

KNOWLEDGE AND PREFERENCE OF PROFESSIONALS TOWARDS VARIOUS INVESTMENT OPPORTUNITES IN THE POST FINANCIAL SECTOR REFORM SCENARIO

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ABSTRACT

The professional sections of the society are interested to save money for the future where they feel that the savings become an asset over a period of time. The post liberalization era since 1991 has given innumerable avenues for savings and investments where in the public and private sector investment companies are actively functioning in competition with each other. Investment means an asset that is purchased with the hope that it will generate income or appreciate in the near future. In economic sense, investment is the purchase of goods or saving of money that are the future wealth. Investments have become immensely popular with the public because of the existing possibilities for making enhanced return. In this context, the study reveals that the professionals like to have knowledge about the investment plans by exploring the possibility of investments in various methods as per their convenience and selects the one that is found to be good.

KEYWORDS: Professionals, Investments, Knowledge and Investment plans.

INTRODUCTION

Investment Profession means, "Occupation requiring advanced knowledge and special training in any special field". Professionals are persons who have special training and advanced education in a particular subject, (viz., Doctors, Engineers, Lawyers, Chartered Accountant and Teachers). The professional sections of the society are interested to save money for the future where they feel that the savings become an asset over a period of time. The post liberalization era since 1991 has given innumerable avenues for savings and investments where in the public and private sector investment companies are actively functioning in competition with each other to attract the investors in one form or the other. Investment means an asset that is purchased with the hope that it will generate income or appreciate in its value in the near future. In economic sense, investment is the purchase of goods or saving of money that are the future wealth to the investor and floating asset to the investment companies. Investments have become immensely popular with the public because of the existing possibilities for making enhanced returns over a period of time. Professionals are interested in making investment, since it offers attractive returns and protects the future of the investor from risk. Investment means conversion of cash or money into a monetary asset or a claim on future money for a return. Investment in capital market is in various financial instruments, these instruments may be of various categories with different characteristics. For making proper investment involving both risk and return, the investors has to make a study on the alternative avenues of investment - their risks and returns characteristics and make proper projection or expectation of the risk and return of the alternative investment under consideration. Now investments have become the part and parcel of the professionals. Since the needs of the people have widened and feel that ample sum of money could be saved, they are keen in constructing an investment alternative that gives the maximum benefits to

them; so formulating an investment pattern becomes necessary before potential investors start investing their money.

SIGNIFICANCE OF THE STUDY

The investment pattern of an investor will decide the sustainability and the risk taking attitude of such investors. Sustainability of the investors plays a vital role in the economy of a country in the challenging periods. The investment pattern of the investors may change according to the income level of the investors. The professionals are educated people and many of them are aware of the investment opportunities. So the analysis of the investment pattern of the professional will give a better information about the investment prospects.

REVIEW OF PREVIOUS STUDIES

Some institutions and individuals have conducted various studies relating to investment pattern. Such studies have enabled the researcher to get a deep understanding of the concept of the study. The previous studies in this area have enabled the researcher to identify the variables for the study.

1. **U.K.Somasundaram** in his dissertation titled, "A study on saving and Investment pattern of salaried class in Coimbatore District" focused on understanding the behavior of the salaried class investor and examining the awareness level to understand the attitude of the investor towards savings and investment practice.
2. **R.Shanmugham** in his thesis titled, Investment pattern and Decision process of share Investment focused on the Investment pattern of Investors in shares. The study divided the investors into three categories, namely, 1.Tax savers, 2.Traditionalities and 3.Risk takers. The study established that the investors are mainly influenced by their friend's circle. All investors had a diversified portfolio of shares. No one was concentrating on a particular share or industry, as this may help them to reduce risks.
3. "**A study of Investment Behaviour of Investors of corporate securities**" examined the corporate security investors in Tamil Nadu. The study showed that the market was dominated by gang investors. The awareness level was capital appreciation compared to dividend earnings. The portfolio of the investors included partly a fixed income security.
4. "**Investor's protection: A study on legal aspects**" attempted to point out various legal provisions available for safeguarding the interest of investors in corporate segment. It pointed out that the capital market emerged as a major source of finance for the Indian corporate sector and also helped the investors to invest their savings. The study pointed out that irrespective of laws, the investor's grievance and complaints were increasing. The study listed major Acts and sections available for investor protection.
5. **D.L Narayana** in his thesis titled, Income, Savings and Investment of household sector in Chittoor District attempted to review the economy. The study examined the asset structure of the household, classifying the entire range of assets into physical and financial assets. The study stated that the average investment of a self employed farmer household was greater than that of business people.
6. **Shantilal Sarupriya** in his thesis titled, "Individual Savings in an Undeveloped Economy India: A case study" disproved the widely held views about individual's savings and suggested the ways of mobilizing savings. The study observed that a large percentage of the population held their investment in the form of gold, silver and other productive assets.
7. **S.B.Ganti Subramanyan Swami and O.P. Chawks** in their work "Disintermediation in Indian Household sector Financial Portfolio, 1994" stated that the household savings in

