFs), commodity and financial derivatives, Unit Linked Insurance Plans(ULIPS), Mutual Funds etc. Another important observation is that a very low awareness is shown by both male and female groups in the opportunities like Financial and Commodity derivatives and ETFs.

3.13 INVESTMETNS MADE IN THE NON-CONVENTIONAL INVESTMENT AVENUES

Table: 3.13.1

Investment Opportunities	Male	Female	Total
Pension plans / NPS	78	21	99
Mutual Funds	87	16	103
ULIPS	54	15	69
Financial Derivative	41	6	47
Commodity derivative	40	5	45
ETFs	38	1	39

Chart 3.13.1



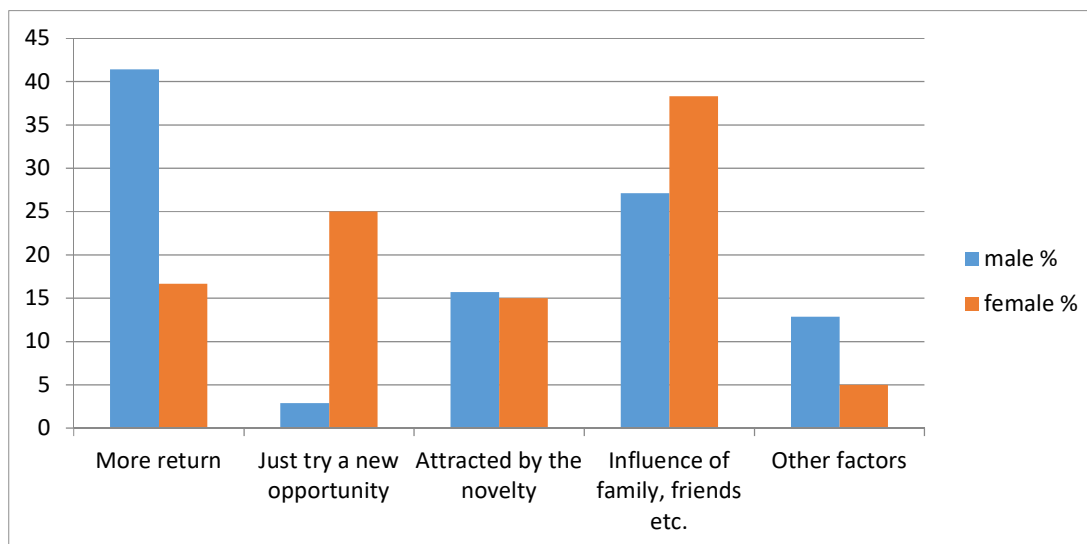
Inference: With Regard to the investment in the non-conventional investment opportunities also the male group dominates the female part. In case of female group, many of them who were even aware about the products were not take part in the actual investment.

INVESTMETNS MADE IN THE NON-CONVENTIONAL INVESTMENT AVENUES BY MALE AND FEMALE

Table: 3.13.2

Motivated factors for investment	Male	%	Rank	Female	%	Rank
More return	58	41.43	1	10	16.67	3
Just try a new opportunity	4	02.86	5	15	25.00	2
Attracted by the novelty	22	15.71	3	9	15.00	4
Influence of family, friends etc.	38	27.14	2	23	38.33	1
Other factors	18	12.86	4	3	05.00	5
	140			60		

