

Savings Pattern and Investment Preferences of Individuals with Reference to Hyderabad City

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Abstract: The main aim of the project is to study the awareness and preferences of investors for different investment options available to them and to analyze the factors influencing their perceptions and preferences. More specifically, an attempt has been made in this article to measure the level of awareness of investors about several pre-identified investment products; to rank the investment products in terms of awareness; to analyze the relation between awareness and socioeconomic factors relating to the investors; to study the preferences of investors for different investment products; and finally to identify the factors influencing investor awareness and preferences. The objectives for making investments are many and varied and differ from person to person. These may be either to get a safe, regular, uniform and continuous return in the future with moderate risk or to enjoy the benefits of capital appreciation with attached risk. An individual's investment objectives also depend on various personal factors, such as his/her age, income level, sex, occupation, education, etc.

Keywords: Savings, Savings Pattern, Investments, Investment Preferences, Socio-Economic Factors.

INTRODUCTION

Need for the Study

Now-a-days life has become very uncertain which makes everyone to think about oneself and his/her family's future by making some sort of savings and investments to be more secure and better future. But unfortunately, very few people have awareness about the savings and investments. This research is carried with help of other existing literatures and studies[1-4]. So a study on the savings pattern and investment preferences will be very helpful for the individual residing at Hyderabad.

Objectives of the Study

The basic objective of this project is to study the investment culture among the people of Hyderabad city. For this purpose, the following has been examined:

- Savings patterns of individual in the city.
- Investment preferences of individuals in the city.
- Relation of savings pattern and investment preferences to social, economic, educational and occupational backgrounds of the individual.
- Suggestions for better investor awareness and educational programs.

Scope of the Study

The study focuses on the savings pattern and investment preferences of the individuals in and around Hyderabad and it will help the people to have

awareness about savings and in identifying the better investment option.

RESEARCH METHODOLOGY

The population studied here is the people residing at Hyderabad City in Andhra Pradesh.

Type of Research: The research carried out is a descriptive research where survey method is adopted to collect primary information from the investors using different scales and secondary information for the analysis.

Primary Data- A questionnaire is prepared to collect the data through survey method.

Secondary Data- Books and Internet Customer database, Companies websites.

Sample Size- The population being large the survey is carried among 146 respondents, most of them are the residents of Hyderabad. They will be considered adequate to represent the characteristics of the entire population.

Sampling Procedure- The sampling procedure followed in this study is non-probability convenient sampling. Simple random procedures were used to select the respondent from the available database.

Sample Design

For the purpose of the study, representative sample in Hyderabad city have been selected by using stratified random sampling for the purpose of intensive study. The stratification has done based on appropriate geographical, administrative and developmental factors.

While selecting the respondents, factors such as economic status, educational qualification and professional background of the population, were considered. A total of 146 samples have been collected by using the simple random sampling method.

DATA ANALYSIS AND INTERPRETATION Ranks of Investments avenues based on level of awareness

Table 1: Ranks of Investment Avenues Based on Level of Awareness

Sl. No	Investment Avenues	High Awareness	Low Awareness	No Awareness	Rank
1.	Bank Deposits	118 (80.82)	22 (15.07)	6 (4.11)	1
2.	Real Estate	112 (76.71)	28 (19.18)	6 (4.11)	2
3.	Small Savings Scheme	105 (71.92)	30 (20.55)	11 (7.53)	3
4.	Life Insurance Schemes	100 (68.49)	33 (22.60)	13 (8.90)	4
5.	Bullion	95 (65.07)	37 (25.34)	14 (9.59)	5
6.	Company Deposits	88 (60.27)	41 (28.08)	17 (11.64)	6
7.	Corporate Securities- Bonds	68 (46.58)	46 (31.51)	32 (21.92)	7
8.	Mutual Funds	62 (42.47)	64 (43.84)	20 (13.70)	8
9.	Equity Shares	58 (39.73)	78 (53.42)	10 (6.85)	9
10.	Preference Shares	54 (36.99)	62 (42.47)	30 (20.55)	10
(Figures mentioned in brackets are percentages)					
<i>Source: Compiled from the Data Output of Field Survey</i>					

