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## A study of investment awareness and preferences among individual investors with special reference to Islampur city

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### Abstract:

The goal of the study is to examine how individuals save and invest their money. The study's primary objective is to examine demographic parameters such as age, gender, income, educational attainment, and employment. When compared to bank deposits, the percentage of investors participating in the Indian equities market is quite low. The investors in this project are all residents of Islampur city, and this project includes their preferences as well as the various aspect that influence their choice of investment strategy. This study includes investors' responses regarding their choice of securities within each classification, and performance within each classification has been analysed based on investors' returns. The conclusion is related to the top-performing items and the investor's capacity for taking risks while investing in various areas. Most investors, especially those in rural areas, are reported to be ignorant about available investment options and legal requirements. The goal of the study was to learn about investors in Islampur cities saving habits, investment knowledge, and investment preferences.

**Keywords:** Individual Investors, Awareness, Investment, Preference, Saving.

### I. INTRODUCTION:

There are numerous investment opportunities in India, some of which are liquid and marketable while others are not, some of which are very hazardous while others are essentially low-risk. The investor must select the appropriate avenue based on his unique needs, preferred level of risk, and anticipated profit. Investor decision-making is therefore more difficult and essential. The

definition of investment behavior is how the definition of investment behavior is how investors. A decision-making process should be judged, predicted, analyzed, and reviewed. This includes investment psychology, information gathering defining and understanding, research, and analysis. Each investor chooses the investment option for a specific period in search of their own financial objectives. This entire process is referred to as investment behavior. Individual investor's investment practises provide insight into how they intend to distribute their surplus funds. The main purpose of the study,

1. The awareness and preference of investors particularly individual investors.
2. Higher education qualification is an impact on the investments.
3. Effect of age on risk-taking capacity.

## **I. LITERATURE REVIEW:**

On investors, many studies have been done on the basis of awareness and preferences. But there are very few studies on individual investors' awareness and preferences.

**Mustafa Yurttadua (2019)** Analysis of individual investors financial investment preferences using behavioural finance in this instance, we are discussing individual investor's financial literacy. And how they think about investment and how their mind works on it. individual investor how to work in their risk and investment and how to control risk and behavior about feature investment.

**Mr. Million Assefa (2017)** In this case, Financial Literacy and Investment Behaviour of Salaried Individuals. in this study researchers found financial literacy and financial preferences for the various investment avenue. the data collected from the salaried people.in this research lack of respondents doesn't have knowledge about an investment like government bonds and the stock market and the underdevelopment of the primary capital market. It can be concluded that the level of individuals' financial literacy affects investment preferences.

**Bharti wadhwa, Akanksha Uppal, Anubha vashisht Davindeg Kaur (Apol 2019)** A researcher investigates the current financial system, where there are numerous investments. In this study, it is difficult for anyone to deny these facts regarding ovvenus. The rental concluded that few elite people possess investment understanding are aided by financial resources, financial news outlets, and the increased awareness of the stock market among the public.

**Dr. T. sisili, Shokul kumar, S. Bra Kumar, (Manikandan and y. Dineshkumar (2018)** These Research papers, Research. studies the modes of investments, parameters of Investment and people's preference of investment towards Equity, MF, Gold/slype, Insurance, Real, estate of males and Females on the basis of the study it can be said that Investment patterns of investors included in the Study sample are on demographic fractures usually not depended.

**Dr. S. RAMALINGAM (2020)** This study mainly aimed at the Investment Preference of

Household Investors in Vellore District, Tamil Nadu. This Analysis was undertaken with the help of a survey conducted. The research shows that the mode of saving looks the same irrespective of the domicile and post office/bank deposits are the best options for household investors.

**Jayashree Bhattacharjee and Ranjit Singh April (2017)** This research paper studied Awareness of equity investment among retail investors. It can be concluded that demographic, socioeconomic, and psychological factors are important determinants of awareness of equity investment.

**Zainal Azhar, Juliza1, Nor Azilah, Amirul Shafiq (2017)** The younger age is now more socially and financially adept and creative than the older generation, according to this research article. In this study, young adults between the ages of 18 and 28 were selected as the samples in order to assess the young generation's awareness of investments.

