

A STUDY ON RELEVANCE OF DEMOGRAPHIC FACTORS IN INVESTMENT DECISIONS

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ABSTRACT

This study attempts to find out the significance of demographic factors of population such as gender, age, education, occupation, income, savings and family size over several elements of investment decisions like priorities based on characteristics of investments, period of investment, reach of information source, frequency of investment and analytical abilities. The study was made by conducting a survey in Nagapattinam district of Tamilnadu, South India and the statistical inferences were deduced using computer software tools. The study reveals that the demographic factors have a significant influence over some of the investment decision elements and insignificant in others elements too. The study also discloses a general view of investors perception over various investment avenues.

KEYWORDS: Investment, Investment Decision Process, physical investments, financial investments, return on investments, risk. JEL Classification: M00

INTRODUCTION

Investment has different meaning in the context of finance and economics. Finance investment is putting money into something with the expectation of gain that upon thorough analysis has a high degree of security for the principle amount, as well as security of return, within an expected period of time. In contrast, putting money into something with an expectation of gain without making thorough analysis is speculation or gambling. Thus, Finance Investment involves decision making process in order to ensure security of both the principle amount and the return on investment (ROI) within an expected period of time. In economics, investment means creation of capital or goods capable of producing other goods or services.

The two main classes of investments are i) Fixed Income Investment such as bonds, fixed deposits, preference shares and ii) Variable Income Investment such as business ownership (equities) or property ownership. On the basis of tenure, the investments are classified as i. Short-term Investment and ii. Long-Term Investment. Investments made for a period of one to three years are termed as short-term investments and that are invested for more than three years are termed as long-term investments. Almost everyone holding some portfolio of investment in the form of financial assets like bank deposits, bonds, stocks and so on; and real assets like motorcycle, house, gold etc.

With reference to individuals, investment decisions should be made very wisely and with proper research and analysis. Investment is always attached with the element of risk of losing the invested money and this loss is not under the control of the investor. Hence, it is always advisable to measure and analyze all risks involved before making investments. Plenty of investment avenues available for the investors make their decision making process more critical and complex. There are a number of factors which influence the people to make their investment decisions. Demographic factors of investors such as gender, age, education, family size, annual income, and savings have much significance in the Investment Decision Making Process, especially in the Indian context, it assumes greater significance. A study has been undertaken in Nagapattinam district of Tamilnadu state to find its significance and the outcome of the study is narrated in the foregoing paragraphs.

DEFINITIONS

Eminent authors of finance and economics have defined the term Investment in their own ways. Some of the definitions coined by distinguished authors are:

Investment is the process of “sacrificing something now for the prospect of gaining something later”.

Investment may be defined as “the allocation of monetary resources to assets that are expected to yield some gain or positive return over a period of time.”

Investment means “the commitment of funds made in the expectation of some rate of return.”

INVESTMENT AVENUES

In India, a number of investment avenues are available for the investors. Some of them are marketable and liquid while others are non-marketable. And some of them are highly risky while others are almost riskless. The people have to choose proper avenue among them, depending upon his specific need, risk preference, and return expected. A brief roundup of various investment avenues is presented under the following heads.

- **Bank Fixed Deposits:** When a deposit is made for a certain sum in a bank with a fixed rate of interest and for a specified time period, it is called a bank Fixed Deposit (FD). At maturity, you are entitled to receive the principal amount as well as the interest earned at the pre-specified rate during that period. They are one the most common savings avenue and account for a substantial portion of an average investor’s savings.
- **Company Fixed Deposits:** Fixed deposits in companies that earn a fixed rate of return over a period of time are called Company Fixed Deposits. Financial institutions and Non-Banking Finance Companies (NBFC) also accept such deposits. Such deposits are governed by the Companies Act under Section 58A. These deposits are unsecured, i.e., if the company defaults, the investor cannot sell the company to recover his capital, thus making them a risky investment option.