Interpretation

It can be conclude from the information furnished in Table 1:

- Majority of the respondents (80.80%) stated that they had a high degree of awareness about bank deposits as an investment avenue, 15.07% had a low level of awareness and the rest no awareness.
- As regards real estate, as an investment channel, 76.71% of the respondents showed a high awareness level.
- The other investment avenues, which follow bank deposits after real estate are: small saving schemes (71.92% of the respondents expressing high awareness), life insurance schemes (68.49%), and bullion (65.07).
- The investment avenues, which are not popular among the sample investors and about which they have very low level of awareness are: equity shares (53.42%), preference shares (42.47%), mutual funds (43.84%), corporate bonds (31.51%) and company deposits (28.08%). Thus, these

investment avenues are placed in the lower ranks in terms of investor awareness.

From the above observations, it is clear that investment avenues like bank deposits (ranked 1), real estate (ranked 2), small saving schemes (ranked 3), life insurance schemes (ranked 4), and bullion (ranked 5) are very popular among the investors of the city and they are quite aware of these avenues while making investments. It is also significant to note that they are either unaware or have little awareness of corporate investment channels, like company deposits (ranked 6), corporate debt securities (ranked 7) mutual funds (ranked 8), equity and preference shares (ranked 9 and 10). This certainly calls for better investor education programs in the city.

After having assessed the awareness levels of investors about the various investment avenues, it is necessary to identify the factors that contribute to investor awareness. An attempt is made to examine the

relation between the factors, like gender, age, education, occupation, income, and the levels of awareness.

Age and Investor Awareness

The relation between age and investor's awareness, the distribution of investment avenues with

high awareness based on age and also with low awareness among the investors is analyzed hereunder.

The data relating to the age-wise distribution of sample respondents in respect of investment avenues, (ranked from 1 to 5 in Table 1) is shown in Table 2.

Table 2: Distribution of Investment Avenues with High Awareness based on Age

(Figures in Percentages)					
Age in Years	Bank Deposits	Real Estate	Small Saving Schemes	LIC Schemes	Bullion
Below 30	72.4	90.3	65.1	63.5	76.8
31-40	76.6	82.0	73.5	72.6	68.3
41-50	81.8	74.5	87.5	82.5	64.5
51-60	78.4	75.0	64.7	68.9	69.7
Above 60	81.0	76.6	78.6	84.9	73.4

Source: Compiled from the Data Output of Field Survey

Interpretation

It may be seen from table 2 that the respondents are almost equally distributed among different age groups while claiming their high level of awareness about these avenues. Therefore, the age of investors cannot be taken to influence their level of awareness. A similar attempt has been made to see

whether a similar relation exists in respect of the investment avenues with low awareness.

The data relating to the age – wise distribution of respondents with low awareness of investment avenues (ranked from 6 to 10 in Table 1) is furnished in Table 3.

Table 3: Distribution of Investment Avenues with Low Awareness based on Age

(Figures in Percentages)					
Age in Years	Company Deposits	Corporate Bonds	Mutual funds	Equity Shares	Preference Shares
Below 30	40.2	30.2	42.6	31.7	36.9
31-40	41.0	36.6	34.4	28.2	32.0
41-50	37.3	28.0	32.4	28.3	24.7
51-60	28.5	29.4	18.6	17.8	19.2
Above 60	27.4	36.2	33.9	32.1	24.7

Source: Compiled from the Data Output of Field Survey

Interpretation

It may also be noted from Table 2 and 3 that irrespective of the level of awareness, the investor respondents are almost equally distributed across different age groups.

Gender and Investor Awareness

To examine whether any relation exists between the gender and the level of investor awareness, the distribution of the investment avenues based on gender with high awareness and low awareness level were analyzed. The relevant information is furnished in Table 4 and 5.