bank deposits were gradually decreasing and other market instruments attracted the savings.

8. **K. Chandrasekar and K.T. Geetha** in their study, “National Savings and Economic Growth,” highlighted the fact that increase in savings rate is influenced by the rate of growth of income and vice-versa.
9. **Org Marg** in his study titled, Investors choices over the Investment Advances revealed that investor’s preferred fixed deposit in bank, post office and insurance scheme followed by government bonds and equity shares. The survey took seven parameters which influenced one to choose an investment avenue, i.e. 1 Capital appreciation 2 Safety 3 Liquidity 4 Rate of return 5 guaranteed returns 6 Manageability and 7 Tax shelter. The result was guaranteed return coupled with capital appreciation was the expectation of the most of the investors.

STATEMENT OF THE PROBLEM

Investors are savers but all savers are not investors, because, investment is a science and an art. Savings are sometimes autonomous and sometimes induced by the incentives like fiscal concessions or income or capital appreciation. The number of investors is estimated of about 50 million out of population of more than one billion in India. Savers come from all classes except in the case of the population who are below the poverty line. The growth of urban living and increase in the literacy rate has activated the cult of investment. More recently, since the eighties the investment activity has become more popular with the change in the Government policies towards liberalization and financial deregulation. The process of liberalization, globalization and privatization was accelerated by changes in the policy towards a market oriented economy, through economic and financial reforms stated in July 1991. Invariably every researcher has to formulate a specific problem for his study depending upon his own needs, requirements, capability and understanding. Every professional are well educated, so they know various schemes of investment which yield more return and bear less risk.

Money begets more money when it is properly managed through the various schemes of savings and investments. At present an individual has a variety of investment opportunities be it with public sector or private sector investment companies or banks. As there are different types of investment channels, public get confused when they plan to make investment, by selecting the best sort of investment and rejecting the rest is more difficult to the investors. Hence one must pay much attention as regards investment decision, before moving towards investment. It could be returns or capital appreciation or safety or tax relief or any other peculiar factor that a particular investor desires. Depending upon that and on the basis of the objectives, investors make their investment decision and such a process offers the silver lining golden return to investors. In order to diversity the risk they will invest money in different investment patterns. There might be some criteria that they follow in selecting or determining the investment pattern. So this study has been undertaken to identify the preference of the professionals in their investment decisions.

OBJECTIVES OF THE STUDY

1. To identify and explore various investment avenues floated by the public and private sector investment companies.
2. To identify the motives behind the investment plans of the professionals.
3. To list out the various investment preferences available to the professionals and their preferred investment avenues.

4. To identify the information sources influencing the scheme selection, decision of investors and to evaluate investor related services that would affect the selection of investment plan.
5. To locate the pitfalls and to offer suggestions for the effectiveness of the investment pattern to attract the investors.

SCOPE OF THE STUDY

The present study is only confined to investment preferences of Professionals in Tiruchirappalli District. An attempt has been made by the researcher to assess the preference of investment by professionals' viz., Doctors, Engineers, Lawyers, Chartered Accountants and Teachers in the study area.