- **Recurring Bank Deposits** Under a Recurring Bank Deposit, investment is made for a specific amount in a bank on a monthly basis for a fixed rate of return. The deposit has a fixed tenure, at the end of which the investor will get his principal sum as well as the interest earned during that period. The rate of interest, calculated quarterly or as specified by the bank, varies between 4 and 6 per cent, depending on the maturity period and the amount invested. A Recurring Bank Deposit is a powerful tool for regular savings.
- **Public Provident Fund (PPF):** A long term savings instrument with a maturity of 15 years but the number of contributions annually is limited to 16 and interest payable is at 8% per annum compounded annually. The subscriber to a PPF has to make minimum of deposits of Rs.100 annually. A PPF account can be opened through a nationalized bank at anytime during the year and is open all through the year for depositing money. Tax benefits can be availed for the amount invested and interest accrued is tax-free. A withdrawal is permissible every year from the seventh financial year of the date of opening of the account and the amount of withdrawal will be limited to 50% of the balance at credit at the end of the 4th year immediately preceding the year in which the amount is withdrawn or at the end of the preceding year whichever is lower. The subscriber to the PPF is eligible to take loan from the third year after opening of account and interest for that loan is 1 % higher than PPF interest rate.
- **Employees Provident Fund (EPF)** The Employees Provident Fund (EPF) was first established on 1 October 1951 under the EPF Ordinance 1951 which was subsequently known as the EPF Act 1951. The EPF Act 1951 has since then been replaced by the EPF Act 1991 in June 1991. Besides being the world's oldest national provident fund, EPF is also one of the most successful funds of its kind, providing a compulsory savings scheme for employees to ensure their security and well being in their old age.
- **Life Insurance** A life insurance policy is a contract between an individual (termed as insured) and an Insurance company (insurer) to pay the insured, or his nominated heirs, a specified sum of money on the happening of an event. The event could be the expiry of the insurance policy or the death of the insured before the expiry (date of maturity) of the policy as per the terms of the policy. There are many variants of a life insurance policy:
 - **Whole Life Assurance Plans:** These are low-cost insurance plans where the sum assured is payable on the death of the insured
 - **Endowment Assurance Plans:** Under these plans, the sum assured is payable on the maturity of the policy or in case of death of the insured before maturity of the policy.
 - **Term Assurance Plans:** Under these plans, the sum assured is payable only on the death of the insured before expiry of the policy.

- **Pension Plans:** These plans provide for either immediate or deferred pension for life. The pension payments are made till the death of the annuitant (person who has a pension plan) unless the policy has provision of guaranteed period.
- **Small Savings:** Small Savings Schemes are basically of two types: *i) Post Office Savings:* Savings Deposits; Recurring Deposits; Time Deposits; & Monthly Income Account and *ii) National Savings:* Public Provident Fund; National Savings Certificates; & Kisan Vikas Patra.
- **Bullion investment** The bullion offers investment opportunity in the form of gold, silver, art objects (paintings, antiques), precious stones and other metals (precious objects). Specific categories of metals are traded in the Metal Exchange. The bullion market presents an opportunity for an investor by offering returns and the end value of future. It has been absurd that on several occasions, when stock market failed, the gold market provided a return on investments.
- **Real Estate** Investment in real estate also made when the expected returns are very attractive. Buying property is an equally strenuous investment decisions. Real estate investment is often linked with the future development plans of the location. At present investment in real assets is booming.
- **Mutual Funds** Mutual funds are investment companies that use the funds from investors to invest in other companies or investment alternatives. They have the advantage of professional management, diversification, convenience and special services such as cheque writing and telephone account service. Mutual funds come in various types, allowing you to choose those funds with objectives, which most closely match your own personal investment objectives.
- **Equity Share** Equity, also called shares, is the basic building blocks of a company. A company's ownership is determined on the basis of its shareholding. Shares are, by far, the most glamorous financial instruments for investment for the simple reason that, over the long term, they offer the highest returns. Predictably, they're also the riskiest investment option. The Bombay Stock Exchange (BSE) sensex is the most popular index that tracks the movements of shares of 30 blue-chip companies on a weighted average basis. The rise and fall in the value of the sensex, measured in points, broadly indicates the price-movement of the value of shares.
- **Debentures/Bonds** A Bond is a loan given by the buyer to the issuer of the instrument. Companies, financial institutions, or even the government can issue bonds. Over and above the scheduled interest payments as and when applicable, the holder of a bond is entitled to receive the par value of the instrument at the specified maturity date. Bonds can be broadly classified into Tax-Saving Bonds and Regular Income Bonds

