

# A study on Impact of Influencing Factors on Investors' Behaviour towards Selected Investment Avenues.

## (An Empirical analysis with Reference to Selected Residents in Puducherry)

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**Abstract-** “This paper is to study the impact of influencing factors on investors' behaviour towards selected investment avenues in Puducherry region. The research is conducted through primary data with a sample of 356 respondents from Puducherry region. The convenience sampling technique has been used for the study. The core objective of this study is to factors affecting investors' behaviour in selected Investment Avenue. The data has been collected done by interview schedule from the selected respondents. SEM and percentage analysis have been used for this analysis. The results of the study show that SEM find the there is a significant relationship between influencing factors and investment behaviour at 1% level of significant”.

**Key Words:** Investors, perception, investment, savings.

**JEL Classification:** G81, G11, G21, G4

### INTRODUCTION

Investment for strategy, generated to motivates on shareholder towards select the utmost of favorable avenues which can support from the fiscal aims in a specific time. Particular kinds of savings deliver additional profits to the shareholder. This research deals with the investment preferences towards different investment avenues.

(I) “An investment is a commitment of funds made in the expectation of some optimistic profits. The profits will commensurate with the risk the investor assumes”- **Donald E. Fischer and Ronald J. Jordan (2008)<sup>1</sup>**.

(II) “The purchase by an individual or institutional investor of a financial or real asset that produces a return in proportion to the risk assumed over some future investment period” – **F.Amling (1978)<sup>2</sup>**.

### REVIEW OF LITERATURE

**“Bhat. (2018)<sup>1</sup>** titled on “*Preferences of youth towards financial investment in .A Case study of District Anantnag Jammu and Kashmir*” and study absorbed on investors' behaviour on different financial investment. The investigators collected 220 respondents adopting convenient sampling technique. The data are analysed used in this study are percentage analysis and correlation. The correlation analysis result reveals that there is a significant association between educational background and youth of Jammu and Kashmir. The study inferred that most of the youth are tried to invest their savings in fixed deposit and gold.

**Gayathri and Yasodha. (2018)<sup>2</sup>** the study titled on “*Saving Habits of Rural Households in Bhavani Town*” and study absorbed on investment preference on investor. The researcher collected 100 respondents adopting convenient sampling technique. The data are analysed used in this study are percentage analysis and chi square test. The chi square analysis result reveals that there is a significant association between demographic factors and investment preference. The study inferred that most of the respondent preferred to invest in bank deposit.

**Gupta and Agarwal (2018)<sup>3</sup>** the study titled on “*Portfolio investor personality traits and portfolio investment decisions: An empirical analysis*” and focused on investment decision on portfolio investors. The investigators collected 100 respondents adopting convenience sampling technique. The data are analysed used in this study are percentage analysis and correlation. The Correlation result reveals that there is a significant relationship between extroversion and openness personality trait. The study concluded that majority of the respondents chosen influenced factor on conscientiousness.

**Jeothilakshmi and Devadas (2019)<sup>4</sup>** titled on “*Investors Awareness About Mutual Fund With Special Reference To Geojit Financial Services Limited, Calicut*” and study focused investors' awareness on mutual fund and other investment avenues. The investigators collected 100 respondents adopting convenient sampling technique. The data are analysed used in this study are

percentage analysis and Chi square test. The Chi square test reveals that there is a significant association between demographic variables and awareness level of mutual fund. The study inferred that most of the respondents not fully aware about mutual fund. **Muneeswaran et al (2019)**<sup>5</sup> the study titled on “*Investors’ Behaviour on Investment Avenues*” and study absorbed on investors investment preference on investment avenues. The investigators collected 120 respondents adopting convenient sampling technique. The data are analysed used in this study are percentage analysis, independent sample t-test, ANOVA and chi square test. The ANOVA test result reveals that there is no significant difference between demographic variables and awareness level of investment avenues. The study indicates that recent technology development could help the investors with knowledge about their investment options and risk level.

