

A Study on Preferred Investment Avenues among Working Class Investors - With Special Reference to Moradabad

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Abstract: *Investment is an activity that is engaged in by people who have savings i.e. investments are made from savings, or in other words people invest their savings. A variety of investment options are available such as bank, Gold, Real estate, post services, mutual funds & so on. Investors are investing their money with the different objectives such as profit, security, appreciation, Income stability. Researcher has studied the different avenues of investments as well as the factors while selecting the investment with the sample size of 100 Working Class employees by conducting the survey through questionnaire in Moradabad, India. The study is based on personal interviews with Working Class Investors, using a structured questionnaire. Actually, the present study identifies the preferred investment avenues among the individual investors using self assessment test. The study is based on primary sources of data which are collected by distribution of a close ended questionnaire. The data has been analyzed using percentage, chi-square test, and Person Correlation Coefficient with the help of statistical software. The researcher has analyzed that Working Class employees consider the safety as well as good return on investment on regular basis. Respondents are aware about the investment avenues available in India except female investors.*

I. Introduction

The developing nations like India face the tremendous undertaking of finding adequate capital in their improvement endeavors. The greater part of these nations think that its hard to escape the endless loop of destitution of low salary, low sparing, low venture, low work and so forth. With high capital yield proportion, India needs exceptionally high paces of speculations to put forth jump forward in her attempts of achieving significant levels of development. Since the start of arranging, the accentuation was on venture as the essential instruments of monetary development and increment in national salary. So as to have creation according to target, venture was viewed as the urgent determinant and capital arrangement must be upheld by suitable volume of sparing. Speculation is the penance of certain current incentive for the questionable potential compensation. Speculations are continually fascinating, testing and fulfilling. By and large where there is a high hazard, more pace of return is guaranteed. Hazard and prize go together.

The significant highlights of a venture are wellbeing of chief sum, liquidity, pay steadiness, gratefulness and simple transferability. An assortment of venture roads are accessible, for example, shares, bank, organizations, gold and silver, land, disaster protection, postal reserve funds, etc. All the financial specialists put their overflow cash in the previously mentioned roads dependent on their hazard taking demeanor.

Working Class Investors:

The respondent of research study comprise just those individuals who acquiring fixed Income as pay so the investigation included just working class gathering of individuals. The Investment example of the Working Class workers is distinctive because of wellbeing, customary progression of salary, charge sparing advantages, security, Retirement benefits as opposed to experts and businessperson.

Venture Option Available:

In India there are numerous Investment avenues are accessible. The accompanying figure is truly self logical in regards to speculation choices. Speculations are extensively characterized into five classes for example Value, Debt, Real Estate, Commodities and Miscellaneous.

Equity:

Equity is one of the most unsafe zones. Be that as it may, simultaneously this is additionally a spot where a financial specialist can acquire high paces of profits that will push up the profits of the whole portfolio. There is a requirement for the financial specialist to isolate the hypothesis from the venture. Interest in values can be made legitimately by the acquisition of shares from the market or it very well may be done through the common reserve course, whereby the financial specialist purchases the common store units and the reserve thusly purchases value Shares for its portfolio. There are different advantages just as dangers related with both these courses and it is dependent upon the person to decide.

Debt:

Debt is a course that a great many people will know and have the essential experience of. There is a wide scope of obligation instruments that are available from bank fixed stores to organization fixed stores. Obligation is straightforward as the speculator sick procure at a fixed level of the venture, which will at that point be come back to the financial specialist at the hour of development or reclamation of the venture.

Mutual Funds:

This is a developing territory for speculation and there is a huge assortment of plans in the market to suit the necessities of countless individuals. In money, when all is said in done, you can consider value possession in any advantage after all obligations related with that benefit are paid off. For instance, a vehicle or house with no remarkable obligation is viewed as the proprietor's value since the person can promptly sell the thing for money. Stocks are value since they speak to proprietorship in an organization.

Corporate Debenture:

Corporate debentures are ordinarily supported by the notoriety and general financial soundness of the giving organization. It is a kind of obligation instrument that isn't secured by the security of physical resources or insurance. Debentures are a technique for raising credit for the organization and in spite of the fact that the cash consequently raised is viewed as a piece of the organization's capital structure, it isn't a piece of the offer capital.

Company Fixed Deposit:

Company fixed store is the store put by financial specialists with organizations for a fixed term conveying a recommended pace of intrigue. Company Fixed Deposits are basically implied for preservationist speculators who don't wish to face the challenge of ideas of the securities exchange. In any case, The 2013 IBEA, International Conference on Business, Economics, and Accounting 20 – 23 March 2013, Bangkok – Thailand specialists state the due industriousness that a speculator ought to attempt is like that before purchasing shares. Getting attracted by the high loan fee alone isn't prudent.