REVIEW OF LITERATURE

Headen and Lee (1974) studied the effects of financial market behavior and consumer expectations on purchase of ordinary life insurance and concluded that life insurance demand is inelastic and positively affected by the change in consumer sentiments; interest rates playing a role in the short run as well as in the long run. Lewellen (1977) found that age, sex, income and education affect investor's preferences. Truett et al. (1990) discussed the growth pattern of life insurance consumption in Mexico and United States in a comparative framework, during the period from 1964 to 1984. They concluded the existence of higher income inelasticity of demand for life insurance in Mexico with low income levels. Age, education and income were significant factors affecting demand for life insurance in both countries. Gupta (1994) made a household investor survey with the objective to provide data on the investor preferences on Mutual Funds and other financial assets. The findings of the study were more appropriate, at that time, to the policy makers of mutual funds to design the financial products for the future. Kulshreshta (1994) offers certain guidelines to the investors in selecting the mutual fund schemes. Shankar (1996) points out that the Indian investors do view mutual funds as commodity products and suggested that the AMCs should follow the consumer product distribution model to capture the market. Jambodekar (1996) conducted a study to assess the awareness of Mutual Funds among investors, to identify the information sources influencing the buying decision and the factors influencing the choice of a particular fund. The study reveals among other things that income schemes and open ended schemes are more preferred than growth schemes and close ended schemes during the prevalent market conditions. Sikidar and Singh (1996) carried out a survey with an objective to understand the behavioral aspects of the investors of the north eastern region towards mutual funds investment portfolio. The survey revealed that the salaried and self-employed formed the major investors in mutual fund primarily due to tax concessions. Bandgar (1998) in his study found that investors are educated in investment decision making.

Shanmugham (2000) conducted a survey of 201 individual investors to study the information sourcing by investors, their perceptions of various investment strategy dimensions and the factors motivating share investment decisions. Rajarajan (2000) found an association between lifestyle clusters and investment related characteristic. Soch and Sandhu (2000) have studied perceptions of bank depositors on quality circles, customer's complaint cell, quality banking, tele-banking, and customer meets in private banks. Study of Rafael La porta et al., (2000) reveals that a strong investor protection is a manifestation of the security of property. Karmaker (2000) has found that the life insurance policy is the most popular investment avenues. Huberman (2001) opine that a person is more likely to invest in companies known to him and shy away from the unknown avenues. Zietz (2003) and Hussels et al. (2005) has reviewed the efforts of research to explain consumer behavior concerning the purchase of life insurance for almost 50 years. The review of earlier studies concludes that bulk of the empirical studies undertaken finds a positive association between increase in savings behavior, financial services industry and demand for life insurance. There are two detailed studies on the determinants of life insurance demand, one taking into consideration only the Asian countries and the other based on 68 countries.

Kadiyala and Rau (2004) investigated investor reaction to corporate event announcement. They concluded that investors appear to under-react to prior information as well as to information conveyed by the event, leading to different patterns; return continuations and return reveals, both documented in long-horizon return. They found no support for the over-reaction hypothesis.

Rajeswari and moorthy (2005) observed that investors demand inter-temporal wealth shifting as they progress through the life cycle. Tesfastsion (2006) argues, that privately motivated agents in an agent-based framework include economic, social, biological and physical entities, and that agents are able to communicate with each other by using different techniques. It is also important to allow that artificial agents have learning capabilities and are able to develop it in time. People differ in the level of their knowledge, capabilities, abilities, reasoning, skill and experiences, emotions, social networks they are involved in, attitude towards risk, time and different types of assets, wealth, luck and many other characteristics, all of which are important elements in building one's preferences, which are so important for asset markets. Avinash Kumar Singh (2006) to analyze the investment pattern of people in Bangalore city and Bhubaneswar analysis of the study was undertaken with the help of survey conducted. It is concluded that in Bangalore investors are more aware about various investment avenues and the risk associated with that. And in Bhubaneswar, investors are more conservative in nature and they prefer to invest in those avenues where risk is less like bank deposits, small savings, post office savings etc.

