



“A Study of investment awareness and avenues especially through banks with reference to Ichalkaranji City”

Prof.Mrs.Vidya S.Gurav

Department of Management Studies

DKTES's Textile and Engineering Institute, Ichalkaranji, Maharashtra, India

Abstract:

Investors have a lot many options and avenues to park their savings. The risk and returns available differ from each other. It is much common that the investors expect more returns with preferring lesser risks. The available information relating to the investors' behaviour towards investment avenues is very little and failed to provide a lot of information particularly in small towns. Banks provide major ways of investments. But then how much of awareness about investments through banks is there in small cities like Ichalkaranji is a question. Thus, an attempt has been made in this study to find out the main objective of the investors in Ichalkaranji towards making investments and to assess the investors' attitude towards the investment avenues particularly through banks.

Keywords: Investment, Investor, Attitude,Banks

1. INTRODUCTION

1.1 Introduction to study:

Investment is the activity, which is made with the objective of earning some sort of positive returns in the future. Investment refers to putting money into something with the expectation of profit. It is commitment of funds to earning future returns and it involves sacrificing the present investment for the future return. Thus, every person whether he is a businessman or a common man will make the investment with the objective of getting future returns. According to study about various macro variables of economy we can say that the income leads to consumption further consumption leads to the saving and saving are equal to investment. Ultimately, all these investments come from income, so income is the base for saving and investment. While talking about this income, the Indian National Income is growing rapidly and the consumption patterns of people are also changing but it is equally true that the saving and investment ratio is increasing. Increase in income leads to the consumption, saving and investment.

Investment by people depends upon various factors. Earning of people, responsibilities & awareness of saving and knowledge of investment avenues. These factors affect the decision of investment. Educated people are aware of many investment avenues like investment in Shares, investment in Gold, Land, Post Office Deposits, Mutual fund, Banks, etc. But there are many who neither are much aware about investment avenues, nor are serious about savings.

Particularly, when it comes to bank related investments many times customers money is simply in savings or current account more than would be earned by investing it properly in the other schemes of Bank itself. Now a days banks also give many options of investment avenues which give good returns. Today bank do act as Mediator to make investment in Shares, Mutual funds and Gold. Researcher has tried to make respondents aware about this and tried to find out the respondents investment avenues preferred with special reference to Ichalkaranji city.



Statement of the Problem-

The present study is carried out in Ichalkaranji city in Kolhapur district . The focus of study was related to the various investment avenues specially through banks. It helps for creating awareness about various investment alternatives among people. The statement of the problem is “A Study of investment awareness and avenues especially through banks with reference to Ichalkaranji City”

1.2 Objectives:

1. To Study respondents’ awareness about investment specially through banks.
2. To study respondents’ preference towards various investment options.
3. To identify the intension of the people while investing money.
4. To give maximum information regarding various alternatives of investment to reader & people through study.
5. To understand the factors considered for making an investment.

1.3 Scope of the Study-

The study is carried out in Ichalkaranji city. But the actual scope of the study is not limited to only this city. The scope of the study is limited to the various investment alternatives but specially bank deposits, mutual funds, insurance investments and equity.

1.4 Importance of the Study-

1. This study would help people to choose Proper Avenue among the various investments depending upon his or her specific Need, Risk, Preference & Return expected.
2. This study creates the awareness level of the people on various investment opportunities & factors considered for investment
3. The study also helps to choose the best investment avenues.
4. The study has been important to analyze whether the investment avenues have gained importance among the people or not.
5. The study also is important to know the various factors which are required to be considered for making a sound investment.

1.5 Research Methodology-

This is descriptive type of research design where the focus is maintaining on description of variables which needs high degree of scientific skill on the part of the researcher. The researcher has collected all-important information through primary & secondary data.

1.6 Sample Design –

- **Sample Method-** For the study random sampling method is used.
- **Sample Size –** For the study sample size taken is 100.
- **Data collection Tool –** A structured Questionnaire is used to collect data.



1.7 Data Collection-

A. Primary data-

Primary data means first hand source or original source at the hand of a researcher

that is not collected previously. This is collected by following ways-

- Questionnaire Method-
- Personal Interview-

B. Secondary Data-

Secondary data refers to the information generally collected by person other than researcher for other purpose. Secondary data was collected through-

- Related research papers in Referred Journals.
- Published Articles.
- Internet and websites.

1.8 Limitations of the Study-

- The study was conducted with the limited sample size of 100 respondents only.
- The study was conducted with only in the specific area.
- Some of the respondents were very reluctant to give information.

2. THEORETICAL BACKGROUND

2.1 Introduction-

What is investment?

Investment is the activity, which is made with the objective of earning some sort of positive returns in the future. It is the commitment of the funds to earn future returns and it involves sacrificing the present investment for the future return. Every person makes the investment so that the funds he has increases as keeping cash with himself is not going to help as it will not generate any returns and also with the passage of time the time value of the money will come down. As the inflation will rise the purchasing power of the money will come down and this will result that the investor who does not invest will become more poor as he will not have any funds whose value have been increased. Thus every person whether he is a businessman or a common man will make the investment with the objective of getting future returns.

Each investment alternative has its own strengths and weaknesses. Some options seek to achieve superior **returns (like equity)**, but with corresponding higher risk. Other provide **safety (like PPF)** but at the expense of liquidity and growth. Other options such as **FDs offer safety and liquidity**, but at the cost of return. **Mutual funds** seek to combine the advantages of investing in arch of these alternatives while dispensing with the shortcomings.

Indian **stock market** is semi-efficient by nature and, is considered as one of the most respected stock markets, where information is quickly and widely disseminated, thereby allowing each security's price to adjust rapidly in an unbiased manner to new information so that, it reflects the nearest investment



value. And mainly after the introduction of electronic trading system, the information flow has become much faster. But sometimes, in developing countries like India, sentiments play major role in price movements, or say, fluctuations, where investors find it difficult to predict the future with certainty. Some of the events affect economy as a whole, while some events are sector specific. Even in one particular sector, some companies or major market player are more sensitive to the event. So, the new investors taking exposure in the market should be well aware about the maximum potential loss, i.e. Value at risk.

It would be good to diversify one's portfolio to include equity mutual funds and stocks. The benefit of diversification are that while risk exposure from a particular asset may not be very high, it would also give the opportunity of participating in the party in the equity markets- which may have just begun- in a relatively safe manner (than investing directly into stock markets). **Mutual funds** are one of the best options for investors to choose from. It must be realized that the performance of different funds varies time to time. Evaluation of a fund performance is meaningful when a fund has access to an array of investment products in market. An investor can choose from a variety of funds to suit his risk tolerance, investment horizon and objective. Direct investment in equity offers capital growth but at high risk and without the benefit of diversification by professional management offered by mutual funds.