Table 4: Distribution of Investment Avenues with High Awareness based on Gender

(Figures in Percentages)					
Gender	Bank Deposits	Real Estate	Small Saving Schemes	LIC Schemes	Bullion
Male	82.4	79.7	78.7	78.1	66.2
female	80.1	80.5	75.9	79.6	68.9

Source: Compiled from the Data Output of field Survey

Interpretation

It may be observed from the table 4 that there are no significant variations in the level of awareness between male and female investor respondents for all investment avenues. The percentage of male and female respondents, who claimed to have high – level of

awareness about these investment avenues varied between 66 and 84%. The difference between male and female respondents is hardly 3% for any investment avenue and it can be stated to be insignificant for a sample size of 146.

Table 5: Distribution of Investment Avenues with Low Awareness based on Gender

(Figures in Percentages)					
Gender	Company Deposits	Corporate Bonds	Mutual funds	Equity Shares	Preference Shares
Male	36.2	31.8	30.1	29.2	28.4
female	28.7	26.1	20.2	18.4	16.6

Source: Compiled from the Data Output of field Survey

Interpretation

Table 5 presents the data relating to the gender-wise distribution of investment avenues with low investor awareness. It may also be seen from Table 5 that there are no significant differences in the level of awareness stated by male and female respondents for the investment avenues. The percentage of male and female respondents, who expressed their low level of awareness about these investment avenues varied between 8 and 12%. The difference between the level of awareness of the male and female respondents is stated to be insignificant.

From the data in Tables 4 and 5, it is very clear that the gender of the investors has no effect or influence on his/her level of awareness about any investment channel.

Occupation and Investor Awareness

To know whether there is any relation between occupation and his/her awareness, the occupational distribution of investment avenues with high as well as low awareness is studied. The relevant data pertaining to this aspect is furnished in Tables 6 and 7.

Table 6: Distribution of Investment Avenues with High Awareness based on Occupation

(Figures in Percentages)					
Occupation	Bank Deposits	Real Estate	Small Saving Schemes	LIC Schemes	Bullion
Self-employed persons	72.0	75.4	69.7	68.9	66.2
Full-time Salaried persons	84.6	82.8	80.3	86.8	78.4
Retired persons	65.9	81.2	64.5	68.1	67.0

Source: Compiled from the Data Output of Field Survey

Interpretation

Table 6 depicts respondents of different occupational categories (self-employed, full-time salaried and retired persons) who have a high degree of awareness about various investment options.

A close observation of the data furnished in Table 6 indicates that the percentage of responses of the sample investors is not equally distributed among

different occupational categories for various investment channels. It may be noted that the level of awareness among the full-time salaried persons is significantly different from the other occupational categories of respondents, like retired person, salaried and self-employed persons. This leads to a conclusion that the occupation of the investor may be a factor influencing his level of awareness about an investment option.

Table 7: Distribution of Investment Avenues with Low Awareness based on Occupation

(Figures in Percentages)					
Occupation	Company Deposits	Corporate Bonds	Mutual funds	Equity Shares	Preference Shares
Self-employed persons	34.8	27.1	33.6	25.4	18.7
Full-time Salaried persons	44.2	33.9	36.4	37.9	30.0
Retired persons	16.5	12.7	19.4	16.1	10.2

Source: Compiled from the Data Output of Field Survey

Interpretation

Further a reading of the information provided in Table 7 exhibits a similar picture, wherein the percentage of respondents belonging to the full-time salaried class, who expressed their level of awareness about various investment avenues, is significantly greater than that of other occupational categories. On the whole, it is found that investors, who are compared to the investors of other occupational categories.

From a perusal of Table 6 and 7, it can be concluded that there is a relation between occupation and the level of investor awareness.

Education Levels And Investor Awareness

To verify the influence of education on the level of awareness among the investors about various investment alternatives available to them, an analysis of distribution of investment avenues based on education (which are classified into high awareness and low awareness) is undertaken. The data is given in Tables 8 and 9.