**Mehraj (2020)**<sup>6</sup> titled on “*Impact of Behavior on Investment Decisions: An Empirical Study of Jammu And Kashmir*” The researcher collected 100 respondents adopting convenient sampling technique. The data are analysed used in this study are simple percentage analysis. The result shows that most of respondents choosing influence factor on family members.

**Pravara kumar and Shiva priya (2020)**<sup>7</sup> the study titled on “*Performance of Primary Market With Reference To Select Ipo’s Of Nse India*” and study absorbed performance of primary market on investors. The researcher collected 5 years IPO secondary data and adopting multi stage sampling technique. The data are analysed used in this study are descriptive statistics. The result reveals that low priced issue give better return as compared to high priced issued.

**Nursiana and Budhijono. (2021)**<sup>8</sup> the study titled on “*Critical Factors Affecting Customers’ Purchase Intention of Insurance Policies in Indonesia*” and absorbed on factors affecting customer purchase intention. The investigators collected 154 respondents adopting convenient sampling technique. The data are analysed used in this study are percentage and SEM. The SEM result exposes that there is a positive and significant effect on service quality and purchase intension. The study inferred that most of the respondent chosen influencing factors on product quality”.

### OBJECTIVES OF THE STUDY

- “To examine the Preferences of Investors’ on selected Investment Avenues.
- To evaluate the awareness of investors’ towards different investment avenues.
- To analysis the association between the demographic variables and the risk bearing capacity of investors in Puducherry region.
- To analyse the investors’ perception towards nature of investments with respect to their demographic profile.
- To examine the factors affecting investors’ behaviour in selected Investment Avenue”.

### HYPOTHESIS OF THE STUDY

- $H_0^1$ : There is no significant relationship between influencing factors and investment behaviour.

### METHODOLOGY OF THE STUDY

“The study is based on primary data which have been collected through pre-tested questionnaire from respondents from Puducherry region.

#### Data sources

The data obligatory for the study are primary in nature. Questionnaire method has been used for the collection of data in this concern through a structured questionnaire and administered among the sample respondents. The secondary data have also been collected from the magazines, books, journals, and other published work”.

#### Sampling design

“The Convenience sampling method has been used to choose the respondents from the Puducherry region. 590 questionnaires were distributed, out of which 412 questionnaires were received back from the respondents. After analyzing the questionnaire, 56 questionnaires were found incomplete and which were rejected. Finally total 356 questionnaires were found valid for the purpose of this study.

#### Statistical tools

The analysis was carried out with percentage analysis and SEM (Structural Equation Method)

#### Selection of investment avenues

There are several investment avenues available at the choice of the investors. However, used for the current study, the investment avenues are gold and silver, bank deposit, life insurance, equity shares, mutual fund, (provident fund) PF, post office savings, mutual fund, chit fund and real estate have been selected. The awareness and preference of investors towards these investment avenues have been analysed in this study”.

### ANALYSIS AND INTERPRETATION

**Table 1**  
**Demographic profile of Respondents**

STATUS	RESPONDENTS	PER CENTAGE %
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Gender		
Male	298	83.7
Female	58	16.3
Total	356	100
Age		
Below 25 years	6	1.7
25 to 35 years	52	14.6
36 years 45 years	81	22.8
46 to 55 years	151	42.4
Above 55	66	18.5
Total	356	100
Education qualification		
HSC	26	7.3
UG	322	90.4
PG	8	2.2
Total	356	100
Occupation		
Student	5	1.4
Home maker	16	4.5
Government employees	79	22.2
Private employees	140	39.3
Business person	38	10.7
Self employed	48	13.5
Retired/ pensioner	30	8.4
Total	356	100
Marital status		
Single	8	2.2
Married	315	88.5
Divorced	25	7.0
Widow	8	2.2
Total	356	100
Monthly income		
Less than Rs.50000	24	6.7
Rs.50001 to Rs.100000	84	23.6
Rs.100001 to Rs.150000	126	35.4
Above Rs.150000	122	34.3
Total	356	100