Savings form an important part of the economy of any nation. With the savings invested in various options available to the people, the money acts as the driver for growth of the country. Indian financial scene too presents a plethora of avenues to the investors. Though certainly not the best or deepest of markets in the world, it has reasonable options for an ordinary man to invest his savings. **Banks** are considered as the safest of all options, banks have been the roots of the financial systems in India. Promoted as the means to social development, banks in India have indeed played an important role in the rural upliftment. For an ordinary person though, they have acted as the safest investment avenue wherein a person deposits money and earns interest on it. The two main modes of investment in banks, savings accounts and fixed deposits have been effectively used by one and all.

However, today the interest rate structure in the country is headed southwards, keeping in line with global trends. With the banks offering little above 9 percent in their fixed deposits for one year, the yields have come down substantially in recent times. Add to this, the inflationary pressures in economy and one has a position where the savings are not earning. The inflation is creeping up, to almost 8 percent at times, and this means that the value of money saved goes down instead of going up. This effectively mars any chance of gaining from the investments in banks. Just like banks, **post offices** in India have a wide network. Spread across the nation, they offer financial assistance as well as serving the basic requirements of communication. Among all saving options, **Post office schemes** have been offering the highest rates. Added to it is the fact that the investments are safe with the department being a Government of India entity. So, the two basic and most sought after features, such as - return safety and quantum of returns was being handsomely taken care of. Though certainly not the most efficient systems in terms of service standards and liquidity, these have still managed to attract the attention of small, retail investors. However, with the government announcing its intention of reducing the interest rates in small savings options, this avenue is expected to lose some of the investors.

Public Provident Funds act as options to save for the post retirement period for most people and have been considered good option largely due to the fact that returns were higher than most other options and also helped people gain from tax benefits under various sections. This option too is likely to lose some of its sheen on account of reduction in the rates offered. Another often-used route to invest has been **the fixed deposit schemes** floated by companies. Companies have used fixed deposit schemes as a means of mobilizing funds for their operations and have paid interest on them. The safer a company is



rated, the lesser the return offered has been the thumb rule. However, there are several potential roadblocks in these. First of all, the danger of financial position of the company not being understood by the investor lurks. The investors rely on intermediaries who more often than not, don't reveal the entire truth. Secondly, liquidity is a major problem with the amount being received months after the due dates. Premature redemption is generally not entertained without cuts in the returns offered and though they present a reasonable option to counter interest rate risk (especially when the economy is headed for a low interest regime), the safety of principal amount has been found lacking. Many cases like the Kuber Group and DCM Group fiascoes have resulted in low confidence in this option. The options discussed above are essentially for the risk-averse, people who think of safety and then quantum of return, in that order. For the brave, it is dabbling in the stock market.

Stock markets provide an option to invest in a high risk, high return game. While the potential return is much more than 10-11 percent any of the options discussed above can generally generate, the risk is undoubtedly of the highest order. But then, the general principle of encountering greater risks and uncertainty when one seeks higher returns holds true. However, as enticing as it might appear, people generally are clueless as to how the stock market functions and in the process can endanger the hard-earned money.

For those who are not adept at understanding the stock market, the task of generating superior returns at similar levels of risk is arduous to say the least. This is where **Mutual Funds** come into picture.

Mutual Funds are essentially investment vehicles where people with similar investment objective come together to pool their money and then invest accordingly. Each unit of any scheme represents the proportion of pool owned by the unit holder (investor). Appreciation or reduction in value of investments is reflected in net asset value (NAV) of the concerned scheme, which is declared by the fund from time to time. Mutual fund schemes are managed by respective Asset Management Companies (AMC). Different business groups/ financial institutions/ banks have sponsored these AMCs, either alone or in collaboration with reputed international firms.

Several international funds like Alliance and Templeton are also operating independently in India. Many more international Mutual Fund giants are expected to come into Indian markets in the near future.

2.2 Characteristics of investments:

1. Return: All investments are characterized by the expectation of a return. In fact, investments are made with the primary objective of deriving a return.

2. Risk: Risk is inherent in any investment. The risk may relate to loss of capital, delay in repayment of capital, nonpayment of interest, or variability of returns. The lower the credit worthiness of the borrower, the higher is the risk.

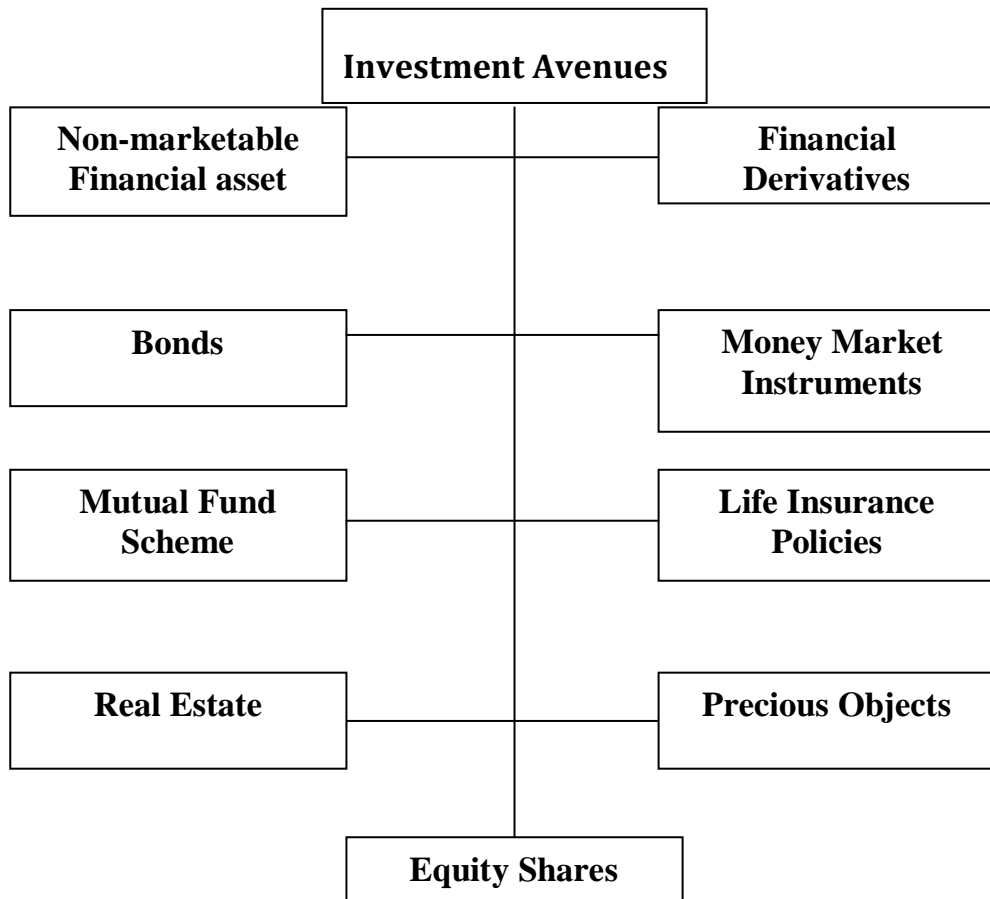
3. Safety: The safety of an investment implies the certainty of return of capital without loss of money or time. Safety is another features which an investors desire for his investments. Every investor expects to get back his capital on maturity without loss & without delay.