Table 8: Distribution of Investment Avenues with High Awareness based on Education

(Figures in Percentages)					
Educational Qualification	Bank Deposits	Small Saving Schemes	Real Estate	LIC Schemes	Bullion
Postgraduate	83.5	82.1	78.6	84.7	76.2
Graduate	87.8	83.2	82.1	81.0	79.3
Intermediate	78.3	68.3	76.1	63.1	58.5
No formal education	41.6	45.0	68.2	41.6	60.2

Source: Compiled from the Data Output of Field Survey

Interpretation

It is clear from Table 8 that there was no significant difference in percentages in respect of postgraduates and graduates. However, there was a decline in percentages in respect of respondents whose education level was intermediate or below. Further, a

significant decline is seen in case of respondents having no formal education. It is evident that education is an important factor in influencing the level and extent of investor awareness about various investment avenues available to them in the financial markets.

Table 9: Distribution of Investment Avenues with Low Awareness based on Education

(Figures in Percentages)					
Educational Qualification	Company Deposits	Mutual funds	Corporate Bonds	Equity Shares	Preference Shares
Postgraduate	56.1	39.6	37.2	47.1	35.5
Graduate	43.2	31.6	34.9	36.9	37.5
Intermediate	15.8	29.2	6.2	7.1	6.8
No formal education	12.4	3.2	0.0	0.0	16.2

Source: Compiled from the Data Output of Field Survey

Interpretation

A reading of Table 9, which provides the data pertaining to the education-wise distribution of investment avenues classified as low awareness, leads us to the similar observations that were made out of the analysis of Table 8. Even in respect of investment avenues with low awareness among the sample investors, the percentage of respondents who stated to have some awareness about the given investment channels gradually declined with the decrease in the level of education.

It can, thus, be concluded that education is a very important factor in shaping the levels of investor awareness about different investment alternatives

available to the investors in the financial markets. Therefore, it can be stated that 'investor education' assumes greater significance in creation and promotion of investor awareness to strengthen the financial markets.

Income Levels and Investor Awareness

Income is also identified as one of the variables that have a significant relation with the level of investor awareness. To assess the issue of relation between income levels of investors and their awareness levels, an analysis of income-wise distribution of investment avenues (classified as high awareness and low awareness) is carried out. The data for this purpose is furnished in Table 10 and 11.

Table 10: Distribution of Investment Avenues with High Awareness based on Income

(Figures in Percentages)					
Monthly Income	Bank Deposits	Real Estate	Small Saving Schemes	LIC Schemes	Bullion
Up to 10,000	78.1	78.4	71.3	70.4	67.8
10,001 – 20,000	81.6	77.6	82.9	83.7	75.0
Above 20,000	86.1	88.9	87.4	92.4	78.2

Source: Compiled from the Data Output of Field Survey

Interpretation

A close scrutiny of table 10 reveals that there is a significant relationship between the level of income of the sample investors and the extent of awareness. It is observed from the data contained in the Table that

there is a gradual increase in the level of awareness among the investors as their levels of income increased. It is therefore, concluded that there is a significant relationship between the level of income and extent of awareness of investors.

Table 11: Distribution of Investment Avenues with Low Awareness based on Income

(Figures in Percentages)					
Monthly Income	Company Deposits	Corporate Bonds	Mutual funds	Equity Shares	Preference Shares
Up to 10,000	27.2	27.5	22.8	17.5	19.8
10,001 – 20,000	49.3	32.1	33.8	39.5	36.8
Above 20,000	58.3	38.9	52.8	55.6	38.9

Source: Compiled from the Data Output of Field Survey

Interpretation

A reading of Table 11 leads us to the similar conclusions that were made out of the analysis of Table 10. Even in respect of investment avenues with low awareness among the sample investors, the percentage of respondents who claimed to have some awareness about the given investment channels gradually declined as their levels of income increased.

different instruments. So they need to know the different investment avenues available to them in the financial market. It is therefore, inferred that there is a significant relationship between the level of income and extent of awareness of the investors.

Preferences of Investors About Investment Avenues

Tables 12 and 13 provide the information about the preferences of sample-investors towards various investment products, such as bank deposits, company deposits, small saving schemes, life insurance products, mutual funds, bullion, real estate and corporate securities.