METHODOLOGY OF THE STUDY

The study has been carried with the help of primary and secondary data. The primary data have been collected with the help of a questionnaire and the secondary data have been sourced through a review of literature collected from books, journals, magazines, internet source, government documents and publications in periodicals and other related sources.

Pilot Study:

A pilot study was made before carrying out actual study to get more insight in to the topic of the study. Questionnaire method was used in the pilot study among the five different categories of professionals namely, the Doctors, Lawyers, Engineers, Chartered Accountants and Teachers. From the pilot study the researcher was able to find direction for research, the refinement of the questionnaire with necessary changes will make the research to be authentic and meaningful to approach and to bring-out the outcomes to be more relevant in line with the objectives.

Sampling Technique

A total sample of 650 respondents have been selected through a proportionate random sampling technique from the five different categories of professionals namely, the Doctors, Lawyers, Engineers, Chartered Accountants and Teachers. In every segment an evenly distributed questions that form the basis for the study. However, 50 questionnaires were rejected for want of data and the final sample size is 600.

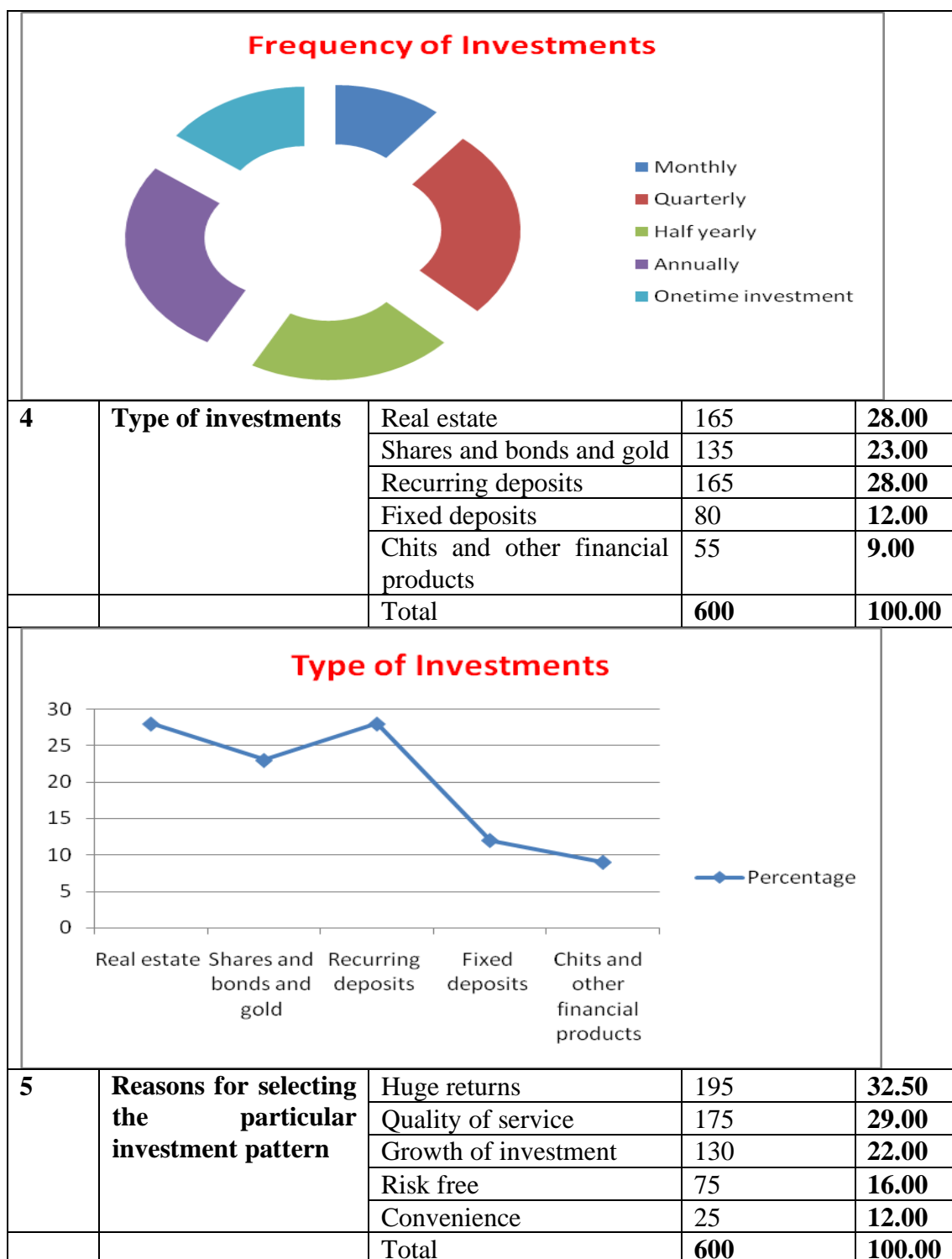
Tools for Analysis

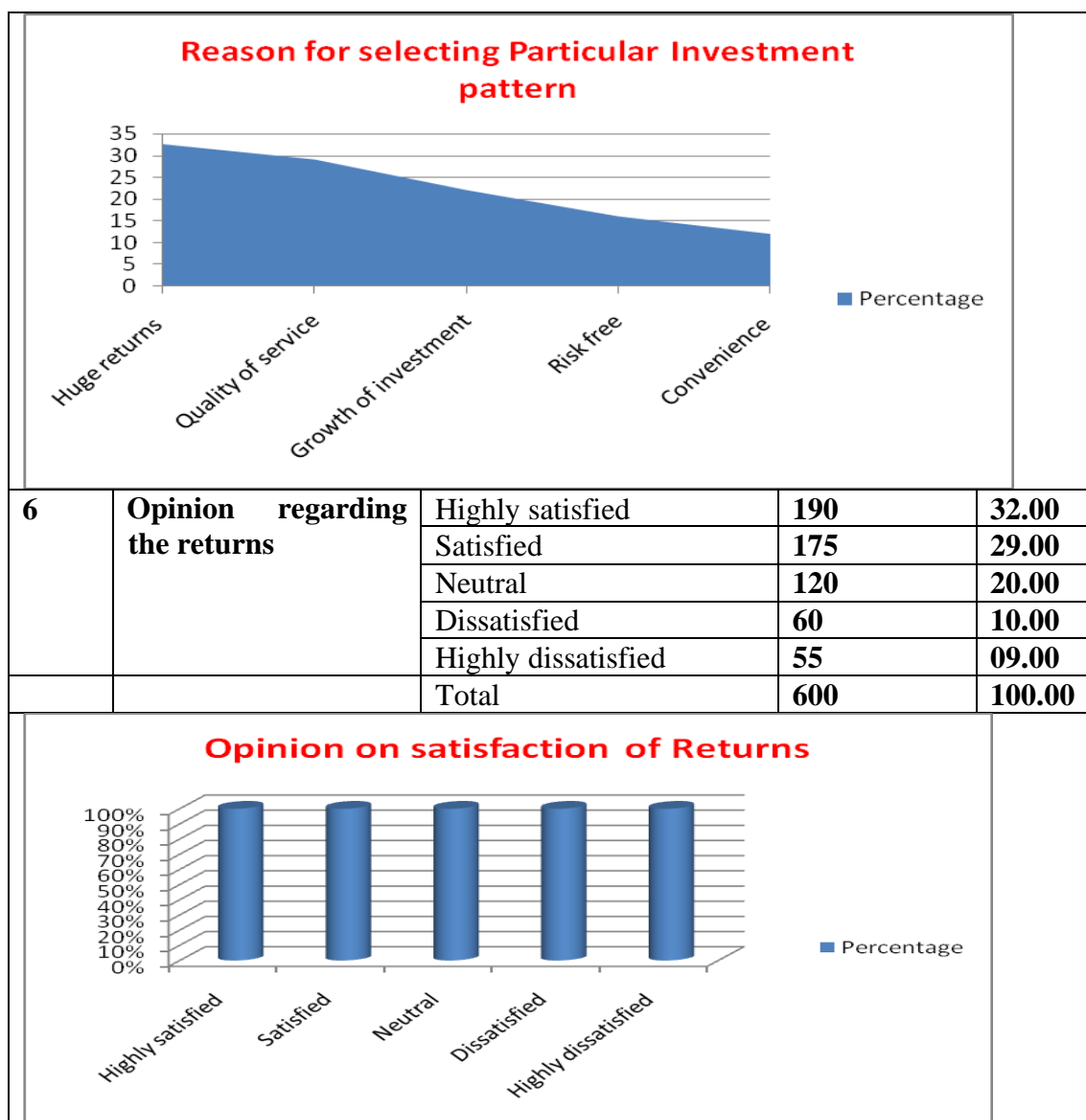
The various statistical tools are applied to analyze the primary data through percentage analysis, ANOVA, Mean score analysis, Factor analysis and Chi – square analysis to interpret the data and to arrive at relevant inferences. For effective analysis and easy understanding, the data were tabulated and graphed;