4. Liquidity: An investment, which is easily saleable, or marketable without loss of money & without loss of time is said to possess liquidity. Some investments like company deposits, bank deposits, P.O. deposits, NSC, NSS etc. are not marketable. Some investment instrument like preference shares &



debentures are marketable, but there are no buyers in many cases & hence their liquidity is negligible. Equity shares of companies listed on stock exchanges are easily marketable through the stock exchanges. An investor generally prefers liquidity for his investment, safety of his funds, a good return with minimum risk or minimization of risk & maximization of return.

2.3 Investment Avenues -

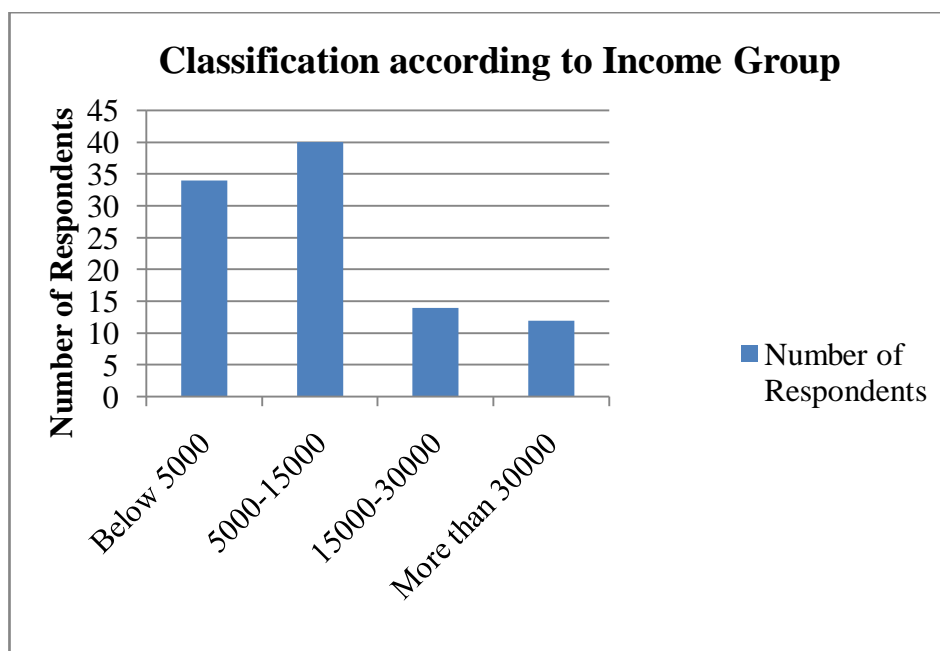


3. DATA INTERPRETATION

1. Table Showing Respondents Monthly Income

Table-1

Income Group In Rupees/Month	Number of Respondents	Percentage of Respondents
Below 5000	34	34
5000-15000	40	40
15000-30000	14	14
More than 30000	12	12
Total	100	100



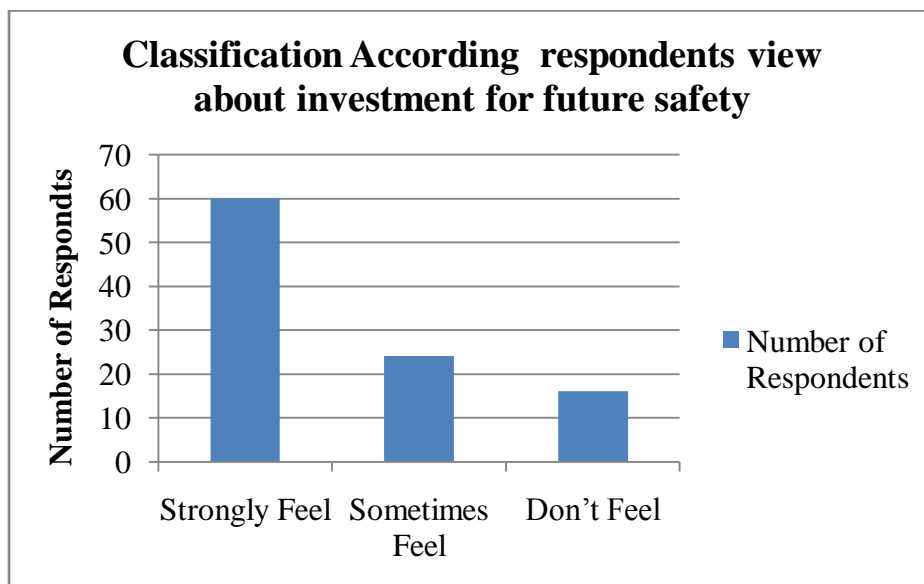
Interpretation-

From the above table it can be understood that most of the respondents are having their monthly income between Rs.5,000-Rs.15,000 that is 60% of the respondents. 15% of the respondents earn from Rs.15,000-Rs.30,000.12% of them earn more than Rs.30,000 per month. 13% of the respondents earn below Rs.5000 per month.

2. Table Showing Respondents view about importance of investment for future safety

Table-2

Investment	Number of Respondents	Percentage of Respondents
Strongly Feel	60	60
Sometimes Feel	24	24
Don't Feel	16	16
Total	100	100



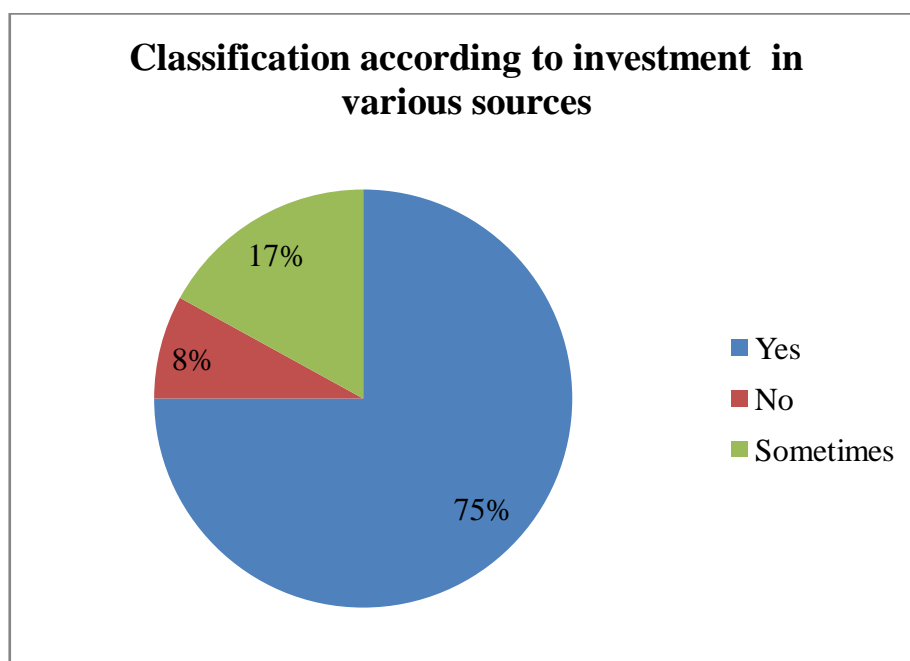
Interpretation-

From the above table it seems that 60% respondents strongly feel to make investment for future safety. So they feel to make investments. 24% respondents some times feel that they should invest and save.16% respondents think savings through investments is not at all important.