Chart : 3.13.2



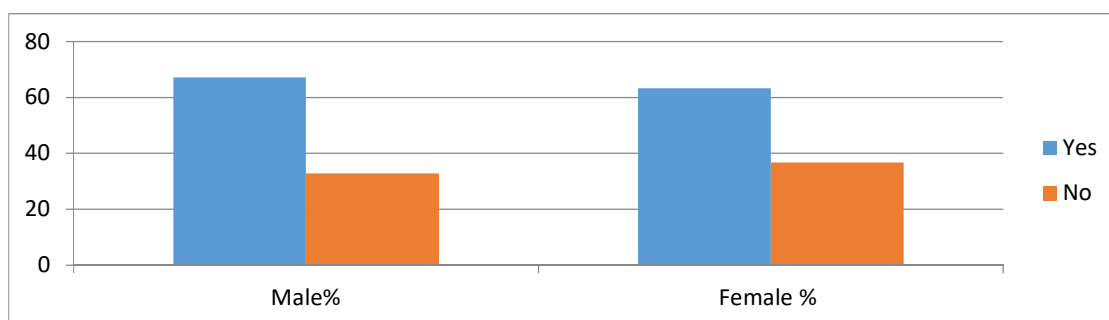
Inference: While considering the reasons for choosing non-conventional investment, there is much difference in the opinion of both male and female respondents. If male rank ‘more return’ as the major reason, it is ‘influence of family, friends etc.’ in case of female group. The other factors ranked by male group are influence of family, friends etc., novelty of the products, other factors etc. In case of female, other reasons are in the order, just try a new opportunity, more return, attracted by the novelty and other factors.

3.14 RECOMMENDATION OF BANK DEPOSITS AS THE BEST OPPORTUNITY FOR THE COMMON MAN

Table : 3.14.1

Recommendation of Bank deposits	Male	%	Female	%	Total
Yes	94	67.14	38	63.33	
No	46	32.86	22	36.67	
Total	140		60		200

Chart: 3.14.1



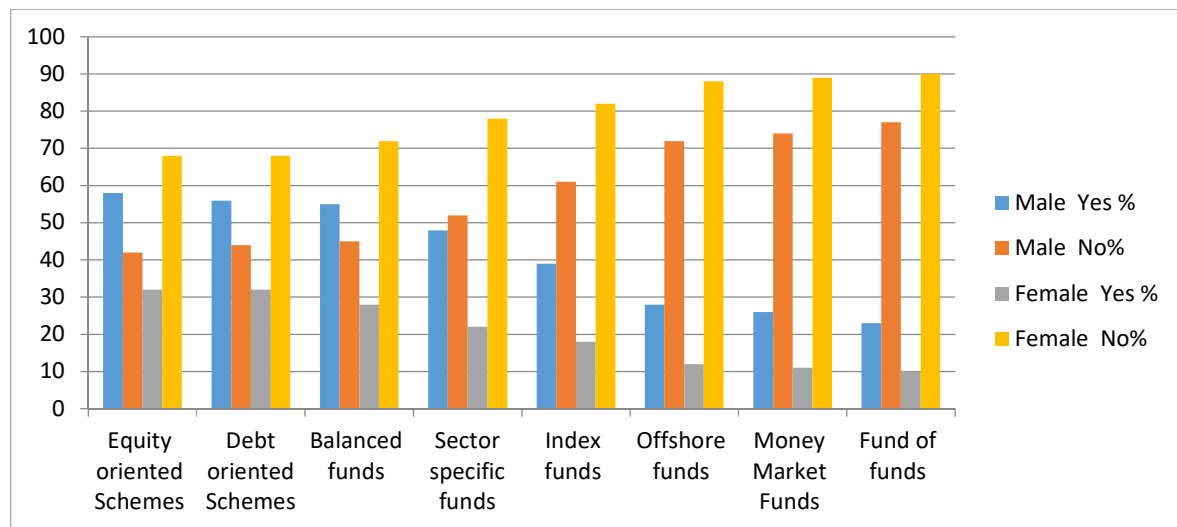
Inference: From the analysis, it is clear that majority of both male and female groups have the opinion that bank deposits are the best investment opportunity for the common man.