Thus, it can be concluded that the level and extent of awareness varies with the level of income. Investors with higher levels of income had greater awareness. This is because investors with higher incomes may be having funds available for investing in

Table 12: Preference of Investors About Investment Avenues

(No. of Respondents)												
Preferences	Bank Deposits	Company Deposits	Small Saving Schemes	Life Insurance Schemes	Mutual Funds	Bullion	Real Estate	Corporate Securities	Equity Shares	Preference Shares	Total	
First	73	3	27	28	4	2	3	3	6	7	156	
Second	31	12	52	32	5	5	4	5	3	4	154	
Third	19	14	33	49	10	5	7	3	6	3	148	
Fourth	7	36	12	17	18	24	23	9	9	4	160	
Fifth	3	32	10	6	34	19	16	12	5	9	147	
Sixth	3	20	3	4	34	28	16	16	10	8	142	
Seventh	2	10	2	2	17	23	37	21	17	9	141	
Eight	2	10	2	2	9	11	14	53	25	12	139	
Ninth	1	4	4	2	10	10	17	18	46	25	138	
Tenth	4	6	1	2	6	17	10	6	19	63	135	
Total	146	146	146	146	146	146	146	146	146	146	146	

Source: Field Survey

Interpretation

Following are the observations may be made from the data provided in Table 12.

- Most investors preferred 'bank deposits' as their first choice of investment, out of the 10 investment products placed before them. Out of a sample of 146 investors, as high as 73 have shown their first preference for bank deposits.
- Next to bank deposits, small saving schemes constitute the second choice of the investment among the sample investors. Out of a sample of 146 investors, around 52 stated that small saving schemes was their second choice; 33 of them as their third choice; and 27 of them as their first choice.
- The small saving schemes are followed by the life insurance schemes as the next most preferred

investment vehicle by the sample investors. In a total of 146 sample investors, 49 have chosen life insurance products as third choice, 32 of them preferred as second choice and 28 as their first choice.

- After bank deposits, small saving schemes, and life insurance schemes, the investment products, such as company deposits, mutual funds, bullion, real estate, corporate securities, equity shares, and preference shares, received the fourth, fifth, sixth, seventh, eighth, ninth, and tenth places respectively.
- It is evident from the preferences expressed by the sample investors that the capital market securities, like corporate debt securities, equity shares, and preference shares, are not popular among the investors and received the least preference.

Table 13: Preference of Investors About Investment Avenues

(Figures in Percentages)										
Preference	Bank Deposits	Company Deposits	Small Saving Schemes	Life Insurance Schemes	Mutual Funds	Bullion	Real Estate	Corporate Securities	Equity Shares	Preference Shares
First	50.0	2.3	18.4	19.2	2.5	1.5	1.9	1.9	4.2	5.1
Second	21.5	8.2	35.7	21.7	3.6	3.6	2.7	3.2	2.3	2.9
Third	13.3	9.3	22.4	33.8	6.7	3.6	4.6	1.9	3.8	1.9
Fourth	4.8	24.5	8.2	12.0	12.2	16.7	15.6	6.5	6.5	2.9
Fifth	2.3	21.7	7.0	4.2	23.0	13.4	11.0	8.6	3.2	6.5
Sixth	2.3	13.7	1.9	2.7	23.0	19.0	11.0	11.2	6.8	5.7
Seventh	1.5	7.0	1.5	1.5	11.6	16.0	25.3	14.1	11.6	6.5
Eighth	1.3	6.8	1.5	1.7	6.3	7.2	9.3	36.1	16.9	8.0
Ninth	0.6	2.7	2.7	1.7	6.8	7.0	12.0	12.2	31.6	17.3
Tenth	2.4	3.8	0.7	1.5	4.3	12.0	6.6	4.3	13.1	43.2
Total	100	100	100	100	100	100	100	100	100	100

Source: Field Survey

Interpretation

Table 13 furnishes the information relating to the number of investors in percentage terms, who have given their preference for different investment products. The following points may be noted from this information.