**Dhayalan, C.R. Senthilnathan (2018)** In this research paper studied the saving habit and investment preference of government schoolteachers in the vellors distric were researched for this research study. And they concluded that as people's living standards are rising steadily today, the teacher community has begun to recognize the value of saving money and investing it wisely.

**Dr. Mukti Kataria, Dr. Seema Joshi (Nov 2018)** In this research study of Savings patterns, investment awareness, and preferences of Jalgaon district investors. he concluded that the study this evident that most of the respondents from the Jalgaon district are aware of various investments. investors preferred low-risk trade levels that way they were inclined towards bank fixed deposits for investment.

## II. RESEARCH GAP:

The review of the literature found that most people are to invest their money in various options. It is the traditional method of investing that does not give the expected return to the investor. If they are aware of the trading investment option they get more return from investment.

## III. OBJECTIVES OF THE STUDY:

1. To comprehend what matters to individual investors when making investments.
2. To assess the degree of investor awareness and their investment preferences.
3. To assess how male and female investors behave when making investments.
4. To offer some recommendations to help individual investors become more knowledgeable about investing.

## IV. RESEARCH METHODOLOGY:

### Research Design:

For this study, we work on the primary data, and we selected the snowball sampling method to collect the data.

**Data Collection:**

Primary data will collect through questionnaires with the help of Google Forms. And collect the secondary data from journals, newspapers, websites, or articles, and Research published in journals.

**Sampling plan-**

**Universe:** Individual Investors.

**Sampling Unit:**

The purpose of the study is, to study the awareness and preferences of Individual investors. The unit of study is individual investors in Islampur City.

**Sampling Method:**

Non-Probability Snowball Sampling Method use to collect the data from respondents.

**Sample size: 384**

**Sampling Area:** Islampur

**I. DATA ANALYSIS AND INTERPRETATION:**

Collected data is analysed with the help of Statistical tool and software and it's finding have been presented in the below format.

**Table 5.1: Classification of the respondents on the basis of their gender.**

Gender	Respondents	Percentage
Male	264	68.8%
Female	120	31.2%
Total	384	100%

(Source: Primary Data)

**Interpretation:** In these responses 68.8% are male & rest 31.3% responses are female.

**Table 5.2: Classification of the respondents on the basis of their age.**

Age(yrs.)	Respondents	Percentage
18-25	240	62.5%
26-35	77	20.1%
36-45	51	13.3%
Above 45	15	3.9%
Total	384	100%

(Source: Primary Data)

**Interpretation:** It found that the Majority (62.5) of responses in the 18-25 year and after that 26-35 year (20.1%) and (13.3%) responses are 36-45 years and more than 24 years.

**Table 5.3: Classification of the respondents on the basis of their Education.**

Education	Respondents	Percentage
Below 10th	30	7.8%
Up to 12th	60	15.6%
Graduation	159	41.4%
Post-Graduation	129	33.6%
Other	6	1.6%
Total	384	100%

(Source: Primary Data)

**Interpretation:** It found that the majority of respondent (41.4%) is graduate and (33.6%) are postgraduate.

**Table 5.4: Classification of the respondents on the basis of Annual Income (In lakhs).**

Source	Respondents	Percentage
Below 2.5L	170	44.3%
2.5L-5L	116	30.2%
5L-10L	71	18.5%
Above 10L	27	7%
Total	384	100%

(Source: Primary Data)

**Interpretation:** It found that, the majority respondent (44.3%) are below 2.5 Lakh and (30.2%) are 2.5 Lakh- 5Lakh, (18.5%) are 5Lakh-10Lakh, (7%) are Above 10 Lakh.

**Table 5.5: Classification of the respondents on the basis of investment.**

Investment	Respondents	Percentage
Invest	274	69.8%
Not invested	110	30.2%
Total	384	100%

(Source: Primary Data)

**Interpretation:** It observed that 274 (71.4%) respondent is invested and 110 (28.6%) are not yet invested in any type of investment.

