DOMESTIC INVESTORS PERCEPTION TOWARDS CONSUMABLE INCOME AND FINANCIAL INVESTMENT SOURCES

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Abstract
Investment culture among the domestic of a country is an essential prerequisite for capital formation and the faster growth of an economy. Investment culture refers to the attitudes, perceptions, and willingness of the individuals and institutions in placing their savings in various financial assets, more popularly known as securities. A study on the domestic investors perceptions and preferences, thus, assumes a greater significance in the formulation of policies for the development and regulation of security markets in general and protection and promotion of marginal and house-hold investors in particular.

The paper, thus attempts to study the socio-economic profile of the domestic investors; their perceptions; and behaviour in respect of various investment investment sources. The study also aims to study the perception of the domestic investors towards consumable income.

The study is mainly based on primary data and is behavioural in nature. However, the secondary data collected from the reports of SEBI on Investor awareness, Ministry of Corporate Affairs on Investor protection and the RBI working papers is also made use of at some places of the study wherever it became necessary.

Key Words: Awareness, Consumable Income, Financial Instruments, Savings, Securities.

Introduction

The marginal and domestic investors constitute a vital segment of the Indian securities market and greater understanding of the perceptions, preferences, and behaviour of these investors is very vital in the policy formulation on development and regulation of the securities market to ensure the promotion and protection of interests of marginal and domestic investors. The present research work, thus attempts to study the socio-economic profile of the investors in one of the backward regions of Andhra Pradesh; their perceptions; and behaviour in respect of various investment sources. The study also aims to study the needs, concerns, and problems of the marginal investors in the given socio-economic backdrop. The present research work also provides a foundation of facts relating investors' behaviour towards various types of securities and assessment of investment risks.

Most of the investors generally have limited information about the developments in the securities market. Information about the financial performance of the companies and data of share market available to investor is also limited. The information available from newspapers, television and internet, media sometimes may not be sufficient for investment decision making. All these problems made them rely on share brokers, fund managers and experts to invest in securities. Investors desiring to invest in stocks require a lot of preparation and homework. It is very important for them to know their risk appetite and investment objectives for better decision-making. Based on the available literature on investor awareness, education, perception on investment sources studied by various researchers and reports on domestic investors, it is observed that there is still lot of issues are yet to be analyzed in terms of the preferences, attitudes towards risk taking aptitude of investors, reasons for preference of particular financial investment sources etc.

Hence, the present study is an attempt to know the investment pattern of investors. The study is made to examine investor's awareness of investment sources, investment objectives of investors and the evaluation of investment by the investors.

Objectives and Methodology

The main objective of the study is to study the perception of domestic investors on the financial savings and investment sources. The study further aimed to study the perception of the domestic investors towards consumable income.

The present study is mainly based on primary data and is behavioural in nature. However, the secondary data is also made use of at some places of the study wherever it became necessary. The primary data is collected through a structured questionnaire distributed through online using Google form. The total sample size of the study is 160 respondents. The respondents are chosen on the basis of Convenience Sampling method. The relevant secondary data is gathered from SEBI reports on Investor Education and IICA reports on Investor Protection.

Results and Discussion: The data collected from the survey is tabulated and processed through relevant statistical techniques. The detailed results are presented below.

Demographic Profile

An attempt is now being made to study the demographic profile of the sample-investors with a view to analyze the influence and impact of various demographic factors such as age, sex, education, marital status, , family size, occupation, and income on investment habits and behaviour of the investors.

Table-1Summary of Demographic Profile

Sl.No.	Demographic Variable	Distribution				
1.	Age	Below 30 (12%)	31-40 years (16.7%)	41-50 years (27.6%)	51-60 years (27.8%)	60 years and above (16%)
2.	Sex	Male (69%)	Female (31%)			
3.	Educational status	Primary education (3.2%)	Intermediate (35.7%),	Graduate (39.9%)	Post Graduate(21.1%),	
4.	Marital Status	Married (85.4%:)	Unmarried (14.6%)			
5.	Size of family	Upto two (41.4%)	Three (24.3%)	Four (19.8%)	Above four(15.4%)	
6.	Occupation	Self-employed persons (51%)	Full-time salaried persons (43.2%)	Retired persons (5.9%)		
7.	Income status	Upto Rs.15000 (31.2%)	Rs.15000-30000 (33.1%)	Rs.30000-Rs.45000 (20%)	Rs.45000 and above (17%)	

Source: Compiled from primary data

Majority of the sample respondents chosen for the study are in the age-groups of- 41 to 50 years (27.6 per cent) and 51 to 60 years (27.8 per cent). Sex wise classification show that, male respondents constituted 69 per cent. Whereas the female investors constituted 31 per cent of the total respondents and this may be because of the fact that generally the economic independence among females is rather very low and they participate in investment decisions in lower proportions. Majority of the respondents are graduates, and the respondents with intermediate or below level of education follow them. A very negligible number of respondents are with no formal education. In terms of percentage, graduates constitute almost 40 per cent of sample, and respondents with intermediate or