I. Knowledge and Preference of various investment avenues

S. No	Factor	Category	No. of Respondents	%
1	Sources of information for investments	Friends	140	22.00
		Family members	95	16.00
		Advertisements	160	27.00
		Agencies and finance companies	175	29.00
		Other sources	40	6.00

		Total	600	100.00
Sources of information				
2	Ways and means of investment	Direct in bank / financial institutions	160	27.00
		Brokers / agents / intermediaries	140	23.00
		Online mode	180	30.00
		Financial advisers	100	17.00
		Other mode	20	03.00
		Total	600	100.00
Ways and means of Investments				
3	Frequency of investments	Monthly	65	11.00
		Quarterly	155	26.00
		Half yearly	125	21.00
		Annually	160	27.00
		Onetime investment	95	15.00
		Total	600	100.00





The above table provides information on the various factors of knowledge and preference of various avenues of investments by the professionals considered for the study.

II. Type of profession and investment preference

Ho: There is no significant association between the type of profession and investment preferences.

Type of profession	N		Sum of Squares	df	Mean Score	F	Significant
Doctors	120	Between Groups	34.133	2	17.067	33.362	.0.000
		Within Groups	75.200	118	0.512		
		Total	109.333	120			
Engineers	120	Between Groups	41.440	2	20.720	88.245	0.000
		Within Groups	23.950	118	0.235		
		Total	65.390	120			

Lawyers	120	Between Groups	30.508	2	15.254	61.650	0.000
		Within Groups	16.578	118	0.247		
		Total	47.086	120			
Accountants	120	Between Groups	38.485	2	19.242	140.356	0.000
		Within Groups	8.500	118	0.137		
		Total	46.985	120			
Teachers	44	Between Groups	16.800	2	8.400	55.125	0.000
		Within Groups	6.400	118	0.152		
		Total	23.200	120			
Total	600						

Source: Primary Data

The result of one way ANOVA is given below.

In case of Doctors the observed value of F is 33.362 and the corresponding significant value is 0.00 which is less than 0.05.

In case of Engineers the observed value of F is 88.245 and the corresponding significant value is 0.00 which is less than 0.05.

In case of Lawyers the observed value of F is 61.650 and the corresponding significant value is 0.00 which is less than 0.05.

In case of Accountants the observed value of F is 140.356 and the corresponding significant value is 0.00 which is less than 0.05.

In case of Teachers the observed value of F is 55.125 and the corresponding significant value is 0.00 which is less than 0.05.

The mean square between the type of profession and the investment preferences differs significantly.