Fixed Deposits:

Fixed Deposits with Banks are likewise alluded to as term stores. Least venture period for bank FDs is 30 days. Stores in banks are extremely protected due to the guidelines of RBI and the assurance gave by the store protection organization. The loan fee on fixed stores shifts with term of the stores Bank stores appreciate extraordinarily high liquidity. Credits can raise against bank stores.

Post Office Savings:

Post Office Monthly Income Scheme is an okay sparing instrument, which can be profited through any Post Office The loan cost on stores is marginally higher than banks. The premium is determined half yearly and paid yearly Life Insurance Policies: Insurance organizations offer numerous venture plans to speculators. These plans advance sparing and also give protection spread. LIC is the biggest extra security organization in India. Protection strategies, while taking into account the hazard remuneration to be looked later on by financial specialist, additionally have the benefit of acquiring a sensible enthusiasm on their speculation protection premiums.

Public Provident Fund (PPF):

The 2013 IBEA, International Conference on Business, Economics, and Accounting 20 – 23 March 2013, Bangkok – Thailand A drawn out investment funds instrument with a development of 15 years. A PPF record can be opened through a nationalized bank at whenever during the year and is open all during that time for keeping cash. Tax reductions can be benefited for the sum contributed and intrigue accumulated is tax-exempt. A withdrawal is allowable consistently from the seventh monetary year of the date of opening of the record

Real Estate:

Interest in land likewise made when the normal returns are appealing. Purchasing property is a similarly exhausting venture choices. Land speculation is regularly connected with the future advancement plans of the area. At present interest in genuine resources is blasting there are different speculation source are accessible for venture which are straightforwardly or in a roundabout way contributing land. Likewise, the more princely financial specialists are probably going to be keen on other sort of land, similar to business property, farming area, semi urban land, and resorts. The bullion offers venture opportunity as gold, silver, workmanship objects (canvases ,collectibles), valuable stones and different metals (valuable items), explicit classes of metals are exchanged the metal trade.

II. Review of Literature

V.R.Palanivelu &K.Chandrakumar (2016) examined the Investment decisions of Working Class class in Namakkal Taluk, Tamilnadu, India with the assistance of 100 respondents as an example size and it uncovers that according to Income level of representatives, put resources into various roads. Age factor is likewise significant while doing ventures.

Avinash Kumar Singh (2016) the investigation broke down the speculation example of individuals in Bangalore city and Bhubaneswar and examination of the investigation was attempted with the assistance of review strategy. After examination and translation of information it is presumed that in Bangalore speculators are increasingly mindful about different venture roads and the hazard related with that. All the age bunches give increasingly critical to put resources into value and with the exception of individuals the individuals who are over 50 offer imperative to protection, fixed stores and assessment sparing advantages.

Karthikeyan (2011) has led inquire about on Small Investors Perception on Post office Saving Schemes and found that there was critical distinction among the four age gatherings, in the degree of mindfulness for Kisan Vikas Patra (KVP), National Savings Scheme (NSS), and store Scheme for Retired Employees (DSRE),and the Overall Score Confirmed that the degree of mindfulness among financial specialists in the mature age bunch was higher than in those of youthful age gathering.

Sandhu and Singh (2014) The examination depended on organized essential information. The review was directed during October and November 2002. The example of 50 adopters and 50 non-adopters from the universe including the city of Amritsar was chosen. The examination broke down in the event of adopters that straightforwardness, wellbeing, comfort and economy decided as a significant component of net exchanging followed by advertise quality and liquidity while if there should be an occurrence of non-adopters economy and accommodation were the significant highlights followed by different variables like market quality, security and liquidity.

Prasad (2009) analyzed the impression of the financial specialists and their mindfulness on different venture choices accessible. An example of 100 speculators has been taken from the twin urban areas of Hyderabad and Secunderabad. The consequence of discoveries indicated 75% Net brokers were utilizing on the web stock exchanging requiring solid innovation base

while Traditional dealers felt internet exchanging not an intense procedure of stock exchanging and they didn't take part in net exchanging because of danger of a framework disappointment.

Significance of the Study:

Working Class representatives have fix stream of salary and their speculations designs are additionally unique. Regarding this Researcher will attempt to discover speculation conduct of financial specialists in Moradabad locale. It will supportive to comprehend the venture inclinations of financial specialists. The examination will likewise illuminate the familiarity with the speculations roads accessible in India. The research paper will turn into the assistance to the exploration researchers just as understudies for their further investigations their respective field.

Objectives of the Study:

The present study is an attempt to throw a light on Investment behavior of Working Class employees of Moradabad, Uttar Pradesh.