3.15. INVESTOR AWARENESS ABOUT VARIOUS TYPES OF MUTUAL FUND SCHEMES

Table : 3.15.1

Types of schemes	Male		Female	
	Yes(%)	No(%)	Yes(%)	No(%)
Equity oriented Schemes	58	42	32	68
Debt oriented Schemes	56	44	32	68
Balanced funds	55	45	28	72
Sector specific funds	48	52	22	78
Index funds	39	61	18	82
Offshore funds	28	72	12	88
Money Market Funds	26	74	11	89
Fund of funds	23	77	10	90

Chart: 3.15.1



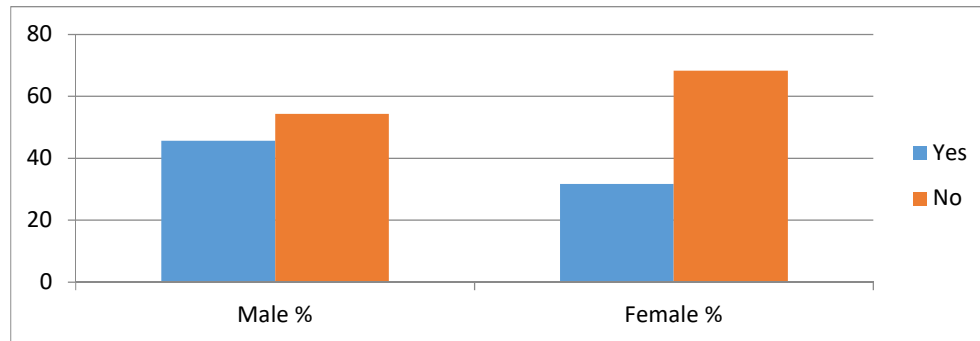
Inference: From the table and chart it can be inferred that, in case of Mutual Funds, the awareness level is high in case of male group compared to female. In case of all the base forms of schemes like, Equity oriented, Debt oriented and Balanced schemes, more than 50% of the male group have awareness. But in case of female group, the awareness levels in such forms are below 35%. In case of Off-shore funds, Money market funds and Fund of funds, the awareness level of female group is negligible.

3.16. INVESTMENT IN MUTUAL FUNDS THROUGH SYSTEMATIC INVESTMENT PLAN(SIP)

Table: 3.16.1

Investment through SIP	Male	%	Female	%	Total
Yes	64	45.72	19	31.67	83
No	76	54.28	41	68.33	117
Total	140		60		200

Chart: 3.16.1



Inference: From the data, it can be observed that majority of the male respondents have mutual fund investment through Systematic Investment Plan(SIP).ie, more than 50%. Among the female group, still there is only just above thirty percent having invested through SIP. It shows the familiarity of the mutual fund investment among young people. They have responded that this route of investment is easy for them to maintain.

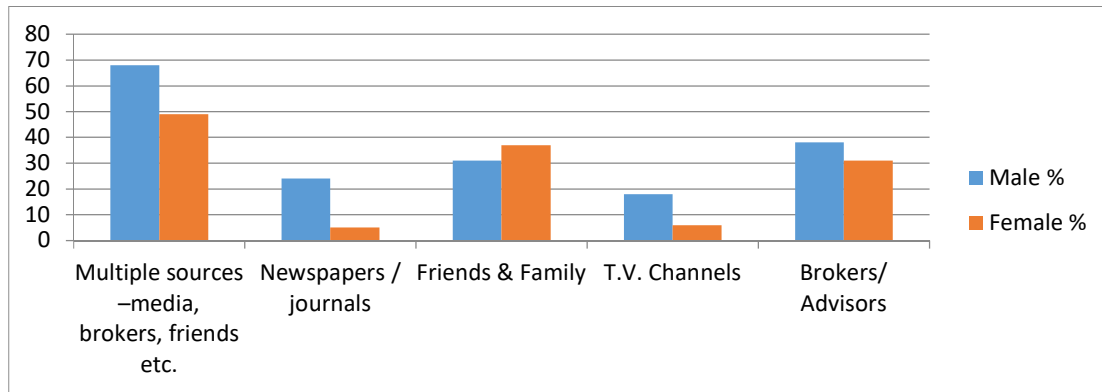
3.17. MAJOR SOURCES OF INFORMATION FOR INVESTMENT