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below level of education with 35.7 per cent, post-graduates with 21.1 per cent follow them. The respondents having no formal education constitute a low of 3.2 per cent of the total sample. At this juncture, it is to be noted that the distribution of sample respondents based on their educational levels is very much suitable to a study of this sort, where educational level of the respondents assumes greater significance. An approximately 85 per cent of the total respondents are married and among the remaining, 14.6 per cent are unmarried (63 in number), and the rest 2.7 per cent (14 in number) are widowers. The 2-member domestic respondents constitute 40.5 per cent of the total sample respondents. Three (3) - member domestic with 24.3 per cent follow these; 4-member domestic with 19.8 per cent and the rest are of domestic having more than 4 adult members. It is therefore; clear that most of the sample investors, i.e., almost 65 per cent of the total sample belongs to the marginal domestic, where there is usually a greater scope for investment. Self-employed persons constituted the larger percentage of the total respondents, i.e., around 51 per cent. The full-time salaried persons constitute 43.2 per cent of the total and the rest of them are retired persons. Further, majority of the domestic selected for the study are in the income range of within Rs.30000 and this show that, major income class is middle class domestic.

B. Analysis on Investment sources.

An attempt is now made to rank the various investment sources placed before the investors based on their awareness from the higher to lower level of awareness. Results are shown in table-2.

Table- 2:Ranking of Investment sources Based on Level of Awareness

Sl.No.	Category of Investment avenue	Weighted Mean	Rank
1	Bank Deposits	2.739544	1
2	Real Estate	2.743346	2
3	Marginal Saving Schemes	2.690114	3
4	Life Insurance Schemes	2.684411	4
		2.627376	5
5	Bullion	1.967681	6
6	Company Deposits	1.904943	7
7	Corporate Securities-Bonds	1.846008	8
8	Mutual Funds	1.846008	9
9	Equity Shares	1.794677	10
10	Preference Shares	1.792776	11

Source: Field survey

The responses given by the respondents are arranged into three levels of awareness, namely, high awareness, low awareness, and no awareness. The weighted mean is obtained and accordingly, ranks are assigned to understand the avenue which has high level of awareness by the domestic investors and the avenue where the investor has low level of awareness. The ranks presented here show that, respondents have high level of awareness on Bank Deposits, Real Estate and Marginal Savings. Whereas the respondents have medium level of awareness on Bullion market, Life insurance schemes, Company deposits. Where the respondents have low level of awareness on Mutual Funds, Equity shares and Preference shares.

Analysis on Investor Preferences of Investment sources

Tables – 3 furnish the information showing the preferences of sample-investors towards various investment products such as bank deposits, company deposits, marginal saving schemes, life insurance products, mutual funds, bullion, real estate, and corporate securities. 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.

Table-3: Investor Preferences (Figures in Percentages)

Preference	Bank Deposits	Company Deposits	Marginal 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
Eight	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

The weighted scores are calculated by assigning 10 points to first choice, 9 points to second choice, 8 points to third choice, 7 points to fourth choice, 6 points to fifth choice, 5 points to sixth choice, 4 points to seventh choice, 3 points to eighth choice, 2 points to ninth choice and 1 point to tenth and the last choice stated by the sample investors. Most of the investors preferred the "bank deposits" as their first choice of investment out of the 10 investment products placed before them. Next to bank deposits, marginal saving schemes constitute the second choice of the investment among the sample investors. The marginal saving schemes are followed by the life insurance schemes as the next most preferred investment vehicle by the sample investors. After bank deposits, marginal 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, the capital market securities like corporate debt securities, equity shares, and preference shares are not popular among the investors and received the least preference.

Analysis on 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 first choice, 5 points to second choice, 4 points to third choice, 3 points to fourth choice, 2 points to fifth choice, 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 – 4. Thus, it can be safely concluded that safety, income, liquidity, and tax benefits are the major objectives influencing the preferences and behaviour of marginal and individual investors in rural and sub-urban areas.

Table-4: Preference Analysis on Investment Objectives

Preference	Safety	Liquidity & Marketability	Income	Capital Appreciation	Tax Benefits	Diversification	Total Score
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: Field survey

Conclusions

The marginal and domestic investors constitute a vital segment of the Indian securities market and greater understanding of the perceptions, preferences, and behaviour of these investors is very vital in the policy formulation on development and regulation of the securities market to ensure the promotion and protection of interests of marginal and domestic investors. Most of the investors preferred the "bank deposits" as their first choice of investment out of the 10 investment products placed before them. The safety, income, liquidity, and tax benefits are the major objectives influencing the preferences and behaviour of marginal and individual investors in rural and sub-urban areas. There is an explosion in the growth of middle class families due to double income group families and increase in number of working women, hence this group will plays vital role in the investment market. Investors should be educated about the benefits of investment in diversified industries and companies. Print media and electronic media should play an active role in disseminating investment information for timely decisions. The results on sentiment analysis show that, most of the respondents are neutral in terms of their overall opinion on the consumable income spent on the various forms of investment sources. Further, safety and liquidity and marketability are still the most preference objectives by the domestic investors.

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