Omar and Frimpong (2006) stressed the importance of life insurance and regarded it as a saving medium, financial investment, or a way of dealing with risks. Chowdhury et al. (2007) have found in a survey that a good number of people are choosing insurance companies with a view to earn higher return on deposited money. Rajkumar (2007) identified the customers' attitude towards purchase of insurance products concludes that there is a low level of awareness about insurance products among customers in India. Alinvi and Babri (2007) are of view that customers preferences change on a constant basis, and organization adjust in order to meet these changes to remain competitive and profitable. Stenner et al. (2007), conclude that advisor allows a mutual understanding of all aspects related to investments.

Sudalaimuthu and senthil kumar (2008), in their study, has made an attempt to understand the financial behavior of mutual fund investors in connection with the scheme preference and selection. An important element in the success of a marketing strategy is the ability to fulfill investors' expectation. The result of these studies through satisfactory on the investors' perception about the mutual funds and the factors determining their investment decisions and preferences. Sunil Gupta (2008) found that the investment pattern among different groups in Shimla had revealed a clear as well as a complex picture. Most of the horticulturists in Shimla city who belong to Apple belt, though being rich, have a tendency of investing their surpluses in fixed deposits of banks, provident funds, Post Office savings, real estates, etc. for want of safety and suitability of returns. Manish Mittal and Vyas (2008) have tried to classify the investors on the basis of their relative risk taking capacity and the type of investment they make. Empirical evidence also suggests that factors such as age, income, education and marital status affect an individual's investment decision. This paper classifies Indian investors into different personality types and explores the relationship between various demographic factors and the investment personality

exhibited by the investors. Fatima Alinvi (2008) suggests that customers change their preference according to their life circumstances and while certain preferences are well-defined others can be inconsistent. In an increasingly competitive environment, where insurance companies fight for the same customers, having a customer-oriented culture is extremely important not only to retain customers but also acquire new ones.

PROBLEM IDENTIFICATION

Relevance of demographic factors of individuals in investment decision making process has been identified as a problem for the study. Demographic factors, apart from other factors, exhibit the major characteristics of individual investors. Investment decisions differ from individual to individual who in turn differ demographically. The study is to find whether the demographic factors, to what extent, such as gender, age, education, occupation, income, savings and family size have influence over several elements of investment decisions. The elements of investment decisions include priorities based on characteristics of investments, period of investment, reach of information source, frequency of investment and analytical abilities. The problem study assumes greater significance as the result could be utilized effectively in investment product development by the financial institutions.

OBJECTIVES OF THE STUDY

- To study the investment pattern of the people.
- To study the investment decisions of different classes of the people in terms of age group, education, income level etc
- To analyze the influence of demographic factors of investors in investment decision making process, frequency of investment, period of investment, access to the source of information and analytical abilities.
- To study the general perception of investors on different investment avenues.

RESEARCH DESIGN AND METHODOLOGY

Methodology is a way to systematically solve the research problems. It explains the various steps that are generally adopted by the researcher in studying the research problems along with the logic behind it.

This study is based on both primary and secondary data. There are various methods to conduct research study. For collecting primary data the researcher feels that the Interview Schedule method is the most suitable. In this method researcher can explain the nature, purpose and meaning of the question. Wherever the respondent feels any doubt in regard with any question it may be easily clarified by the researcher immediately.

- **SAMPLE SIZE**

Since the population is large the survey has been carried among a sample of 475 respondents who are the people of *Nagapattinam* district in *Tamilnadu*, India. The sample size of 475 respondents is considered adequate to represent the characteristics of the entire population.

- **SAMPLING TECHNIQUE**

The sampling technique followed in this study is non-probability convenient sampling. Simple random techniques are used to select the respondent from the available database. The research work has been carried on the basis of structured questionnaire. The study restricted to the people of the *Nagapattinam, Vedaranyam, Nagore, Sirkazhi, Mayiladuthurai* towns of Tamilnadu, India.

- **SAMPLING DESIGN**

The validity of any study is based on the systematic method of data collection and analysis. The present study is descriptive research, based on survey method. The data collected for the study include both primary and secondary data. The primary data has been collected by a selecting a convenient random sample of 475 respondents from the towns. Survey method by direct personal interviewing of every respondent has been followed to collect the required data. An interview schedule prepared was quite simple and understanding for the respondents to express their opinion freely. Adequate care has been taken to collect unbiased data.