Table: 3.17.1

Sources of Information	Male %	Female %
Multiple sources –media, brokers, friends etc.	68	49
Newspapers / journals	24	5
Friends & Family	31	37
T.V. Channels	18	6

Brokers/ Advisors	38	31
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Chart: 3.17.1



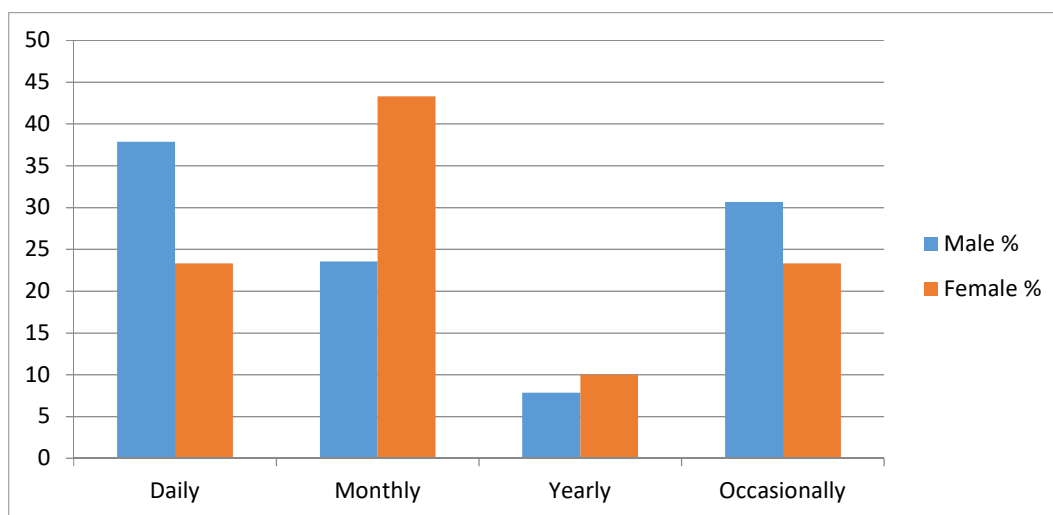
Inference: From the data, it is obvious that the major source of information collected by both male and female are multiple sources like media, brokers, friends etc. Other sources of information for them are brokers/advisors and friends/ family.

3.18 REGULARITY OF MONITORING INVESTMENTS

Table: 3.18.1

Monitoring of investments	Male	%	Female	%	Total
Daily	53	37.88	14	23.33	67
Monthly	33	23.56	26	43.33	59
Yearly	11	07.86	6	10.00	17
Occasionally	43	30.70	14	23.34	57
Total	140		60		200

Chart: 3.18.1



Inference: From the data, it can be observed that even though the majority of the male group is monitoring their investments daily, a good number of them monitor occasionally too. In case of female respondents, majority of them monitor their investments monthly or daily basis regularly. It shows that female group is more systematic in monitoring their investments.

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

The study revealed some relevant outcomes. The important among them is depicted below;

1. It is observed that the majority of the salaried class is seeing investment as a pure social behavior as well as for acquiring physical assets and meeting children's education marriage etc. In case of business class, investing based on the objective to acquire physical assets in future as well as it is done as a social behavior. The Professionals also move in the same path. It is observed that very few of all the categories responded as it is done for retirement.
2. Considering the age group, respondents whose age ranging from up to 25 to 35above, the majority has the investment objective either to acquire physical assets or it is done as a social behavior. In case of income wise analysis also same pattern of saving objective can be observed.
3. Through Chi-square analysis, it was also observed that all the major demographic factors like occupation, age and income are dependent of saving habits.
4. From the analysis, it was inferred that bank deposit still the favor of even the young generation. 58% of the total population prefers bank deposits as their primary investment opportunity. It is an interesting fact that 48% of the total respondents

invested in Mutual Funds. Many Mutual Fund investors responded that they have opted Systematic Investment Plan(SIP) for mutual fund investment because it is more convenient for them. The potential growth of investment in this venture tempts them to invest more in this route. Insurance is the next preferred choice. It is observed that majority of the people selected endowment policies among various categories of insurance. Another noted fact is that a good number of people have investment in either Pension schemes, EPF or National Pension Scheme(NPS). Respondents revealed that many of them have awareness about National Pension Scheme and majority of the salaried class have insistence from their employer to have NPS account. Respondents from the government and semi government employees already have NPs account.