3. Table showing weather respondents make investment in various sources.

Table-3

Particulars	Number of Respondents	Percentage of Respondents
Yes	75	75
No	8	8
Sometimes	17	17
Total	100	100



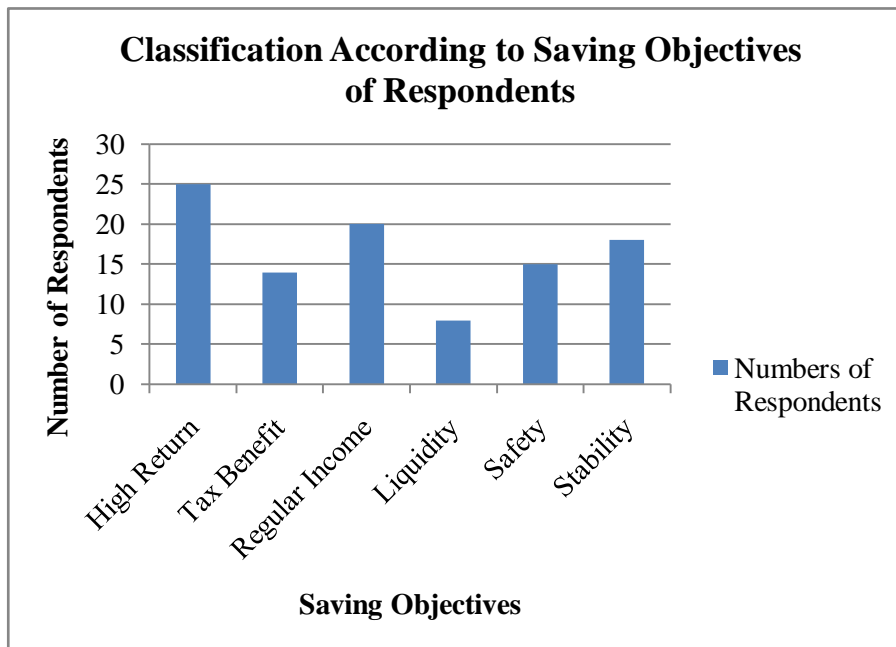
Interpretation-

From the above table it is clear that 75% of respondents invest their money in different sources for future savings. 8% of them are not interested. 17% of them sometimes invest in different sources for their future safety as per their requirement.

4. Table showing objectives of respondents while making investments

Table-4

Saving Objectives	Numbers of Respondents	Percentage of Respondents
High Return	25	25
Tax Benefit	14	14
Regular Income	20	20
Liquidity	8	8
Safety	15	15
Stability	18	18
Total	100	100



Interpretation-

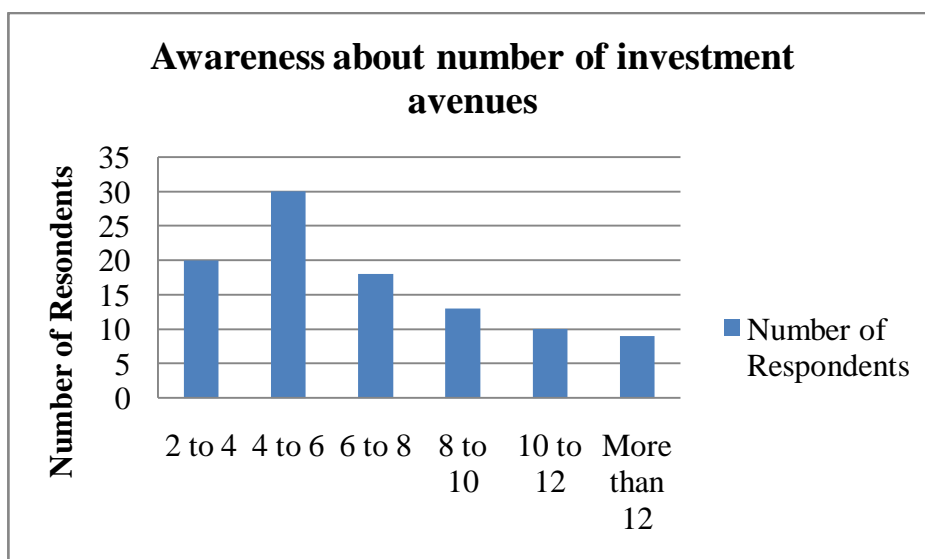
From the above table it is clear that most of respondents are looking for their saving prime objective is high return. 25% respondents want high return. It means they want maximum returns on minimum investment. Some respondents want regular income that is 20%. And 15% respondents invest considering safety in their investment. 18% of the respondents' objective of investment is stability. 14% & 8% of the respondents objective of investment are tax benefit & liquidity respectively.



5. Table showing respondents' awareness of investment avenues.

Table-5

Investment Avenues	Number of Respondents	Percentage of Respondents
2 to 4	20	20
4 to 6	30	30
6 to 8	18	18
8 to 10	13	13
10 to 12	10	10
More than 12	9	9
Total	100	100



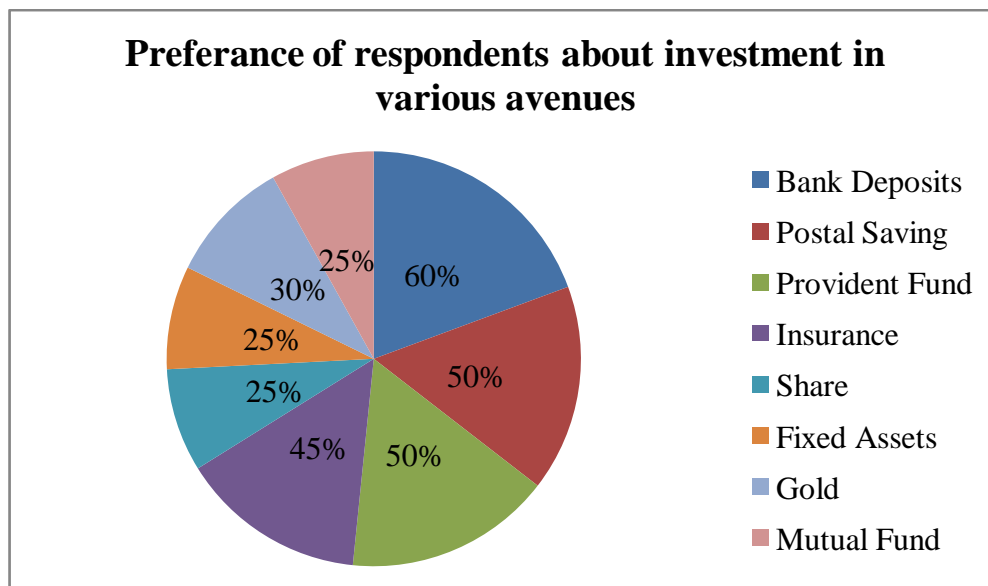
Interpretation-

From the above table it can be seen that the awareness of investment avenues has different pattern. It seems that people are aware about all the traditional investment avenues along with the new investment avenues. Here, 30% Respondents are aware about 4 to 6 investment avenues & 2 to 4 investment avenues are known by 20% respondents. 18% of respondents known 6 to 8 investment ways where as 13% of them know 8 to 10. 10% & 9% of respondents know 10 to 12 & more than 12 investment ways respectively.