- About 50% of the sample investors have given their first preference to bank deposits as the most preferred investment product.
- Nearly 36% of the sample investors have chosen small saving schemes as the next best and most preferred investment product.
- Almost 34% of the investors have preferred life insurance schemes in the third place after bank deposits and small saving schemes.
- Bank deposits, small saving schemes and life insurance schemes are followed by company deposits, with 24.5%, mutual funds with 23%,

bullion with 19% and real estate with 25% in fourth, fifth, sixth, and seventh places respectively.

- It is pertinent to note that the corporate debt securities, equity shares and preference shares are being given the least preference by majority of the investors and placed these investment products in the eighth, ninth, and tenth places respectively.

Ranking of the Investment Avenues

Based on the preferences expressed by the sample investors, an attempt is made to rank the various investment products by determining the weighted score for each investment alternative. The weighted scores are calculated by assigning 10 points to first choice, 9 points to second choice, 8 points to third, 7 points to fourth, 6 points to fifth, 5 points to sixth, 4 points to seventh, 3 points to eighth, 2 points to ninth, and 1 point to tenth and the last choice stated by the sample

investors. The weighted scores calculate for several investment alternatives are given in Table 14.

Table 14: Investor Preferences of Investment Avenues- Weighted Score

Preference	Bank Deposits	Company Deposits	Small Saving Schemes	Life Insurance Schemes	Mutual Funds	Bullion	Real Estate	Corporate Securities	Equity Shares	Preference Shares	Total
First	730	33	269	280	36	22	28	28	61	75	1563
Second	282	107	470	285	47	47	35	42	30	37	1384
Third	155	109	262	395	78	42	53	22	44	22	1184
Fourth	49	251	84	122	124	171	159	66	66	29	1121
Fifth	20	190	62	37	202	117	97	75	28	57	883
Sixth	17	100	14	19	168	139	80	82	50	42	711
Seventh	9	41	9	9	68	93	148	82	68	38	564
Eighth	6	30	7	7	27	32	41	158	74	35	417
Ninth	2	8	8	5	20	21	35	36	92	51	276
Tenth	4	6	1	2	6	17	10	6	19	63	135
Total Score	1273	874	1184	1162	777	701	686	598	533	449	8236
Rank	1	4	2	3	5	6	7	8	9	10	

Source: Field Survey

Interpretation

It can be seen from the Table 14 that bank deposits, with a total score of 1,273 points, stood in the first place. These are followed by the small saving schemes with a total score of 1,184 points in the second place, and life insurance schemes with 1,162 points in the third place. Next to these investment products, company deposits, with 874 points in the fourth place, mutual funds with 777 points in the fifth place, bullion with 701 points in the sixth place, and real estate with 686 points in seventh place. At the same time, the other investment alternatives, like corporate securities, equity

and preference shares, are placed in the eighth, ninth, and tenth place.

Investors' Experience

An attempt is made hereunder to trace out the actual experience of the sample investors in the light of the preferences expressed by them towards different investment products with a view to analyze to what extent the investor preferences influenced their investment activity. The data pertaining to the investments made and also not made by the sample investors in various investment alternatives is shown in Table 15.

Table 15: Actual Investments Made

Sl. No.	Investment Avenue	Invested		Not Invested	
		Number of Respondents	Percent	Number of Respondents	Percent
1	Bank Deposits	134	92.0	12	8.0
2	Company Deposits	33	22.8	113	77.2
3	Small Saving Schemes	120	81.9	26	18.1
4	Life Insurance Schemes	124	85.2	22	14.8
5	Mutual Funds	44	30.4	102	69.6
6	Bullion	42	28.5	104	71.5
7	Real Estate	40	27.6	106	72.4
8	Corporate Securities	28	19.4	118	80.6
9	Equity Shares	34	23.6	112	76.4
10	Preference Shares	26	18.1	120	81.9