**Table 5.6: Classification of the respondents on the basis of Experience in Investment.**

Experience	Respondents	Percentage
Below 2yrs	197	51.3%

2yrs-5yrs	80	20.8%
5yrs-10yrs	69	18%
10yrs-15yrs	27	7%
Above 15yrs	11	2.9%
Total	384	100%

(Source: Primary Data)

**Interpretation:** It found that 51.3 % of the respondent has experience below 2 years and 20.8% of the respondent has 2-5yrs experience. Only 2.9% of respondents have experience of above 15 years.

**Table 5.7: Classification of the respondents based on Preference of investment / Investing Area. (Multiple Choice Selection).**

Investing Area	Respondents	Percentage
Share Market	64	16.5%
Debenture/Bond	23	6%
Mutual Funds	64	16.5%
Commodity Market	28	7.3%
Public Provident Funds (PPF)	21	5.4%
Gold/ Silver	45	11.7%
Insurance	37	9.6%
Real Estate	27	7.1%
Commodities	12	2.8%
Fixed Deposits (FD)	28	7.2%
Post Office Savings	16	4.2%
Others	19	5%
Total (Out of)	384	100%

(Source: Primary Data)

**Interpretation:** It found that respondent has preferences of investment 16.5% has share market preference, 11.7% respondent has Gold and Silver, 9.6% respondent Insurance, and Commodity Market 7.3%, Debenture 6% respectively.

**Table 5.8: Classification of the respondents on the basis of Purpose of Investing (Why you investing). (Multiple Choice Selection).**

Purpose of Investing	Respondents	Percentage
Wealth Creation	106	27.7%
Future needs	128	33%
Children’s Education	56	14.6%
House building	57	15%
Marriage Purpose	30	8%
Other	7	1.7%
Total	384	100%

(Source: Primary Data)

**Interpretation:** It found that 27.7% of the respondent has the purpose to wealth creation and 33% of the respondents has future needs, 15% responded house building purpose, and Children’s Education 14.6%, Marriage Purpose 8% respectively

**Table 5.9: Classification of the respondents on the basis of Source of information (how you get information about investing) (Multiple Choice Selection).**

Source of information	Respondents	Percentage
Print Media – Newspaper	49	12.7%
Electronic Media – TV	41	10.6%
Internet	76	19.7%
Financial Advisors	43	11.3%
Friends & Peer investors	45	11.7%
Own analysis	41	10.8%
Relatives	30	7.5%
Financial Brokers	13	3.3%
Books/Magazines	18	4.7%
Family Members	28	7.4%
Total	384	100%

(Source: Primary Data)

**Interpretation:** It found that sources of information of respondents are, 19.7% from the Internet, 12.7% from Print Media – Newspaper, 11.7% from Friends & Peer investors, 10.8% from their Own Analysis, and 7.4% from family members.

**Table 5.10: Classification of the respondents based on Risk-taking capacity.**

Risk Taking Capacity	Respondents	Percentage
Very High	67	17.6%5
High	102	26.8%
Medium	106	27.8%
Low	47	12.3%
Very Low	59	15.5%
Total	384	100%

(Source: Primary Data)

**Interpretation:** It found that the risk-taking capacity of respondents is as follows, Medium (27.8%), Very Low (15.5%), Low (12.2), High, and Very High (17.6%).

#### V. FINDING:

- 1) Majority of investors’ responses are male.
- 2) Majority of respondents are in the 18–25-year age group.
- 3) Majority of respondents are occupational students.
- 4) Majority of respondents have an Annual Income 2.5Lakh.
- 5) Majority of respondents invested money in different types of investments.
- 6) Majority of respondents have Below 2 years of experience in investing.
- 7) Most of the respondents invest in the Share market.
- 8) Majority of respondents are the purpose of investing in future needs and wealth creation.
- 9) Majority of respondents have a Source of information is the Internet.
- 10) Most of the respondent’s Risk Taking capacity is Medium.

#### VI. CONCLUSION:

This research has conducted the finding the individual investor’s awareness of different investments. Investors are more familiar with the different preferences about the different methods of investing. Each and every investor wants more returns on their investments but also low risk. This research finds that,

- 1) Educational level impacts the awareness about Investment decisions.
- 2) Age impact on Risk Taking Capacity.
- 3) Awareness of investing increasing in people. But females are less aware than males in the



investment.

- 4) Majority of the people invest money in safer investment options.
- 5) The individual investor is also looking for investment options for complete future needs.

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