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A STUDY ON INVESTORS' AWARENESS ON INVESTMENT IN FINANCIAL ASSETS IN CHENNAI CITY

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ABSTRACT

Investment is very important for any nation. Savings from the general public, as implied, must be channelled into investment. There are numerous investment avenues available to investors, but many times they are not aware of them; sometimes investment awareness is lacking. The goal of an investors' investment is capital appreciation. As far as investors are concerned, if the objective of capital appreciation is achieved in one or two of the investments, they will not access other investment opportunities. Other investment opportunities may fetch a very good yield. Investors seek capital appreciation but not at the expense of safety, so most risk-averse investors focus on government securities, bank deposits, and so on. However, due to technological advancements, investors are shifting their focus to alternative and risky instruments that provide a high return. In comparison to bank deposits and government securities, risky instruments such as mutual funds give a very good return. Equity-share capital investment also gives a very good return, but its risks are very high. Despite this, real estate investment is preferred by many investors despite the fact that it cannot be considered a financial asset. Is it a myth or a fact? This must be investigated. As a result, the focus of this research paper is on the level of awareness of financial asset investment.

Keywords - Investors Preference, Investors Awareness, Financial Assets, Investment opportunities.

1. INTRODUCTION

Savings are the excess of income over expenditure, and those savings are to be channelled into investments. Savings are important in the economy because they allow capital to be mobilized. Finance can be considered the lifeblood of any business; hence, capital formation from the public is highly required. Indian financial markets give various opportunities for investors to make an investment based on the investors' objectives. Some investors prefer safety on their investment, while others prefer a return, as these investors are ready to take the risk. Contrary to the popular belief, investment is critical for any investor. Investment in any financial asset multiplies money when invested after proper analysis.

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Livestock**,** real estate, and precious metals are some of the traditional investment avenues available to investors. The introduction of various investment options such as fixed deposits (FDs), government bonds, and the Public Provident Fund (PPF) caused several changes in the nineteenth century. Apart from the non-risky instruments, with the development of the capital market, investment in stocks also became a good option for generating higher returns despite increased risk. Risk arises in capital markets due to price fluctuations and the pulling out of funds by both foreign institutional investors (FII) and domestic institutional investors (DII). Due to this, mutual funds serve as a financial investment for investors who are in need of accessing capital at low risk. Mutual fund companies cater to the needs of investors by offering diversified schemes. Apart from that, they segment the market by offering products based on various demographic factors such as age, gender, income, profession, objective of investment, etc. Due to this activity, capital formation is easy for the economy. This, in turn, provides funds to the needy.

Thus, it is high time to understand and analyze investors' awareness and preferences so as to unveil some valuable information to support financial decision-making. This in turn helps financial market participants introduce new and diversified instruments for better mobilization of capital. This research paper focuses on the investor awareness of various financial instruments in Chennai.

2. Review of literature

Sujit and Amrit (1996), stated that the main factor influencing the salaried and business-class groups to invest in mutual funds was tax benefits.

Elmiger and Kim (2003) concluded that risk is the trade-off that investors have to make between the higher rewards that generally come with the various investment avenues and the higher risk that has to be borne as a consequence of the danger.

E. Sankaran (2004) proposes that the future direction for investors will be to invest in pension funds as the government introduces diversified instruments for all kinds of investors. Researchers further opined that the MF industry will continue to grow in spite of competition because of investor-friendly products.

F. Singh (2004) concludes that middle-class salaried investors and professionals prefer to have disclosure of net asset value on a day-to-day basis and are interested in investing in MFs in order to get higher tax rebates. Further, it is observed that small investors prefer MFs as better investment alternatives and public sector investments as less risky.

Desigan et al. (2006) found that women investors are indecisive on mutual fund investments because of various problems such as lack of knowledge about investment

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protection and their various investment procedures, market fluctuations, various risks associated with investment, assessment of investment, and redressal of grievances.

Sudalaimuthu and Kumar (2008) states that MF is one of the best investment opportunities for small investors, and he studied investors' perceptions of MF investments considering the investors' preference for the MF sector. The study concluded that to understand the financial behavior of MF investors in connection with scheme preference and selection,

Alex Wang (2011) expressed that factors like awareness, income level, and skill play an important role in influencing young people to invest in mutual funds.