“Table 1 shows that 83.7 per cent respondents are male and 16.3 per cent are female. The highest percentage of the respondents is 42.5 per cent which is 46-55 years age group followed by 22.8 per cent comes between 36-45 years, 18.5 per cent belong to above 55 years of age, 14.6 per cent belong to 25-35 years, and remaining 1.7 per cent belongs to below 25 years. The education of the respondents having 90.4 per cent as UG. 39.3 per cent of the respondents are working in private sector, 22.2 per cent of the respondents are working in government sector, 13.5 per cent of the respondents are involved in self-employment, 10.7 per cent of the respondents are doing own business, 8.4 per cent of the respondents are retired/ pensioner, 4.5 per cent of the respondents are home maker, and 1.4 per cent of the respondents are students. In marital status 88.5 per cent respondents are married, 7 per cent are divorced, 2.2 per cent are single and remaining 2.2 per cent are widow. The monthly income of the respondents 35.4 per cent respondents are Rs.100001 to Rs.150000, 34.3 per cent respondents are Above Rs.150000, 23.6 per cent respondents are Rs.50001 to Rs.100000 and 6.7 per cent respondents are monthly income is Less than Rs.50000”.

**INFLUENCING FACTORS ON INVESTMENT****Persons to get Investment Advices****Table 2**

<b>Particular</b>	<b>Number of the Respondents</b>	<b>Percentage of the Respondents</b>
Friend	104	29.2
Family		
Consultants/brokers	76	21.3
News appears	137	38.5
Web sources	23	6.5
	16	4.5
<b>Total</b>	<b>356</b>	<b>100.0</b>

**Source: Primary Data****Interpretation:**

“Table 2 shows that 38.5 per cent of the respondents are getting investment advice from their consultants / brokers, 29 per cent of the respondents are getting investment advice from their friend, 31 per cent of the respondents are getting investment advice from their family, 6.5 per cent of the respondents are getting investment advice from the news appears, 4.5 per cent of the respondents are getting investment advice from the web sources.

Thus, most of respondents get advice from their consultants / brokers for investment i.e. 38.5 per cent.

**Decision maker towards Investments****Table 3**

<b>Particular</b>	<b>Number of the Respondents</b>	<b>Percentage of the Respondents</b>
Self	134	37.6
Family & friends	150	42.1
Consultants/broker	72	20.2
<b>Total</b>	<b>356</b>	<b>100</b>

**Source: Primary Data****Interpretation:**

Table 3 shows that 42.1 per cent of the respondents are family and friend influence the most in investment decision, 37.6 per cent of the respondents are own self influence the most in investment decision, and 20.2 per cent of the respondents are consultant and broker influence the most in investment decision.

Hence, most of the respondents are family and friend influence the most in investment decision i.e. 42.1 per cent.

**Purpose of Investment****Table 4**

<b>Particular</b>	<b>Number of the Respondents</b>	<b>Percentage of the Respondents</b>
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Children education	107	30.1
Children marriage	135	37.9
Tax concession	79	22.2
Security after retirement	35	9.8
Resale purpose	0	0
Future protection	0	0
Capital appreciation	0	0
<b>Total</b>	<b>356</b>	<b>100</b>

**Interpretation:**

Table 4 clearly shows that 37.9 per cent of the respondents are invest their money for children marriage, 30.1 per cent of the respondents invest their money for children education, 22.2 per cent of the respondents invest their money for tax concession, 9.8 per cent of the respondents invest their money for security after retirement, and no respondents are resale purpose, future protection, and capital appreciation.

Hence, most of the respondents invest their money for children marriage i.e. 37.9 per cent.

**Objectives of Investment****Table 5**

<b>Particular</b>	<b>Number of the Respondents</b>	<b>Percentage of the Respondents</b>
Income and capital preservation	172	48.3
Growth and income	98	27.5
Long term growth	34	9.6
Short term growth	52	14.6
<b>Total</b>	<b>356</b>	<b>100</b>

**Source: Primary Data****Interpretation:**

Table 5 clearly shows that 48.3 per cent respondents had an objective to investment in income and capital preservation, 27.5 per cent respondents had an objective to invest for growth and income, 14.6 per cent respondents had an objective to invest for short term growth, and 9.6 per cent respondents had an investment objective to long term growth.

Thus, most of the respondents had an objective to invest for income and capital preservation.