III. Type of Profession and the amount of annual investments

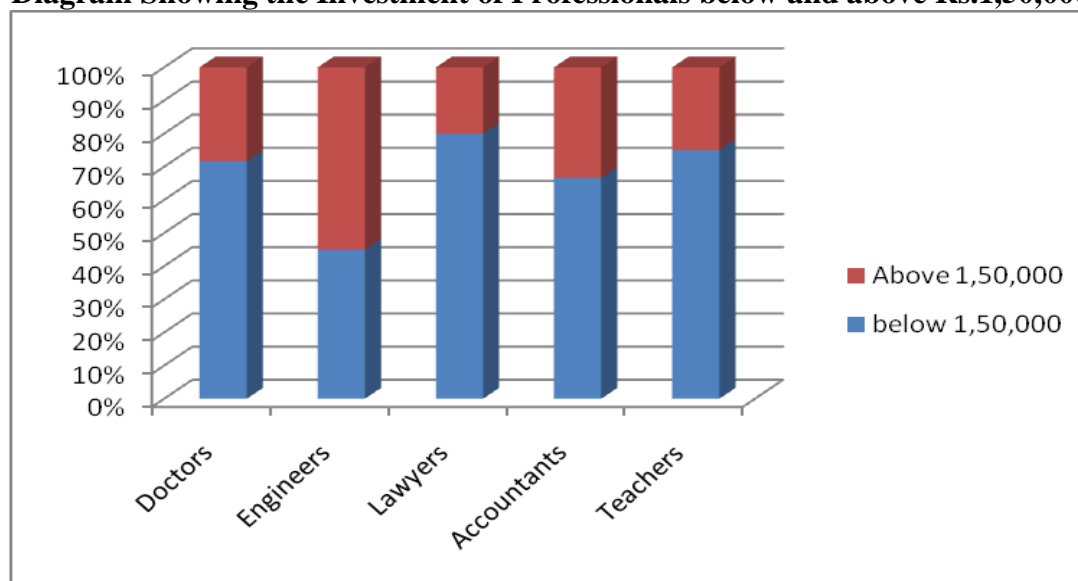
Ho: There is no significant association between the type of profession and the amount of annual investments

Type of profession	Amount of annual investments		
	Below ` 150000	Above ` 150000	Total
Doctors	86	34	120
Engineers	54	66	120
Lawyers	96	24	120
Accountants	80	40	120
Teachers	90	30	120
Total	406 (68%)	194 (32%)	600

Source: Primary Data

A large majority of 68 per cent of the professionals, invariably of their profession make an annual investment of less than Rs.1,50,000 and only 32 per cent of them make an investment above Rs.1,50,000.

Diagram Showing the Investment of Professionals below and above Rs.1,50,000



Chi square test:

Calculated value : 29.682

Table value : 0.110

Degrees of freedom : 5

Level of significance : 5%

From the above table the observed value of chi-square is 29.682 and the corresponding significant value is 0.110 which is higher than 0.05, hence the null hypothesis (Ho) is rejected and alternative hypothesis is accepted. Therefore, it is concluded that, **there is a significant association between the type of profession and the amount of annual investments.**

RESULTS AND DISCUSSION

1. Sources of information towards investments

Today the information is plenty and is available on desk with a click of the mouse. The first factor sources of information towards investment, the most important source is the knowledge provided by the agencies and financial companies, followed by advertisements provided by the investment companies, to some extent the friends and family enrich the investors to invest as a means of future assets to the investors. The agencies are working 24x7 through call centre professionals taking, guiding, advising and enriching the customers to select the investment plans and to opt for the one that is more comfortable to them. The advertising media such as TV, print, online, and other means of advertisements provide continuous knowledge to trigger the minds of the investors.

2. Ways and means of investments

The second factor is the ways and means of investments made by the professionals and it is observed that the most important ways and means of investments are made through online mode which has become very common among the professionals as they are more aware of the role of digital means and are transacting through digital mode, the second aspect is direct investment in banks and financial institutions as these people have long time tie with these banks and financial institutions ever since they have become professionals and they go by the advice of the bank managers and other financial institutions that support them to build their profession. It is observed that the brokers and financial intermediaries play an important role in enriching the professionals for investments, it is because, these days we find lot of agents and brokers are permitted to operate in fetching customers into their fold and they do personal

services without making them to wait for any reasons. They also remain as advisers to help in identifying various avenues of investments and suggest them the most suitable one that may have high growth or huge return over a period of time with lesser risk factors.