- **SOURCE OF DATA**

The study has been carried out with the support of primary data. The secondary data has also been used to a limited extent. The data has been collected using a structured questionnaire.

- **STATISTICAL TOOLS USED**

The collected data have been processed both manually and also with the help of computer software. Statistical inferences have been drawn up using statistical package for social science (SPSS). The following statistical tools are used in the study.

- ANOVA
- Chi-square test

HYPOTHESIS

H₀: There is no significant relationship between demographic factors and the factors influencing the investment decision making process.

H₀: There is no significant relationship between demographic factors and the periods of investment made by the people.

H₀: There is no significant relationship between demographic factors and sources of awareness on investment.

H₀: There is no significant relationship between demographic factors and frequency of investment by the people.

H₀: There is no significant relationship between demographic factors and analysis on the investment by the people.

RESULTS AND DISCUSSIONS

Hypothesis: There is no significant relationship between demographic factors and the factors influencing the investment decision making process.

There are various factors that influence investment decision making process. Protection against risk, Rate of Return, Safety of money invested and Liquidity are identified as major factors that influence the investment decisions. The study reveals that most of the respondents i.e. 33.10% are very much concerned with the safety of their money invested while making investment decisions. Second important factor that determine the decision making is Liquidity, which is recorded as 23.80% of total respondents. The third factor that influences the investment decision is protection against risk. The study found that 17.90% of respondents are influenced by the factor of protection against the risk on investment. Lastly but not least 17.10 % of total respondents are influenced by the return on investment factor while making investments.

ANOVA test has been applied to find out if there is any significant relationship between demographic factors of the respondents and their opinion with regard to the factors that influences their investment. The result of the ANOVA Test is given in the appended Table-1. It is clear, from the table, that all the demographic variables have no significant relationship with the respondents' opinion with regard to the factors that influences their choice of investments. Here the null hypothesis is accepted and alternative hypothesis is rejected.

Hypothesis: There is no significant relationship between demographic factors and the periods of investment made by the people.

The study attempts to find out any relationship exists between demographic factors of respondents and the period of investments made by them. It discloses that most of the respondents, when both male and female gender values put together, have invested in long term investments. Further, it also reveals that out of 475 respondents 168 prefer to invest in long term investments while 166 prefer to invest in short term investments and 141 respondents prefer both long term and short term investments.

The study brings out that graduate and post-graduate respondents are more likely to invest in long-term investments. It also unveiled that people under the age group: i) *Less than 30* and ii) *Between 31 and 40* comprising most of the respondents have preferred long-term investments. Investors whose family comprising more than four members are prefer to invest in short-term investments whereas family comprising less than four members have opted for long-term investments. The study found that people working in private sectors have opted for making their investments in long-term; but those working in public sector have preferred to invest in short-term investments.

The respondents whose annual income is less than Rs.1.5 lakhs are marginally preferred long term investments than short term investments. Those respondents who are in the annual income bracket Rs.150,001 to Rs.2,50,000 and in the bracket of Rs.2,50,001 to Rs.3,50,000 are also ahead in preferring long term investments with the short term investments. But the respondents under the income category of Rs.3, 50,001 to 4, 50,000 and who are having income more than Rs.4, 50,001 are opted for short-term investments.

The study also reveals that in terms of annual savings, respondents under the categories: i) less than Rs.10,000 and ii) Rs.10,001 to Rs.20,000 are in favour of investing in long term investments. At the same time respondents under the categories: i) Rs.20,001 to Rs.30,000, ii) Rs.30,001 to Rs.40,000 and more than Rs.40,000 are inclined to short term investments.

Chi-Square Test, at 5% significance level, has been applied on the data collected to find whether these demographic variables have significant relation with the period of investments. The result of the test is given in the Table: 2, under appendix. The test has clearly reveals that most of the demographic variables such as Gender, Education, Age and Occupation have no significant relationship with the period of investment. Hence the null hypothesis in respect of these demographic variables could be accepted and the alternative hypotheses can be rejected. In respect of other demographic variables such as Number of Family Members, Annual Income and Annual Savings, the test brings out a significant relationship with the Period of Investment. So the null hypothesis in respect of those variables is rejected and hence alternative hypotheses are accepted.

Hypothesis: There is no significant relationship between demographic factors and sources of awareness on investment.