5. In case of gold as an investment opportunity, it was observed that out of the 200 respondents, 40% of the respondents have investments in gold, mostly in the form of Jewelry. Few investors have investments in gold investment schemes offered by Jewelry shops and Gold Exchange Traded Funds(GOLD ETFs).
6. In a comparison among Male and Female investors on preference on investment opportunities, it is observed that there is much difference in their preference. When the male respondents preferred Bank Deposits mostly, the female part's favorite was Gold and precious metals. It is also an interesting fact that a good number of female investors prefer Mutual Funds for investment.
7. When analyzing the factors consider by the investors while choosing investment opportunity, it was observed that Return is the most important factor preferred by both men and women. When the male group chooses tax benefits as the second important factor, it was selected as the least important factor by women.

8. It was observed that the majority of the respondent's income comes within the range of 3 to 5 and 5 to 7 lakhs. Around 60% of them could save above 20% of their income. By using ANOVA it was found that there is significant difference in the number of female respondents between proportions of savings to total income and various income levels. So it can be inferred that female are more financially disciplined compared to the male part.
9. Considering the factors which distract people from investment, monthly payments towards liabilities and high living expenditure are the major reasons chosen by both male and female respondents unanimously. Poor income management is selected as the least important reason by both the groups.
10. The proportion of the income used by the respondents to pay off financial liabilities is much higher, 25% to 50% and in certain cases it is above 50% among the class of investors whose annual income is in the group of 3 to 5 lakhs and 5 to 7 lakhs. It was also observed that these financial liabilities were created by them for acquiring various types of physical assets.
11. Take in to account various types of physical assets owned by the respondents; it was an interesting fact that out of 200 respondents, 149 have owned house and 116 of them have a car/ two-wheeler or any other kind of vehicles. It is also noteworthy that 183 out of 200 respondents possess physical gold or jewelry but the quantity they own is not mentioned at all. Very few, only 47 among them have investment in real estate as an investment opportunity and 76 of them have some other kinds of physical assets in possession.
12. With reference to sources of various physical assets owned by respondents, it was observed that majority of the respondents across the income groups admit that they have acquired various physical assets they owned by them through either through

pledging the assets or through some kind of loans and advances. A few were inherited those assets through their own savings. Sources like gift or some other sources are negligible.

13. It was observed that majority of the investors having life insurance coverage other than different investments. It is calculated that 78.5% out of a 200 respondents having coverage under life insurance.

14. It was also observed that near to half of the both the categories of investors, male and female are taking expert opinion regarding investment.

15. Considering the awareness level of non-conventional investment avenues, male respondents dominate the awareness regarding investments. More than half of the male respondents are either fully or partly aware about these investment avenues and a very few were not aware about these products. A good number of female group does not have awareness in Exchange Traded Funds(ETFs), commodity and financial derivatives, Unit Linked Insurance Plans(ULIPS), Mutual Funds etc.

16. With Regard to the actual investment in the non-conventional investment opportunities also the male group dominates the female part. In case of female group, many of them who were even aware about the products were not take part in the actual investment.

17. While considering the reasons for choosing non-conventional investment, there is much difference in the opinion of both male and female respondents. If male rank 'more return' as the major reason, it is 'influence of family, friends etc.' in case of female group.