3. Frequency of investments

The third factors considered in this study is the frequency of investments, the professionals depending on their capacity and preference intend to invest their money as per their choice. Here the monthly, quarterly, half yearly and annually plans may be comfortable to the investors and besides the one-time investment is also preferred by the professionals. It is observed that a large majority of the professionals prefer to select the annual investment choice, it may be a reason that the professionals may like to address the income tax matters that usually be considered by them as when they get a signal of the income and income tax. The next best choice is the quarterly investment pattern where the professionals feel that their income is excess and could be invested once in three months with the accumulated income where quantum of money may be available for investments. The half yearly mode is also preferred to some extent with a view that it the accumulation of income for six months may be a reasonable one to put in a potential avenue of savings and investments. The monthly and one time investment is less preferred by the professionals as it will be risky that may affect the operating and development expenses of their profession.

4. Type of investments

In the post liberalization era that are numerous avenues for investment as the entire financial system and financial sectors work in competition to tap the financial resources of the professionals to strengthen their financial performance and working capital of their business. To understand the awareness and preference of the professional towards various types of investments, the question relating to the type of investments are gathered and presented. The Recurring deposits and Real Estate sectors appear to be the most prominent type of investment sector preferred by professionals as these two sectors has reasonable return with lesser risk factor. The investment in shares, bonds and gold are reasonably preferred by the professionals and the investment in fixed deposits of banks and in chit companies are less preferred by the professionals as the return appears to be very less.

5. Reasons for selecting the particular investment pattern

There should be a reasonable reason for anyone to act or react to a particular situation. In the selection of investment pattern, the professionals have their own reasons to opt for that particular avenue of investments. Hence the question relating to the reasons for selecting the particular investment pattern is gathered and presented; there are three major dominating reasons for selection the particular investment pattern namely huge return and quality service by the financial sector, and the growth of the investment in reasonable expected time duration. Most of the professionals select their investment plan based on the growth and return prospects and to some extent the quality of the services of the investment company also matters as the service includes best suggestions and advices for their investments. The other two factors of risk free and convenience carries lesser weight when comparing with the other factors highlighted above.

6. Opinion regarding returns

The consolidated outcome of the study states that the preference is the choice and the opinion is final. A large majority have opined that they are highly satisfied and satisfied about their returns on investment, it is 3/5th by number and another 1/5th each are neutral and dissatisfied on the returns. The 60 percent satisfaction and 40 percent with different opinion does not provide a positive result in case of maximum number of respondents have strong opinion regarding returns.

Hypotheses Findings

7. Type of profession and investment preference

In case of the type of profession and investment preference the observed value of chi-square is 29.682 and the corresponding significant value is 0.110 which is higher than 0.05, hence the null hypothesis (Ho) is rejected and alternative hypothesis is accepted. Therefore, it is concluded that, *there is a significant association between the type of profession and the amount of annual investments.*

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In case of the type of Profession and the amount of annual investments the observed value of chi-square is 29.682 and the corresponding significant value is 0.110 which is higher than 0.05, hence the null hypothesis (Ho) is rejected and alternative hypothesis is accepted. Therefore, it is concluded that, *there is a significant association between the type of profession and the amount of annual investments.*

CONCLUSION

Investment is not an easy means in the changing situation of the society where people have more requirements and priorities. In this consumerist society, only an ample sum of money remains with people and hence it is a challenging task to go for preferring investment plans, but the luckiest point is that there is always a scope for financial support by the banks and financial companies, particularly to the professionals who have been considered for the study. This merit stand in good stud and ultimately it supports and encourages the professionals to select the one which is in alignment with the plans of the professionals. In this context, the study reveals that the professionals like to have knowledge about the investment plans by exploring the possibility of investments in various methods as per their convenience and the fund floating on hand. The study also highlights the annual investment level and reasons for selecting the particular investment avenues and their opinion regarding the returns. To conclude, the investment preference is the order of the day as there are lot of transformation taking place in the financial markets and financial system of the country. The little effort of the professionals to save for their future may be source for business and professional development at a later stage, which may help in rebuilding the society by providing employment opportunities and other social means, once these investments are directed to a proper utility either at the time of accumulation by the investment companies or by the investor at a later stage on recovery, then naturally the economic system of the country will be more comfortable to the serve the present and future citizens of the society with dignified living and responsible citizenship.

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