**Perception towards the nature of Investment****Table 6**

<b>Particular</b>	<b>Number of the Respondents</b>	<b>Percentage of the Respondents</b>
High rate of return	48	13.5
Tax concession	79	22.2
Safety	169	47.5
Liquidity	41	11.5
Low risk	19	5.3
<b>Total</b>	<b>356</b>	<b>100</b>

**Source: Primary Data**

**Interpretation:**

Tables 6 clearly shows that 47.5 per cent of respondents give importance for safety, 22.2 per cent of respondents give importance for perception of tax concession, 13.5 per cent of respondents give importance for perception of high rate of return, 11.5 per cent of respondents give importance for perception of liquidity, and 5.3 per cent of respondents give importance for perception of low risk.

Hence, most of the respondents give importance for safety

**Investment preferences to different investment avenues****Table 7**

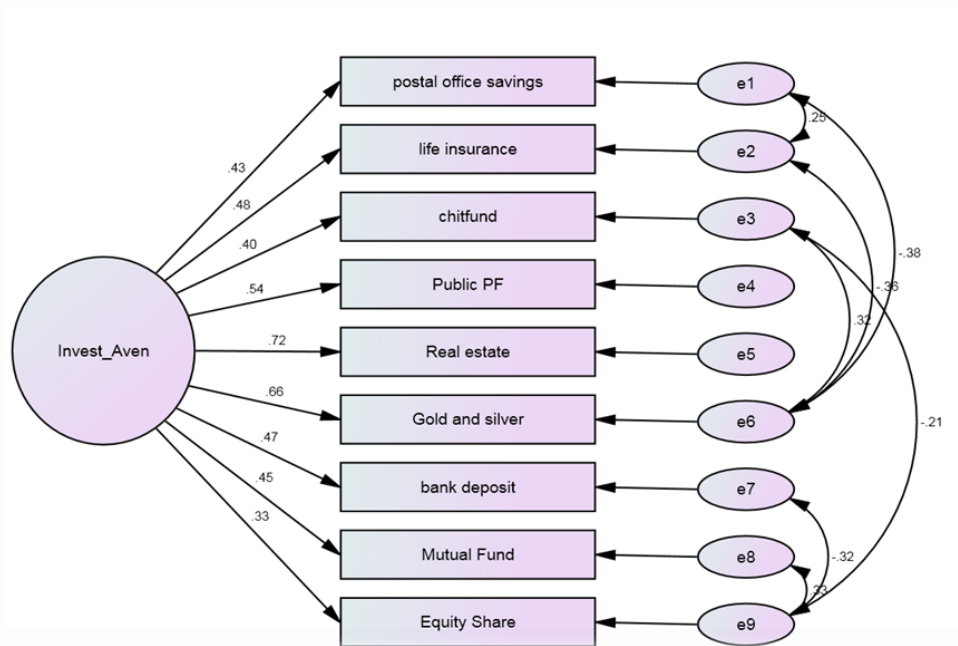
S.no	Investment avenues	Rank 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	Mean square	Rank
1	Post office saving	53	40	60	26	41	34	26	13	63	4.75	5
2	Life insurance	36	132	65	58	49	16	0	0	0	6.90	1
3	Chit fund	15	23	20	26	32	41	77	77	45	4.48	7
4	Public provident fund	0	51	52	67	77	57	30	12	10	5.28	4
5	Real estate	5	16	4	26	41	64	100	53	47	3.42	8
6	Gold & silver	24	25	55	79	57	74	34	0	8	6.15	3
7	Bank deposit	131	39	30	37	22	32	55	6	4	6.43	2
8	Mutual fund	5	8	42	24	13	14	27	135	88	3.00	9
9	Equity shares	87	22	28	13	24	24	7	60	91	4.63	6