6. Table showing the respondents' interest in investing in following avenues

Table-6

Investment Avenues	Number of Respondents	Percentage of Respondents
Bank Deposits	60	60%
Postal Saving	50	50%
Provident Fund	50	50%
Insurance	45	45%
Share	25	25%
Fixed Assets	25	25%
Gold	30	30%
Mutual Fund	25	25%



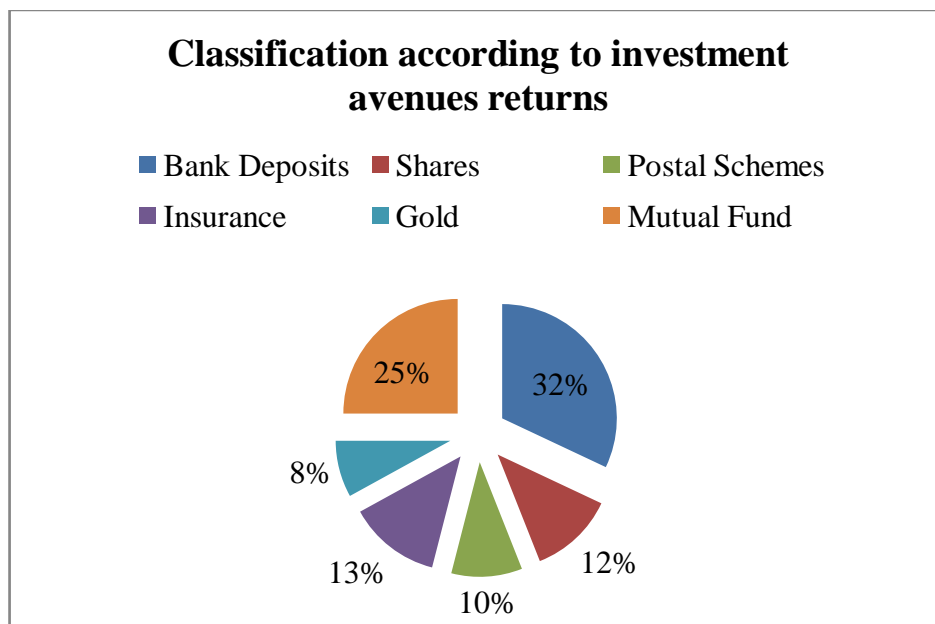
Interpretation-

From the above table it is clear that most of respondents are interested in investing in bank deposits that is 60%. Postal saving & Provident fund investments are preferred by 50% of respondents. 45% of them wanted to be with Insurance. 25% of them preferred investment in shares & Fixed assets & Mutual fund also. 30% of them wished to invest in Gold.

7 .Table Showing respondents views on investment returns

Table-7

Investment Avenues	Number of Respondents	Percentage of Respondents
Bank Deposits	32	32
Shares	12	12
Postal Schemes	10	10
Insurance	13	13
Gold	8	8
Mutual Fund	25	25
Total	100	100



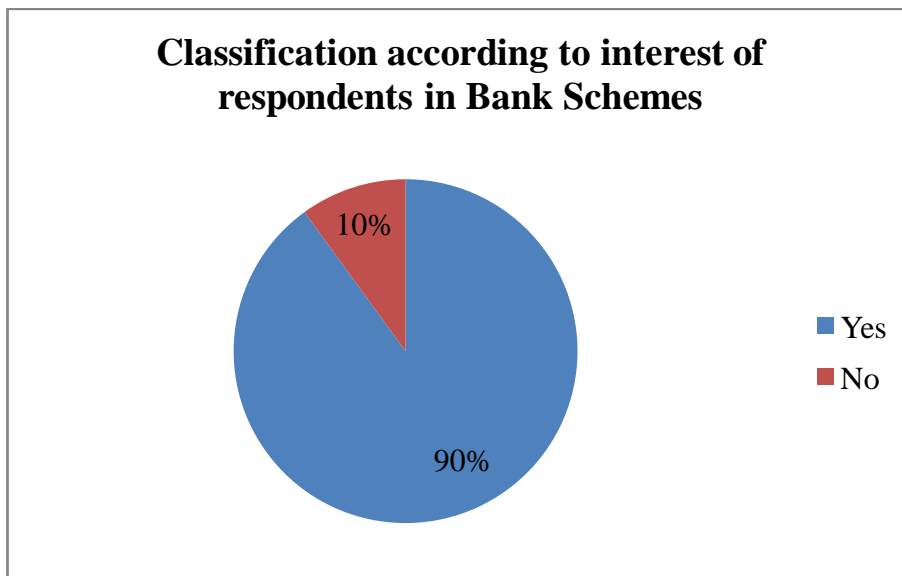
Interpretation-

From the above table it is clear that 32% of respondents think bank deposits give high return.12% of them think shares.25% of them think mutual fund.13% of them think insurance where as 10% & 8% of them think postal & gold investment give high return.

8 .Table showing about interest of respondents in Bank deposit Schemes

Table-8

Particulars	Number of Respondents	Percentage of Respondents
Yes	90	90
No	10	10
Total	100	100