Awareness on investment avenues forms a vital basis for investment decisions. The sources from where one can acquire awareness would also be a crucial element in the process of investment decision making. The degree of information may vary from source to source. Self awareness, Financial Advisors, Brokers, Friends & Relatives and Media are identified as difference sources of awareness. The study reveals that 28.8% of respondents depend on their self-awareness while 24.4% of them are following the advices of their friends and relatives. Further, the study also brings out that 19.6%, 15.6% and 11.6% of respondents are depended on Financial Advisors, Brokers and Media respectively for their information source.

It may be noted that among all the sources of information, Self-awareness and Advice from Friends & Relatives contributes as a source of information for more than fifty per cent of respondents. The study also discloses that in Gender wise male respondents, in Education wise professionals and graduates, in Age Group wise respondents having less than 30 years of age and in Family size wise respondents having more than 3 family members are mostly depended on their self-awareness and the advices from their friends & relatives. Further, in Occupation wise respondents working in public sectors, on the basis of income level respondents whose annual income is less than Rs.1,50,000 and in Annual Savings category the respondents whose annual savings is more Rs.10,000 are mostly getting

information from Friends & Relatives and also depend on their self awareness.

Chi-Square test at 5% significant has been conducted using the data collected during the survey in order to verify the hypotheses that there is no significant relationship between demographic factors and the sources of awareness on investments. The results of the test are given in the Table: 3 under appendix. The result shows that all the demographic variables except the variable, Family Size have significance over the sources of awareness on investments. Hence, the null hypothesis is rejected in terms of demographic factors such as Gender, Education, Age, Occupation, Annual Income and Annual Savings. But for the variable Family Income, the null hypothesis is accepted and the alternative hypothesis is rejected. Based on the chi-square test, it is clear that the demographic variables have significant relationship with the respondents of source of awareness of investment avenues at 5% significance. Here the null hypothesis is accepted in respect of the demographic factors such as age, gender, educational qualification, family members, annual income and annual savings; and alternative hypothesis is rejected Hence the demographic factors of occupation only no significance due to null hypothesis rejected and alternative hypothesis accepted.

Hypothesis: There is no significant relationship between demographic factors and frequency of investment by the people.

Frequency of investment varies from individual to individual. The frequencies of investments may be weekly, monthly, quart-yearly, half-yearly and annually. The study reveals that most of the people are inclined to make their investments either monthly or quarterly. It discloses that 28.4% of respondents prefer to invest on monthly basis whereas 22.7% of respondents for quarterly. Further, 20% of respondents are in favour of investing half-yearly while only 15.8% of them preferred to invest annually. Only 13.1% of respondents prefer to invest on weekly basis. Most of the Private sector employees prefer to invest on monthly basis whereas the Public Sector employees are mostly prefer annual pattern of investments. People whose income is less than Rs.1,50,000 and having annual savings more than Rs.10,000 are in favour of investing on weekly basis.

The results of Chi-Square test conducted, at 5% significance, on the data collected during the survey to find out any relationship between demographic factors and the frequency of investments by the people are appended in Table: 4. The results shows that there is significant relationship exists between all the demographic variables and the frequency of investments. Hence the null hypothesis that there is no significant relationship between demographic factors and frequency of investment by the people is rejected absolutely. Here the alternative hypothesis is accepted.

Hypothesis: There is no significant relationship between demographic factors and analysis on investment by the people.

Wise decision is possible only after thorough analysis of pros and cons of different forms of investments available in the investment avenues. Selection of appropriate form of investment, which suit precisely to a particular investor, is mainly based on proper analysis. The analysis on investment proposal may be technical analysis, company analysis, newspaper analysis and following brokers'

analysis. The study attempts to find out which type of analysis is being performed by the investors before making actual investments. The study reveals that 36 per cent of respondents are relied on technical analysis while equal number of respondents is relied on newspaper analysis. Hence, it shows that 72 per cent of total respondents are relied upon technical and newspaper analysis. The remaining respondents are distributed to company analysis and brokers' analysis at the rate of 16.6 per cent and 11.40 per cent respectively.