**Source: Primary Data**

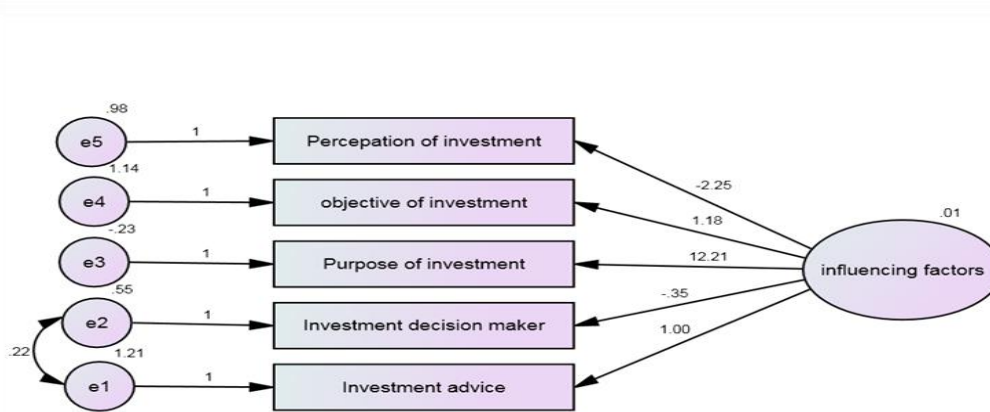
**Interpretation:**

Table 7 depicts the ranking and mean square value is 6.90 so respondents highly preferred to invest in life insurance, next most preferred instrument (6.43 mean square) is bank deposit with rank 2, respondents preferred rank 3 (6.15 mean square) is gold and silver, respondents preferred rank 4 (5.28 mean square) is public provident fund, respondents preferred rank 5 (4.75 mean square) is post office savings, respondents preferred rank 6 (4.63 mean square) is equity shares, respondents preferred rank 7 (4.48 mean square) is chit funds, respondents preferred rank 8 (3.42 mean square) is real estate, respondents preferred rank 9 (3.00 mean square) is mutual fund

**H<sub>0</sub><sup>1</sup>: There is no significant relationship between influencing factors and investment behaviour.**  
**Confirmative Factor Analysis in Investment Avenues**  
**Figure.1**



**Confirmative Factor Analysis in influencing factors towards investment**  
**Figure 2**



**Table 8**

Model	Chi-square value	Df	Normed chi square	P-value	GFI	AGFI	CFI	RMSEA
Observed value	64.085	20	3.204	0.000	0.965	0.921	0.938	0.079
Recommended value			Below 3.8	>0.05	More than 0.9			Below 0.08

Table 8 gives the result of the CFA. The model meets all criteria (GFI = 0.965, AGFI = 0.921, CFI = 0.938) for fitness, with values higher than 0.9. The chi-square value is less than 3.8 with p-value of 0.000. The RMSEA value is 0.079, which is less than 0.08.





### LIMITATIONS OF THE STUDY

- “The study is confined to 356 investors only in Puducherry region.
- Respondents’ biasness is yet another limitation of the study. The result of analysis is carried out on the basis of information given by the respondents.
- Investors were unwilling to answer several questions however with great difficulty the responses could get.
- The preference on scheme of investment avenues may change from time to time because the study is valid for specific period/ time only”.

### SCOPE OF THE STUDY

- The study is mainly focused on investors’ preferences towards different investment avenues.
- This study deals with investment preferences from various demographic characteristics of investors and available investment avenues in Puducherry region.

### SUGGESTIONS

- Investor has to discuss about the market condition and performance with the share broker and dealers beyond discussing only with friend to make efficient investment decisions.
- The study is concluded that the reason for most of the respondents do not select equity investment as their investment avenue because of they do not have awareness about the equity market. Hence, the steps to be taken to promote awareness about equity market among the investors.
- Since the study is focused on MANOVA, ANOVA, SEM, and Chi square tests are used for analysis.it is suggested that some other statistical tools can be used for better results.

### CONCLUSION

The study examined and concluded on the basis of above analysis and findings that demographic variables of respondents have significant impact on investors’ preferences towards different available investment avenues in Puducherry region. The SEM model inferred that there is a significant relationship between influencing factors and investment behaviour. The overall results of SEM analysis have found significant.

Thus, the investor has to have interest towards learning about the new investment instrument by their participation to improve their investment choices and preferences.

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