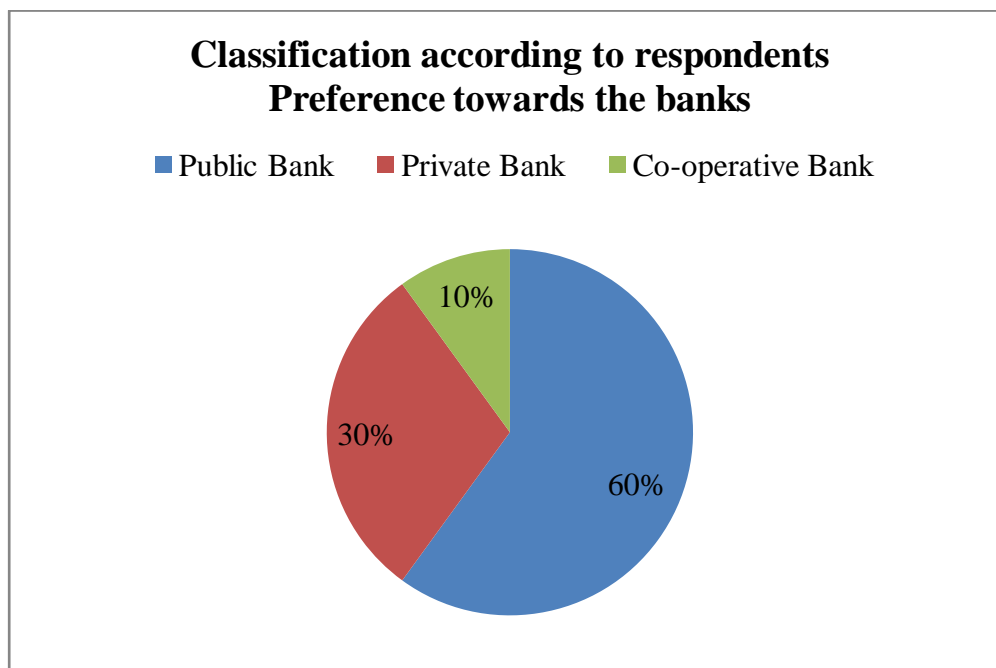
Interpretation-

From the above table it is clear that 90% of the respondents are interested in investing in different bank deposit schemes where as 10% say they are not interested.

9. Table showing about respondents Preference towards the banks

Table-09

Types of Banks	Number of respondents	Percentage of respondents
Public Bank	60	60
Private Bank	30	30
Co-operative Bank	10	10
Total	100	100



Interpretation-

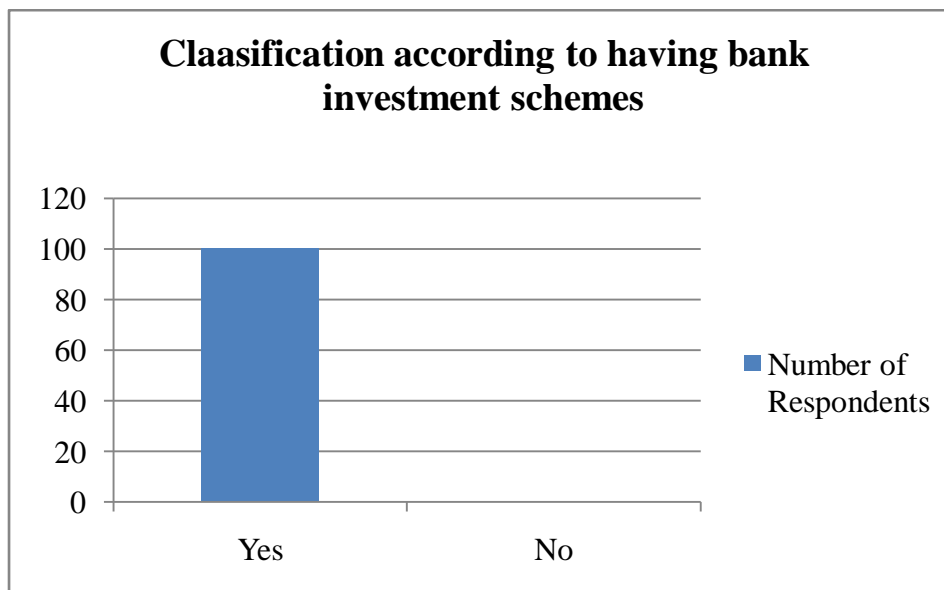
From the above table it can be understood that most of the respondents prefer to have their account in public banks that is 60%. Few prefer to have in private banks that is 30%. Remaining 10% prefer to have their accounts in co-operative banks.



10. Table showing whether respondents' having different bank scheme facilities.

Table-10

Particulars	Number of Respondents	Percentage of Respondents
Yes	100	100
No	00	00
Total	100	100



Interpretation-

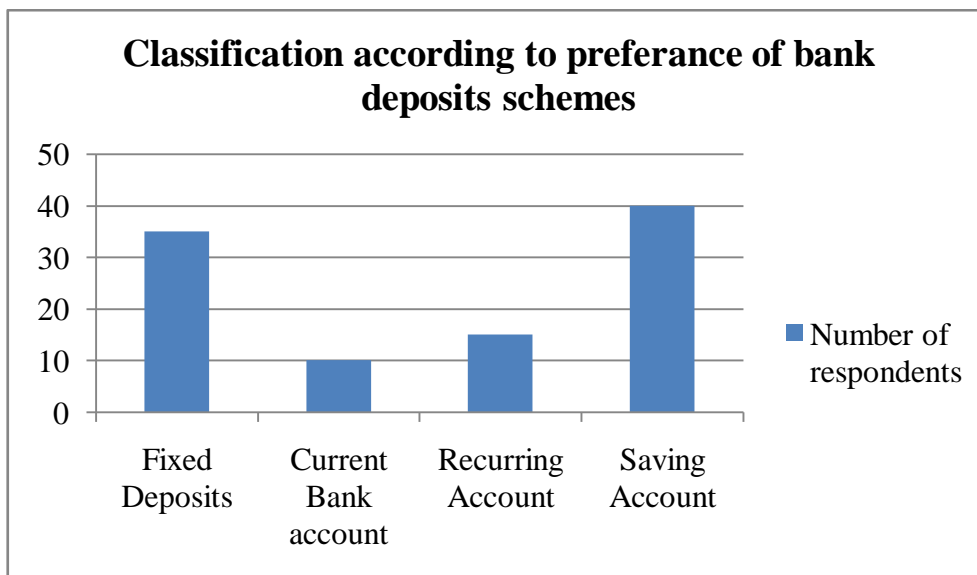
From the above table it is clear that most of people having bank investment schemes.100% respondents have bank investment schemes.



11. Table showing which bank deposits scheme, respondents prefer for investment

Table-11

Investment deposits Schemes	Number of respondents	Percentage of Respondents
Fixed Deposits	35	35
Current Bank account	10	10
Recurring Account	15	15
Saving Account	40	40
Total	100	100



Interpretation-

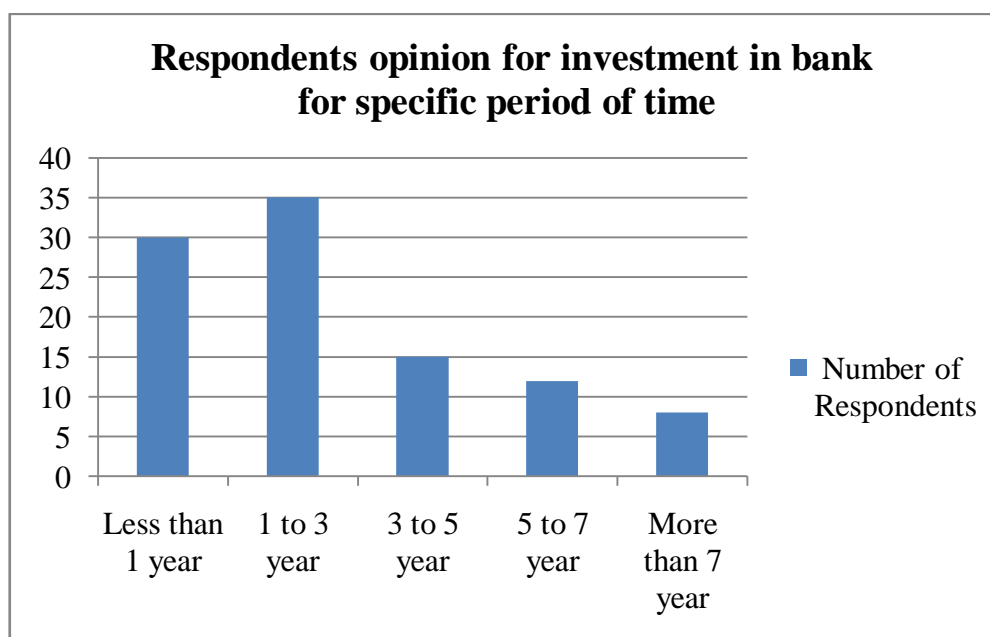
As per above table it seems that 35% preferred fixed deposits. 40% of them preferred saving about bank account 15% & 10% preferred recurring & current bank account respectively.