Azizah, Nurfadhilah, Ramesh, and Mior (2013), define financial literacy as the ability to read, interpret, and analyze financial information, manage money, communicate about personal financial conditions that affect material well-being, compute, develop independent judgment, and take actions resulting from those processes in order to thrive in our complex financial world. It also includes the ability to discern financial choices, discuss money and financial issues without discomfort, plan for the future, and respond competently to life events that affect every day financial decisions, including events in the general economy.

Palanivel and Chandrakumar (2013) investors with low and middle incomes to invest in insurance and bank deposits

3. Scope of the study

It is necessary that the paper should be narrow down its focus rather than taking a broad coverage and conducting a broad study. Hence, the researcher proposes to concentrate this work only in Chennai City. Financial awareness refers to the awareness of investments in financial assets such as share capital, debt, bonds, mutual funds, corporate deposits, bank deposits, etc. Because the channelling of savings into investments necessitates a high level of financial product awareness, Hence, this research paper focuses on various financial products. It is difficult for the researcher to segment the customers, companies, and very important customers for selection as a sample of the study. Therefore, the study undertaken by the researcher was focused on "Investors' Awareness on Investment in financial assets in Chennai City."

4. Objectives of the study

- To analyze the investors' awareness and perception regarding investing in financial assets.
- To identify the duration of investment in financial assets.
- To analyze the type of investment in financial asset preferred by the investors.

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5. Data Collection Method

The method selected by the researcher for exploring the investors' awareness of financial products is survey research. The research included both primary and secondary data. Primary data for this study was collected by means of a survey conducted in Chennai; the sample size was 200. Samples for the population were being selected as per the convenience sampling method. The questionnaire was used to collect primary data. Secondary data was collected from published literature in books, magazines, journals, newspapers, and websites.

6. Analysis and Interpretation

6.1 Age wise distribution of respondents

Table 6.1 - Age wise distribution of respondents

AGE	NUMBER OF RESPONDENTS	% OF RESPONDENTS
20 – 30	45	22.5
30 – 40	60	30
40 – 50	55	27.5
50 – 60	40	20
Total	200	100

Source: Primary Data

Out of the collected 200 respondents, 22.5% of the respondents fall under the age group 20–30, 30% of the respondents fall under the age group 30–40, 27.5% of the respondents fall under the age group 40–50, and 20% of the respondents fall under the age group 50–60.

6.2 Gender wise classification of respondents

Table 6.2 - Gender wise classification of respondents

GENDER	NUMBER OF RESPONDENTS	% OF RESPONDENTS
Male	110	55
Female	90	45
Total	200	100

Source: Primary Data

From the 200 respondents, the majority (55%) are male respondents, and 45% are female respondents.

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6.3 Occupation wise classification of respondents

Table 6.3 - Occupation wise classification of respondents

OCCUPATION	NUMBER OF RESPONDENTS	% OF RESPONDENTS
Salaried	54	27
Businessmen	52	26
Self employed	48	24
Professionals	46	23
Total	200	100

Source: Primary Data

From table 6.3, it is understood that 27% of the respondents are salaried, 26% of the respondents are businessmen, 24% of the respondents are self-employed, and 23% of the respondents are professionals.

6.4 Awareness about various Investment products

Table 6,4 Awareness about various Investment products

INVESTMENT PRODUCTS	NUMBER OF RESPONDENTS	% OF RESPONDENTS
Bank Deposits	35	18
Shares	22	11
Debt	12	6
Commodities	10	5
Crypto	8	4
Mutual Funds	46	23
Real Estate	67	34
Total	200	100

Source: Primary Data

The table 6.4 shows the awareness of respondents pertaining to various investment products. Hence, from Table 6.4, it is evident that 18% of the respondents have awareness about bank deposits as an investment, 11% of the respondents have awareness about shares as an investment avenue, 6% of the respondents are aware about debt as an investment option, 5% of the respondents have awareness about commodities, 4% of the respondents are aware about cryptos, 23% of the respondents are aware about mutual funds, and 34% of the respondents are aware about real estate as an investment option. Hence, it is inferred that

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respondents are more aware of real estate, followed by mutual funds as an investment product.