The objectives are as follows:

1. To study the investment preferences while selecting the securities by Working Class employees of Moradabad Region, India.
2. To know the source of motivation of Working Class employees.
3. To know the factor that influencing investment behavior of the employees.
4. To find the problems facing by the investors.

Hypotheses Of The Study

Hypothesis 1 - There is no significant difference between Gender and level of awareness about the investments.

Hypothesis 2- There is no significant relationship between the income level & awareness of the investments.

Hypothesis 3- Education qualification affects on the selection of investment avenues

III. Research Methodology:

The validity of any research is based on the systematic method of data collection and analysis of the data collected. The data is collected through primary data as well as secondary data. The study is based on the data collected from individual investors in Moradabad. The sampling technique followed in this study is probability sampling. Simple random techniques are used to select the respondent from the available database. Accordingly the researcher has selected 40 investors in the study area.

Statistical Tools:

There are various statistical tools which are used in analyzing data. The following tools are used for representing and analyzing data.

Data Representation:

- Table
- Percentage
- diagram

- Charts

The data analyzed by using under mentioned Techniques:

- Chi square test
- Person Correlation Coefficient

IV. Results And Discussion:

Awareness About The Investment Avenues

A survey was made among the respondents about their knowledge on various investment avenues and the result of that have been presented in the following table

Awareness About The Investment Avenues (Table 1)

Sr. No	Awareness about Investment Avenues in India	No. of Respondents	Percentages (%)
01	Yes	24	60
02	No	16	40
	Total	40	100.00

Above table shows that out of 40 investors 60% are aware about the investment avenues whereas 40% are unaware.

Testing Of Hypothesis:

H_0 : “There is no significant difference relationship between Gender and the investment awareness level”.

H_1 : “There is a significant difference relationship between Gender and the investment awareness level”.

To test the above hypothesis the researcher has used the chi square test”.

Observed Frequency

Gender	Awareness	Not Awareness	Total
Male	20	13	33
Female	4	3	07
Total	24	16	40

Chi-Square Test

O	E	(O-E)	(O-E) ²	(O-E) ² /E
20	19.8	0.	0.04	0.0020
13	13.2	-0.2	0.04	0.0030
04	4.2	-0.2	0.04	0.0095
03	1.2	1.8	3.24	2.7

			Total	$\Sigma(O-E)^2/E = 2.71$
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Degree of freedom:

$$v = (r-1)(c-1)$$

$$v = (2-1)(2-1)$$

$$v = 1$$

At 1 degrees of freedom with 5% level of significance is 3.841 the calculate value (2.71) is less than the table value so, Null hypothesis is rejected.

Conclusion:

Hence it is concluded that “There is a relationship between the sex & the investment awareness level.”

Testing of Hypothesis:

H_0 : “There is no significant relationship between the income level & awareness of the investments”.

H_1 : “There is a significant relationship between the income level & awareness of the investments”.

Sr. No	Income	Awareness	No Awareness	Total
01	100000 - 250000	02	03	05
02	250000 - 400000	08	04	12
03	400000 - 550000	05	01	06
04	550000 & above	08	09	17
	Total	23	17	40

Chi-Square Test

O	E	(O-E)	(O-E) ²	(O-E) ² /E
02	2.875	-0.88	0.7	0.268
03	1.275	1.72	3.9	2.321
08	6.9	1.1	1.2	0.175
04	5.1	-1.1	1.21	0.237
05	3.45	1.65	2.40	0.695
01	2.55	-1.55	2.40	0.941
08	4.6	3.4	11.5	2.51
09	3.825	5.18	26.8	7.01
			Tota	$\Sigma(O-E)^2/E = 14.157$

Degree of Freedom:

$$v = (r-1)(c-1) \quad v = (4-1)(2-1) \quad v = 3$$

Degree of freedom 5% significance level is 7.815 & the calculated value is 14.157 is more than table value so hypothesis is rejected.

Conclusion:

From the above analysis it is concluded that there is a significance relationship between income level & awareness of investments.

Testing of Hypothesis:

'Education qualification affects on the awareness of investment avenues.'

Sr. No	Education qualification affects on selection of investment avenues	No. of Respondents	Percentages (%)
01	Yes	23	58
02	No	17	42
	Total	40	100.00

Pearson Correlation Coefficient:

Keys:

R Calculation

$$r = \frac{\sum((X - M_x)(Y - M_y))}{\sqrt{((SS_x)(SS_y))}}$$

$$r = 1.436 / \sqrt{((9.436)(9.436))} = 0.1522$$

Pearson Correlation Coefficient method is used for finding out the relationship between the variables. There is a positive correlation but the relationship between the variables is weak. The value of R², the coefficient of determination, is 0.0232 hence the hypothesis is rejected.