18. In case of Mutual Funds, the awareness level is high in case of male group compared to female. In case of all the base forms of schemes like, Equity oriented, Debt oriented and Balanced schemes, more than 50% of the male group have awareness. But in case

of female group, the awareness levels in such forms are below 35%. In case of Off-shore funds, Money market funds and Fund of funds, the awareness level of female group is negligible.

19. Considering the major source of information for investment, both male and female groups use multiple sources like media, brokers, friends etc. Other sources of information are brokers/advisors and friends/ family.
20. Another observation is even though the majority of the male group is monitoring their investments daily, a good number of them monitor occasionally too. In case of female respondents, majority of them monitor their investments monthly or daily basis regularly. It shows that female group is more systematic in monitoring their investments.

SUGGESTIONS AND RECOMMENDATIONS

1. As it is observed that regardless of people engaged in Business, Profession and Salaried class, people are saving for the purpose of acquiring physical assets, children's education, and marriage or investment as a mere social process. So new investment options which serve these purposes will have a great demand in the near future.
2. It was found that majority of the population still prefer bank deposits as an easy and reliable investment opportunity. So the banks may take more promotional measures to attract more bank deposits. Banks may take steps to introduce innovative deposit schemes also.
3. It is an interesting fact that 48% of the total respondents invested in Mutual Funds.

Many Mutual Fund investors responded that they have opted Systematic Investment

Plan(SIP) for Mutual Fund investment because it is more convenient for them. The Mutual Fund companies may take it as an opportunity and conduct more investor awareness programmes to attract more investments in Mutual Funds.

4. A good number of people have investment in either Pension schemes, EPF or National Pension Scheme(NPS). It was observed that some people still need more awareness about National Pension Scheme(NPS) and Employee Provident Fund(EPF).
5. Many respondents have investment in gold in the form of jewelry. Some have investment in Gold ETFs or schemes offered by jewelry shops. It was found that more promotion is required in case of Gold ETFs as many people are unaware about it.
6. It was also observed that near to half of the both the categories of investors, male and female are taking expert opinion regarding investment. So the investment advisors may take keen interest on updating the information service to their clients. Such additional services can attract more clients too.
7. It was analyzed that a good number of female group does not have awareness in Exchange Traded Funds(ETFs), Commodity and Financial Derivatives, Unit Linked Insurance Plans(ULIPS), Mutual Funds etc. So special investor awareness programmes need to be arranged focusing the working women.
8. There is a good demand for Mutual Funds as an Investment Opportunity, especially the SIP route. Mutual Fund Companies may utilize this situation through various measures.

CONCLUSION

The study primarily deals with changing investor perception towards savings and investments and their preference towards new investment opportunities by the youngsters of Kerala State. Many exciting factors regarding the changes in the investment aptitude and variations in the goals set on investments by youngsters could reveal through this study. It was witnessed that duration of the investments set by them is not too long. Analysis Based on all the demographic factors pointed out that the youngster either to save/invest to acquire physical assets or considering it as basic a social process. It was also observed that majority of the youngsters have financial liabilities towards banks and financial institutions. They use a good portion of their earnings, in certain cases more than 50% of the earnings, towards paying off the same. They use the money either to possess a house or a vehicle.

Considering the awareness of non-conventional investment opportunities, A good number of female group does not have awareness in Exchange Traded Funds(ETFs), commodity and financial derivatives, Unit Linked Insurance Plans(ULIPS), Mutual Funds etc. But it was observed that the female respondents monitor their investments monthly or daily basis regularly. It shows that female group is more systematic in monitoring their investments. Through this study such observations could made relating to the investment behavior of youngsters especially the state of Kerala.

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CHANGING INVESTOR PERCEPTION TOWARDS SAVINGS AND INVESTMENTS AMONG THE YOUNGSTERS IN KERLA

QUESTIONNAIRE

(The information collected will be used only for academic purpose and will be kept confidential.)

Please answer the following questions by ticking the relevant blocks.