6.5 Duration of Investment

Table 6.5 Duration of Investment

DURATION OF INVESTMENT	NUMBER OF RESPONDENTS	% OF RESPONDENTS
Upto 1 year	55	28
1-5 years	58	29
5-10 years	45	23
More than 10 years	42	21
Total	200	100

Source: Primary Data

From Table 6.5, it is implied that 28% of the respondents opine that their duration of investment is up to 1 year, 29% of the respondents opine that their duration of investment is for 1–5 years, 23% of the respondents opine that their duration of investment is for 5–10 years, and 21% of the respondents opine that their duration of investment is for more than 10 years. Hence, it is said that respondents opt for shorter periods of investment.

6.6 Testing of Hypothesis

From the socio-economic variables and the awareness of various financial products, it is evident to test the hypothesis.

H_0 = There is no significant association between socio-economic variables such as Age, Gender, Occupation and financial awareness level of respondents

H_1 = There is a significant association between socio-economic variables such as Age, Gender, Occupation and financial awareness level of respondents.

The following table shows the mean values of awareness of financial products and socio-economic variables, hypothesis testing also made to test the association of financial products and socio-economic variables by using Chi-square test.

Table 6.6 Mean values chi-square results

S. NO.	VARIABLES		MEAN VALUE	F VALUE	SIGNIFICANCE
1	**Age**	20 – 30	46.8	1.57	0.32
		30 – 40	48.5		
		40 – 50	50.2		
		.50 – 60	40.3		

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2	**Gender**	Male	56.8	54.07	0.000
		Female	47.5		
3	**Occupation**	Salaried	57.2	13.12	0.002
		Businessmen	54.3		
		Self employed	42.2		
		Professionals	41.5		

Source: Computed Data

Table 6.6 depicts the mean values of financial awareness level (F values) and the chi-square value. From table 6.6, it is inferred that there is no significant association between age and financial awareness level. As the significance value is 0.32, which is more than 0.05, H_0 is accepted. As a result, it is said that financial awareness does not depend on age.

From table 6.6, it is also implied that there is a significant association between gender and financial awareness level, as the significance value is 0.000, which is less than 0.05. Hence, H_1 is accepted, and it is inferred that financial awareness levels depend on gender.

From table 6.6, it is understood that there is a significant association between occupation and financial awareness level, as the significance value is 0.002, which is less than 0.05. Hence, H_1 is accepted, and it is inferred that financial awareness levels depend on occupation.

7. Summary of Findings and Conclusion

From the above analysis and interpretation, the following are the findings:

- In terms of age group, it has been discovered that 30% of respondents are between the ages of 30 and 40.
- As far as gender-wise classification of respondents is concerned, it is said that the majority (55%) are male respondents and 45% are female respondents.
- As far as the occupation-wise classification of respondents is concerned, it is understood that 27% of the respondents are salaried, followed by other categories of occupation.
- In terms of financial product awareness, it is concluded that 34% of respondents are aware of real estate as an investment option.
- It is explored that 29% of respondents believe their investment duration is between 1 and 5 years.
- The results of hypothesis testing show that financial awareness level does not depend on age group, but does depend on gender and occupation.

From the findings made among the 200 respondents collected, it can be concluded that respondents are more aware of real estate as compared to other forms of investment

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avenues. It is because investment in real estate reaches a larger number of investors. Apart from this, real estate can be considered the oldest form of investment and is widely practiced as a business by many people. A real estate investment cannot be considered a financial asset. But this research paper concentrates only on financial assets such as shares, debentures, bonds, deposits, mutual funds, etc. It is concluded that mutual funds are preferred by many respondents among financial assets. It is because mutual funds are the funds collected from the public and, after pooling, are invested in corporate securities by fund managers. Hence, professionalized service can be expected, whereas other forms of financial asset investment require more knowledge from investors side. But mutual funds are managed by fund managers who possess more knowledge in commerce, economics, etc.

SEBI is the regulatory authority for capital markets or financial assets markets. Hence, SEBI has to bring in more rules and regulations to safeguard retail investors. Apart from regulations, SEBI has to educate investors about investment in financial assets. The respondents' preference for the duration of investment is only for the short term. Hence, the importance of long-term investment has to be made known to investors. Long-term investments outperform short-term investments in terms of return. So it is necessary for financial regulators, financial intermediaries, financial institutions, etc. to educate investors on the importance of long-term investment. Long-term investment not only benefits the investors but also benefits the issuers and the entire economy. As a result, this research paper concludes that financial regulators, financial intermediaries, and financial institutions must raise their level of awareness. Investors also have to come voluntarily to educate themselves.

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