12. Table showing opinion of respondents about investment in bank for specific period of time

Table -12

Period of time	Number of Respondents	Percentage of Respondents
Less than 1 year	30	30
1 to 3 year	35	35
3 to 5 year	15	15
5 to 7 year	12	12
More than 7 year	8	8
Total	100	100



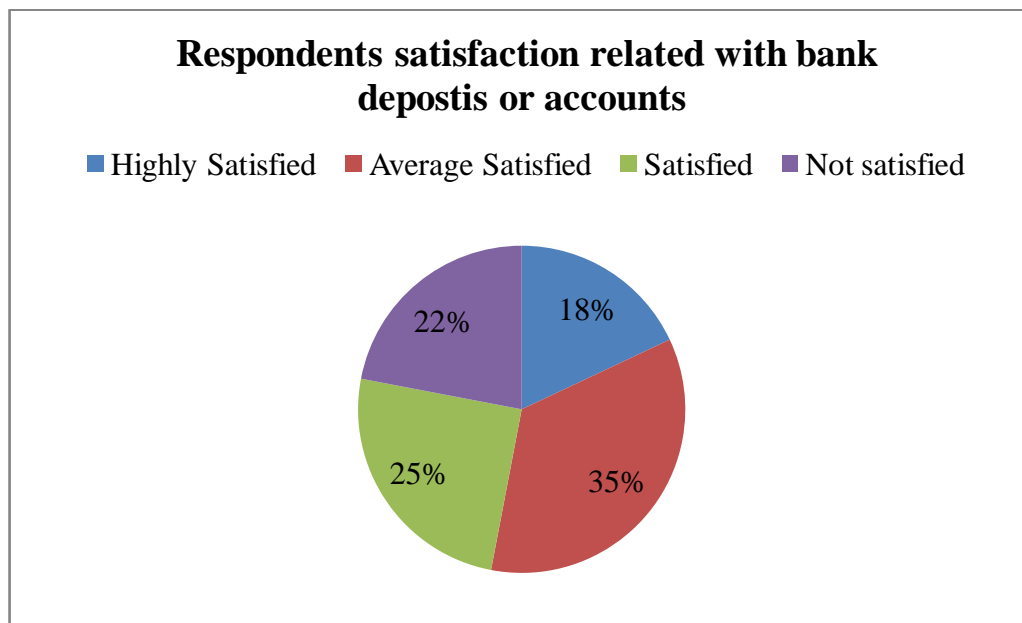
Interpretation-

From the above table it can be said that 30% of the respondents wish to invest for less than 1 year & for 1 to 3 years 35%. For 3 to 5 year 15% of them. And rest of 12% & 7% respondents wish to invest for 5 to 7 years & more than 7 years respectively.

13. Table showing respondents satisfaction related with bank deposits or accounts

Table-13

Satisfaction Level	Number of Respondents	Percentage of Respondents
Highly Satisfied	18	18
Average Satisfied	35	35
Satisfied	25	25
Not satisfied	22	22
Total	100	100



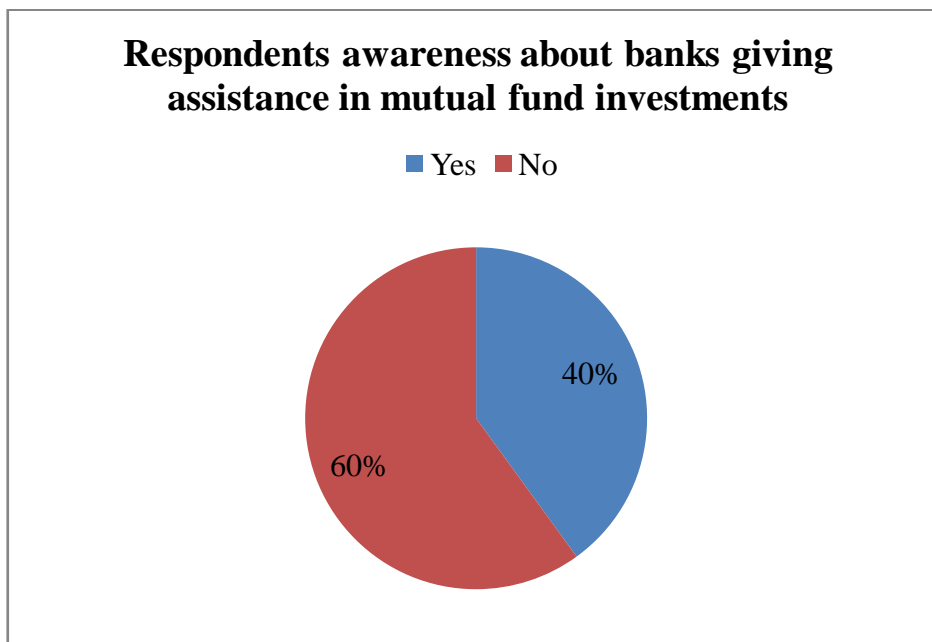
Interpretation-

From the above chart it seems that 35% of respondents are average satisfied with bank investment deposits or accounts interest rate or returns rate. Only few respondents are that is 25% are satisfied with bank investment deposits or account interest rate & returns. And 18% respondents highly satisfied with bank deposits or account returns & interest rate. 22% respondents are clearly not satisfied with the bank deposits or accounts interest rate & returns

14. Table showing knowledge of respondents related with mutual fund service which is provided many banks

Table -14

Particulars	Number of respondents	Percentage of Respondents
Yes	40	40
No	60	60
Total	100	100