1. Do you have savings / investment?
 Yes No

2. What are your general areas of savings/investments? (Rank according to preference)

Bank Deposit	
Post office Savings	
Equity shares	
Debt instruments	
Mutual Funds	
Pension Plans/PPF/ NPS	
Gold and precious metals	
Real Estate	
Insurance	
Commodity Markets	
Derivatives	
Others if any (Pls specify.....)	

3. Why do you save / invest? (Rank your reasons on scale of 1 – 5, for the most important , rank 1 and 5 for the least)

to meet the uncertainties of future	
for the known needs of the future (education of children/ their Marriage etc..)	
to acquire physical assets	
for retirement	
no specific goals	
as a social behavior	

4. How much of your income (yearly) you could save/ invest (approx.)

- < 10 %
 10% - 15%
 15% – 20%
 >20%

5. What are the various factors you consider while choosing the savings/ investment avenues (rank on a scale of 1- 6)

Risk	
Return	
Liquidity	

Stability	
Safety	
Tax benefits	

6. In your opinion, what are the various factors which distract you from savings/ investment (rank on a scale of 1- 6)

High living expenditure	
Low income	
High dependency ratio (family members depending your income)	
Poor income management	
Payments towards liabilities(yearly/ monthly)	
Inflation and other economic matters	

7. Do you have any financial liabilities? (personal loans, housing loans etc.)

Yes No

8. If yes, how much of your income (yearly) required for the payments towards it?(approx.)

< 10 % 10% - 25% 25% – 50% >50%

9. Please tick the physical assets which you owned.

House	
Car	
Physical gold/ jewelry	
Real estate investments	
Electrical Equipments	
Others	

10. Please tick the sources of acquisition of the above mentioned (q.no.9) assets?

- Own savings inherited asset pledged asset
 Gift Others

11. Do you have any premium payments towards Life Insurance Policy?

Yes No

12. Have you ever discussed/taken expert opinion regarding your investment?

Yes No

13. Rate your awareness level in the following investment opportunities

	Fully aware	Partly aware	Low awareness	Not even heard
Pension plans / NPS				
Mutual Funds				
ULIPS				
Financial Derivative				
Commodity derivative				
ETFs				

14. Please tick the investments which you have even made once.

Pension plans / NPS	
Mutual Funds	
ULIPS	
Financial Derivative	
Commodity derivative	
ETFs	

15. Which factors motivated you to invest in the above mentioned (q.no.14) investment opportunities? (rank from 1to 5)

More return	
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Just try a new opportunity	
Attracted by the novelty of the new opportunity	
Influence of family, friends etc.	
Others if any	

16. If you have not invested in any of the investment opportunity even once which is mentioned in the in the q.no.14, what are the reasons?

Fear of loss inadequacy of funds low awareness level

Low availability feels that they are not good opportunities for investment

any other

17. Do you have the opinion that Bank deposits are the best saving/investment opportunity for the common man?

Yes No

18. Are you aware about the following types of Mutual Fund Schemes (Please tick)

Types of schemes	Yes	No
Equity oriented Schemes		
Debt oriented Schemes		
Balanced funds		
Sector specific funds		
Index funds		
Offshore funds		
Money Market Funds		
Fund of funds		

19. Do you have a SIP (Systematic Investment Plan) in Mutual Funds?

Yes No

20. Which of the following are your major sources of information for investment? (tick the sources)

Multiple sources –media, brokers, friends etc.	
Newspapers / journals	
Friends & Family	
T.V. Channels	
Brokers/ Advisors	

21. How often do you monitor your investment

- Daily
 monthly
 yearly
 occasionally

Personal information

Your Age group

- up to 25
 25 – 30
 30- 35
 above 35

Your Gender

- Male
 Female

Your Source of Income

- Salary
 Business
 Profession

Your Qualification

- Under graduate
 graduate
 Post graduate
 Other

Your annual income

- Below 3 lakhs
 3-5 lakhs
 5-7 lakhs
 >7 lakhs