In order to find out any relationship exist between demographic factors and analysis on investment by the people, Chi-Square test has been applied on the data collected, at 5% significant level. The results of the test are displayed in Table: 5 of the Appendix. It may be seen from the table that most of the demographic factors such as Gender, Education, Occupation, Annual Income and Annual Savings of individuals have significant relationship with the analysis on investment made by them. Hence, the null hypothesis that there is no significant relationship between demographic factors and analysis on investment by the people can be partially rejected on such variables. However, the results indicate that there has been no significant relationship between demographic variables, such as Age and Family Size; and analysis on investment by the people. Here the null hypothesis can be accepted for partially for such variables alone.

INVESTORS' PERCEPTION ON INVESTMENT AVENUE

The study seeks to provide a comprehensive view on how the sample respondents have perceived and graded the value of their perception over the Investment Avenue for the study. The Table: 6 summarize Most Favorite, Favorite and Not Favorite elements of Investment Avenue as perceived by the respondents residing at *Nagapattinam* district. From the table given it may be inferred that the top six 'most favorite' investments are: 1. Life Insurance (48%), 2. Real Estate (40.4%), 3. Provident Fund (37.7%), 4. Bank deposits (25.1%), 5. Post Office deposits (32%) and 6. Gold/Silver (20.8%).

And the top six 'not favorite' investments are: 1. FI Bonds (68.4%), 2. Corporate Debentures (63.2%), 3. Company Fixed Deposits (59.4%) 4. Equities (58.9%) 5. Gold/Silver (42.1%) and 6. Mutual Fund (41.9%). Further, the top six 'favorite' investment are: 1. Bank Fixed Deposits (53.1%), 2. Gold/Silver (37%), 3. Provident Fund (36%), 4. Mutual Fund (35.2%), 5. Post Office deposits (32.4%) and 6. Life Insurance (31.8%).

Table-7 summarize the respondents most invested in various investment avenues. It may be inferred from the table that Life insurance constitute 43.8% of total investments of all respondents. Real Estate, Post office deposits, Mutual funds and Gold/Silver contribute 16.4%, 16%, 15.8% and 14.5% respectively of total investments made by the respondents. Company Fixed Deposits and Bank deposits comprise only 14.1% and 12% respectively. Financial investments like equities, bonds, debentures contribute a meager share of total investments made by the respondents. The poor performance of such financial investments in the area where the study is conducted may be due to underdeveloped securities market, highly speculative nature of investment and even due to low awareness level prevailed in the area under study. Overall people inclined much on investing on non-securities and small savings,

considered as traditional investment avenues, may be because of the nature of these investments such as liquidity, capital appreciation, ease of investments etc. It is also seen that people are preferred to invest in physical investments like real estates, gold and silver. This may be due to the fact that recent boom in the real estate and gold/silver markets. We may infer from such type investments by the respondents that people are very sensitive to the market conditions and their attitude to reap the benefits of changing environment in the capital market. Of late, mutual funds are gaining confidence of small investors at large and the results of the study also reveals that among other financial investments, mutual funds is winning the confidence of the people and seems to be continued in the future too.

CONCLUSIONS

In an attempt to assess relevancy of demographic factors in investment decisions, the study finds mixed response from the sample survey conducted in the Nagapattinam district of Tamilnadu. The analysis made on the results of the survey found that there has been no significant relationship between demographic factors and other factors that influence the investment decision making process. However in case of relationship between demographic factors and periods of investments, it was found that a few demographic variables such as family size, annual income and annual savings have significant relationship. But the rest of the variables such as gender, age, education and occupation have no significant relations with the period of investments made by the investors.

Furthermore, the study brings out that there is significant relationship between the demographic factors such as gender, age, education, occupation, annual income and annual savings with the sources of awareness obtained by the investors. In this case too, the study has told that family size has in no way connected with the sources of awareness. At the same time, the study establishes an absolute relationship between all the demographic variables and the frequency of investment by the people. Finally, the analysis of data collected discloses significant relationship of demographic factors such as gender, education, occupation, annual income and annual savings with the analysis of investment avenues by the investors. Here too the study indicates that the demographic variables such as age and family size have no significant relations.