Source: Field Survey

Interpretation

It may be noted from the information contained in Table 15 that as high as 92% of the sample investors stated that they have actually invested in bank deposits. Next to bank deposits, 85% of the investors stated to have made investment in life insurance schemes and these are followed by the small savings schemes with almost 82% of them have made investment. This investment pattern of the sample investors exactly matches their preferences. However, it is found that the investment product 'company deposits' that received the fourth preference of the sample investors did not find the same place in terms of the actual investment made by the investors. In its place, bullion, mutual funds, and real estate received more attention when it came to the question of actual investment by the investors. Further, it is also noticed that most of the investors have stated that they have not

made any investment in the investment alternatives, such as preference shares (82%), corporate debt securities (81%), and equity shares (76%). Once again, this phenomenon is clearly in tune with their least preference stated by them earlier for these investment products.

Investment Objectives

To ascertain the investment objectives influencing the investor preferences and their investment behavior, sample investors are asked to indicate their choice for various investment objectives in the descending order of their preference. For this purpose, six objectives, such as liquidity and marketability, safety, income generation, capital appreciation, diversification and tax benefits, were placed before them. The obtained information is presented and analyzed in Table 16 and Table 17.

Table 16: Investment Objectives

(No. of Respondents)							
Preference	Safety	Liquidity and Marketability	Income generation	Capital Appreciation	Tax Benefits	Diversification	Total
First	91	6	34	7	9	4	152
Second	32	22	72	12	13	6	157
Third	11	38	20	19	50	6	145
Fourth	5	41	12	38	27	18	141
Fifth	6	27	7	41	30	35	145
Sixth	1	12	2	29	17	76	137
Total	146	146	146	146	146	146	876

Source: Compiled from the Data Output of Field Survey

Table 17: Investment Objectives

(Figures in Percentages)							
Preference	Safety	Liquidity and Marketability	Income generation	Capital Appreciation	Tax Benefits	Diversification	Total
First	62.4	4.2	23.2	5.1	6.3	3.0	104.2
Second	21.9	14.8	49.0	8.0	9.1	4.4	107.2
Third	7.4	26.2	13.7	13.1	34.2	4.4	99
Fourth	3.6	28.3	8.2	25.9	18.3	12.6	96.9
Fifth	4.2	18.4	4.6	27.8	20.5	23.7	99.2
Sixth	0.5	8.1	1.3	20.1	11.6	51.9	93.5
Total	100	100	100	100	100	100	600

Source: Compiled from the Data Output of Field Survey

Interpretation

A reading of the information presented in Tables 16 and 17 reveals that most of the sample investors, i.e., 91 out of total 146, which works out to 62.4% of them, have indicated that 'safety of the investment' as their first objective in choosing the investment alternatives. The second objective influencing the investor behavior and preference in the selection of investment avenues is 'income' earned

from the investment made. This is stated by 72 out of 146 that work out to be 49% of the total. These two objectives are followed by 'tax benefits', 'liquidity' and marketability, capital appreciation, and diversification in the descending order. It is understood from these facts that small and individual investors prefer to invest in those products which offer safety, assured income and tax benefits over the products which provide for capital appreciation and diversification benefits.

Rightly, most of them confined their investments to life insurance schemes, bank deposits and small saving schemes, instead corporate securities, like equity and preference shares.

Ranking Of Investment Objectives

Based on the choice of the objectives expressed by the sample investors, an attempt is made

to rank the various investment objectives by determining the weighted score for each objective. The weighted scores are calculated by assigning 6 points to the first choice, 5 points to the second, 4 points to third, 3 points to fourth, 2 points to fifth, and 1 point to sixth and last choice stated by the sample investors. The weighted scores calculated for different investment objectives are given in Table 18.