Factors Influencing While Selecting Investment Avenues.

There are various elements that influence the investors to make investments in particular securities. The result is displayed in following Table 2.

Table 2: Factors Influencing While Selecting Investment Avenues

Sr.No	Factors	No. of Respondents	Percentage
01	Safety	31	32.299
02	Liquidity	18	18.75
03	Tax Saving	24	25
04	Diversification	09	9.37
05	Simplicity	06	6.25
06	Affordability	08	8.33
	Total	96	100

The above table shows that 32.29 percentages of the respondents are to invest their money in particular investment for the purpose of safety. 25 percentages of the respondents are to invest their money in tax saving scheme. 18.75 percentages of the respondents invest their money

for liquidity, 9.37, 8.33, 6.25 percentages of respondents invests their money in diversification, affordability, simplicity respectively.

Table 3: Objectives of the Investment

Sr.No.	Objectives	No. of Respondents	Percentage
01	Future Security	29	30.52
02	Good returns	19	20
03	Liquidity	07	7.36
04	Capital	10	10.52
05	Tax savings	14	14.73
06	Children career	13	13.68
07	Other	03	3.15
	Total	95	100

The above table shows that 30.52 percentage of respondents investing in different avenues with the objective of future security. 20 percentages of respondents are investing for good return on their investment followed by 14.73 percentage respondents in tax saving schemes & remaining 13.68, 10.52, 7.36, 3.15 percentages of respondents are investing in Children career, Capital Appreciation, Liquidity, Other respectively.

Table 4: Source of Motivation

Sr.No	Sources	No. of Respondents	Percentage
01	Self Awareness	35	59.32
02	Financial Advisor	4	6.77
03	Broker's Advisor	3	5.08
04	Friends or relative	13	22
05	Media	04	6.77
	Total	59	100

The above table shows that 59.32 percentages of the respondents have their own source of motivation i.e. self awareness. The second source of motivation of respondents is friends and relatives as the percentage is 22. Third source of motivation are financial advisor & Media as the Percentages are same i.e.6.77. 5.08 percentages of respondents have the source of motivation through Broker's Advise.

Table 5: Investment Preferences

Sr.No	Options	No. of Respondents	Percentage
01	Stock Market	28	10
02	Bank Deposit	39	13.44
03	Real Estate	35	12
04	Mutual Fund	24	8.2
05	Metals	32	11
06	Commodity	27	9.31
07	Insurance	33	11.37
08	Tax saving	33	11.37

09	Debt market	29	10
10	Others	10	3.45
	Total	290	100

The Above table shows that 13.44 percentages of investors are investing in Bank deposit as well as 12 percentage investors investing in real estate. Third preference is given by investors to Insurance & Tax saving scheme as percentage are 11.37 followed by metals, debt market, mutual fund, others.

V. Findings/Conclusion:

1. In the study the researcher has investigated 40 respondents of Moradabad city & it reveals that 60% Investors are aware about the investment avenues whereas 40% are unaware.
2. There is a relationship between the sex & awareness of the investment because 83.33% male are aware as compared to female as the percentage is 16.66 %.
3. The researcher used 'Chi-SQUARE' method for hypothesis testing & found that there is no relationship between the income level & awareness of investment avenues.
4. The researcher used ' Pearson Correlation Coefficient' method for hypothesis testing & found that there is no relationship between Educational qualification & awareness of investment avenues so hypothesis is rejected.
5. Safety is the major factor while doing investments as 32.29 percentages of the respondents are investing their money due to safety & 25 percentages of the respondents are investing their money in tax savingscheme for tax benefit purpose.
6. The main objectives of investors are future security followed by good return on investments as percentages are 30.52 & 20 respectively.
7. The researcher found that self awareness is the main source of investment as percentage is 59.32.
8. Bank deposit is the first preference given by the investors for investment as the percentage is 13.44.

Conclusion:

The study on preferred investment avenues among Working Class Investors has been undertaken with the key objectives such as to find preferred investment avenues & also to know the awareness level of investors. Analysis of the study was undertaken with the help of survey conducted. After the analysis & interpretation of data it is concluded that Investors are aware about investment avenues available in India but still investors are preferred to invest in bank deposit, real estate, metals(Gold).The data analysis reveals that the safety is important factor while doing investment so remaining avenues are less considerable while doing investment by investors.

Awareness programmes has to be conducted by stock broking firms, because most of the respondents are thinking these avenues are loss making & having no good return on it. '**No Pain No gain**' is the best principle of investment management and Working Class investors are following this principle only. Hence, the conclusion is that most of the investors prefer secured regular income on investment in the study Area.

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