The study also elucidates a general view of the investors' perception over various investment avenues. It reveals the very peculiar characteristic feature of Indian people on their choice of investment products. Normally, in any developing country, people invest more in financial assets rather than physical assets and in particular there will be more investment in shares and debentures. But in India, in the initial years after independence, people were mainly investing in physical assets than financial assets and now their choice is more or less equally distributed between physical and financial assets. The people may not be interested to take risk, if that is the reason for not preferring capital market then they could prefer only insurance, post office saving securities which is risk free investment as well as gives more return than bank deposits.

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APPENDICES

Table-1: Relationship between Demographic Factors and Respondents' Opinion with Regard to the Factors that Influences their Investment Decisions

Demographic Factors	F	Sig. Value	Sig or not sig
Gender	1.208	0.307	Not significant
Age	0.919	0.452	Not significant
Education	0.829	0.507	Not significant
Occupation	0.814	0.517	Not significant
Family Size	1.578	0.179	Not significant
Annual Income	0.661	0.619	Not significant
Annual Savings	1.374	0.242	Not significant

Table-2: Relationships between the Demographic Factors and Period of Investment

Factors	Value	Df	Sig. value	Sig or Not sig
Gender	1.355	2	0.508	Not significant
Education	9.069	8	0.336	Not significant
Age	5.722	8	0.678	Not significant
Family Size	19.05	8	0.015	significant
Occupation	5.24	8	0.732	Not significant
Annual Income	20.86	8	0.008	significant
Annual Savings	16.343	8	0.038	significant

Table-3: Relationships between Demographic Factors and Sources of Awareness on Investment

Demographic Factors	Value	Df	Sig. value	Sig or Not sig
Gender	14.417	4	0.006	Significant
Education	25.898	16	0.055	Significant
Age	37.126	16	0.002	Significant
Family Size	17.133	16	0.377	Not significant
Occupation	40.412	16	0.001	Significant
Annual Income	66.887	16	0	Significant
Annual Savings	59.353	16	0	Significant

Table-4: Relationships between Demographic Factors and Frequency of Investment

Demographic Factors	Value	Df	Sig. value	Sig or Not sig
Gender	21.744	4	0	Significant
Education	74.855	16	0	Significant
Age	45.228	16	0	Significant
Family Size	49.538	16	0	Significant
Occupation	51.98	16	0	Significant
Annual Income	43.377	16	0	Significant
Annual Savings	57.488	16	0	Significant

Table-5: Relationships between Demographic Factors and Analysis on Investment

Demographic Factors	Value	df	Sig. value	Sig or Not sig
Gender	6.541	3	0.088	significant
Education	52.057	12	0	significant
Age	15.83	12	0.199	Not significant
Family Size	16.737	12	0.16	Not significant
Occupation	30.973	12	0.002	significant
Annual Income	49.24	12	0	significant
Annual Savings	26.523	12	0.009	significant

Table-6: Categorization on the basis of favorite

Perception of Investments Avenues	Most Favorite	Favorite	Not Favorite
	No. [%]	No. [%]	No. [%]
Equity	75 [15.8]	120 [25.3]	280 [58.9]
FI Bonds	44 [9.3]	106 [22.3]	325 [68.4]
Corporate Debenture	88[18.5]	87 [18.3]	300 [63.2]
Company Fixed Deposits	77 [16.2]	16 [24.4]	282 [59.4]
Bank Fixed Deposits	119 [25.1]	252 [53.1]	104 [21.9]
PPF provided funds	179 [37.7]	171 [36]	125 [26.3]
Life Insurance	228 [48]	151 [31.8]	93[20.2]
Post Office-NSC	152 [32]	154 [32.4]	169 [35.6]
Gold/Sliver	99 [20.8]	176 [37.1]	200 [42.1]
Real Estate	192 [40.4]	125 [26.3]	158 [33.3]
Mutual Fund	109 [22.9]	167 [35.2]	199 [41.9]
Others	45 [9.5]	61 [12.8]	369 [77.7]

Table-7: Most Invested in Investment Avenues

Investment Avenues	Frequency	Percent
Equity	16	3.4
FI Bonds	17	3.6
Corporate Debenture	7	1.5
Company Fixed Deposits	67	14.1
Bank Deposits	57	12
PPF	38	8
Life Insurance	208	43.8
Post Office Savings	76	16
Gold and Sliver	69	14.5
Real Estate	78	16.4
Mutual Funds	75	15.8
Others	38	8