Table 18: Investment Objectives- Weighted Score

Preference	Safety	Liquidity and Marketability	Income generation	Capital Appreciation	Tax Benefits	Diversification	Total
First	546	36	204	42	54	24	906
Second	156	110	360	60	65	30	781
Third	44	152	80	76	200	24	576
Fourth	15	123	36	114	81	54	423
Fifth	12	54	14	82	60	70	292
Sixth	1	12	2	29	17	76	137
Total	774	487	696	403	477	278	3115
Rank	1	3	2	5	4	6	

Source: Compiled from the Data Output of Field Survey

Interpretation

It can be seen from the above Table that 'safety of the investment', with a total score of 774 points, secures the first place. This is followed by 'income generation' with a total score of 696 points in the second place, and 'liquidity and marketability' with 487 points in the third place. Next to these investment objectives, tax benefits, with 477 points, in the fourth place, and capital appreciation, with 403 points, is in the fifth place. It is also to be noted that diversification of risks doesn't figure much in their investment

preferences. Thus, it can be concluded that safety, assured income, liquidity, and tax benefits are the major objectives influencing the preferences and behavior of small and individual investors.

Investors Savings Pattern

With a view to analyze the effect of savings pattern on investment of the investors, the savings pattern of the sample investors is studied. The information showing the savings pattern of the sample investors is furnished in Table 19.

Table 19: Percentage of Savings

Savings as % of Annual Income	No. of Respondents	Percentage to Total
01-10%	38	26.2
11-20%	56	38.0
21-30%	34	23.0
Over 30%	12	8.6
No Savings	6	4.2
Total	146	100.0

Source: Compiled from the Data Output of Field Survey

Interpretation

It may be noted from the information given in Table 19 that most of the respondents are able to save between 10 to 30% of the annual incomes. Only a few of the respondents, i.e., a little over 4% of the total respondents were not able save to the extent of 10 to 20% of their annual incomes. While 23% of them are saving between 21 to 30%, 9% of them are saving over 30% of their annual incomes. It is therefore, concluded that most of the sample investors are able to save

substantially out of their annual incomes and is in a position to make investments.

CONCLUSIONS

- Investment avenues like bank deposits, real estate, small saving schemes, life insurance schemes, and bullion are very popular among the investors of the city and they are quite aware of these avenues while making investments. It is also significant to note that they are either unaware or have little awareness of corporate investment channels, like

equity and preference shares, mutual fund, corporate debt securities and deposits.

2. Irrespective of the level of awareness, the investor respondents are almost equally distributed across different age groups.
3. Gender of the investors has no effect or influence on his/her level of awareness about any investment channel
4. However, there is a relation between occupation and the level of investor awareness.
5. Education is a very important factor in shaping the levels of investor awareness about different investment alternatives available to the investors in the financial markets. Therefore, it can be stated that 'investor education' assumes greater significance in creation and promotion of investor awareness to strengthen the financial markets.
6. It can also be concluded that the level and extent of awareness varies with the level of income. Investors with higher levels of income had greater awareness. This is because investors with higher incomes may be having funds available for investing in different instruments. So they need to know the different investment avenues available to them in the financial market. It is therefore, inferred that there is a significant relationship between the level of income and extent of awareness of the investors.
7. Safety, assured income, liquidity, and tax benefits are the major objectives influencing the preferences and behavior of small and individual investors.
8. Most of the sample investors are able to save substantially out of their annual incomes and is in a position to make investments.

LIMITATIONS

1. This study is limited by time and cost factors.
2. The sample size of 146 is only a small percentage of the total investing public, therefore it is only a representation report based on the sample study.
3. Since analysis is made from the information given by the respondents, the accuracy of the findings is dependent on the quality of the respondents.
4. This project is confined to Hyderabad city only.

SUGGESTIONS

In addition to the conclusions drawn earlier, the following suggestions may help in improving the investment culture and investors protection among the small investors.

- Now-a-days, a huge growth in the lives of middle-class families is observed due to double income group families and increase in number of working women. Hence this group will play a vital role in the investment market. Efforts should be made to attract the investors from the middle-class families especially

women investors by providing right information and knowledge about the investment market through advertisements.

- Electronic media and Print media should play an active role in disseminating investment information facilitating a right decision at right time.
- There is a need to take initiating steps to inculcate the saving habit among the growing middle-class families and the youngsters.
- Of the different groups of investors, professionals and businessman pay less attention while evaluating the pros and cons of investing in different securities. The need and benefits of systematic and analytical evaluation of different alternatives needs to be explained to them.

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