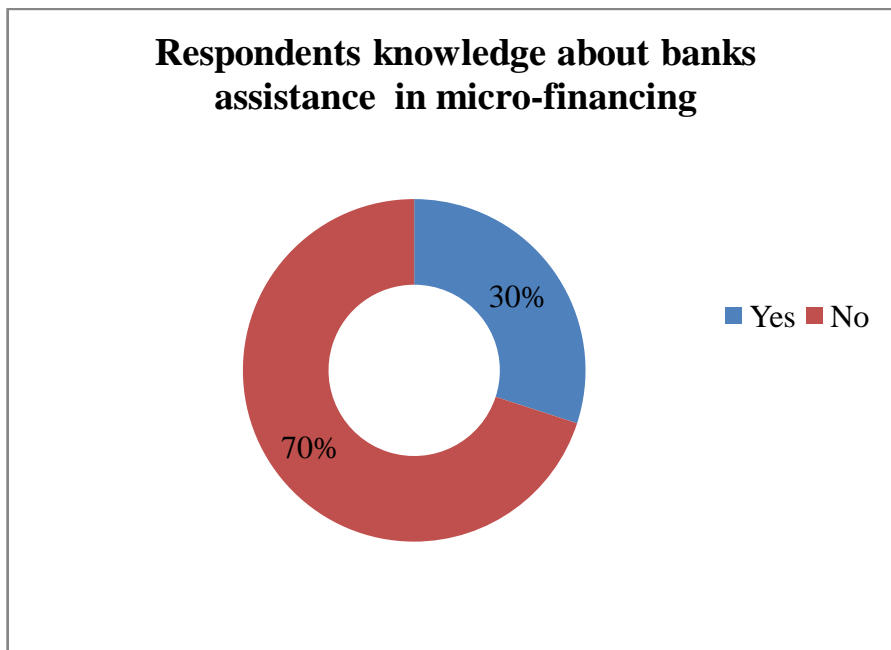
Interpretation-

From the above chart it is depicted that 40% of respondents know that some banks give assistance related with investment in Mutual funds. Where as 60% of them are not aware of this.

18. Table showing respondents knowledge about banks assistance service in micro-financing

Table- 18

Particulars	Number of respondents	Percentage of respondents
Yes	30	30
No	70	70
Total	100	100



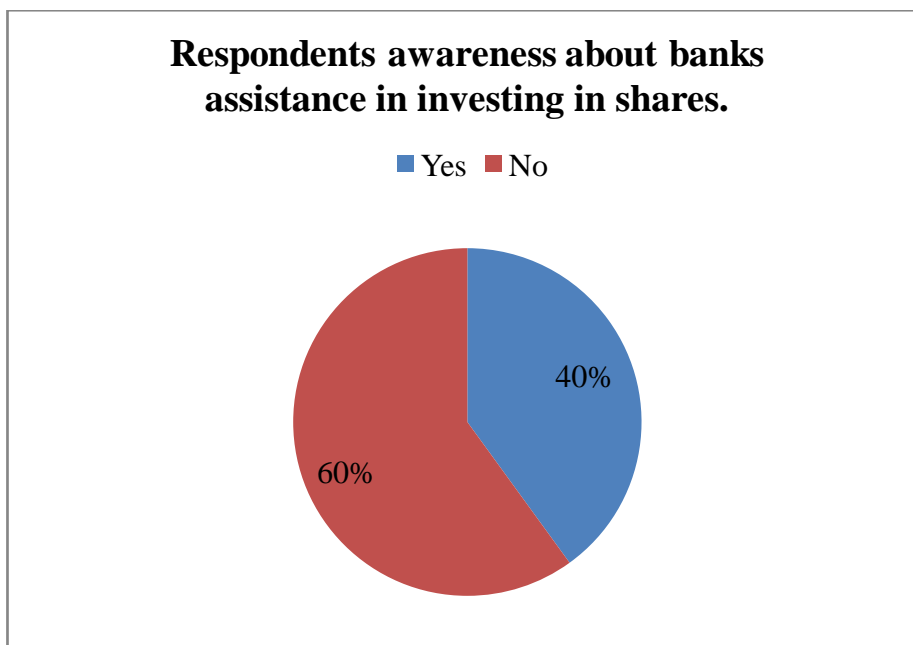
Interpretation-

Form the above table it can be said that only 30% of respondents are aware about banks micro-financing assistance service. Remaining 70% of them do not have this knowledge.

19. Table showing respondents awareness about banks' assistance in investing in shares.

Table-19

Particulars	Number of respondents	Percentage of respondents
Yes	40	40
No	60	60
Total	100	100



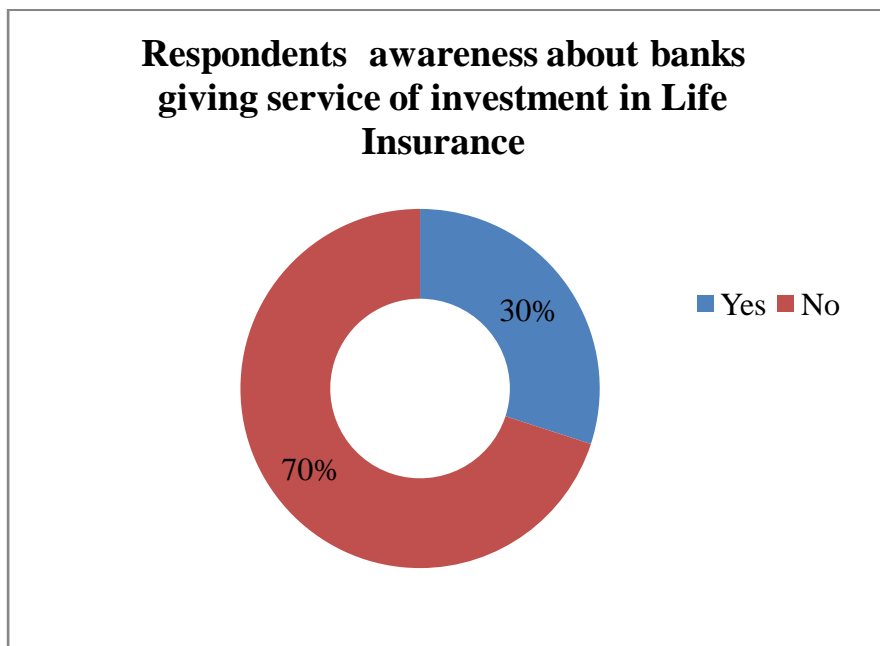
Interpretation-

From the above table it is clear that 40% of the respondents are aware about banks assistance in investing in shares, where as 60% of them do not know.

20. Table showing respondents' awareness about bank giving service of investment in Life Insurance Policies.

Table-20

Particulars	Number of respondents	Percentage of respondents
Yes	30	30
No	70	70
Total	100	100



Interpretation-

From the above table it can be said that 70% of the respondents are not aware about bank giving service of assistance in investing in Life Insurance Policies where as 30% of them have this knowledge.



4. FINDINGS

1. It is found that most of respondents earn comfortable amount per month to think about investment and most of the respondents strongly feel that they should save for future safety.
2. It is found that most of respondents are interested to invest in various investment avenues for future saving.
3. It is found that most of respondents saving objectives are high return on investment, and regular return on investment.
4. It is found that the respondents are at least aware about 2 to 6 investment avenues & many are not aware about more investment ways.
5. It is found that most of respondents are interested in investing in more than 4 investment avenues.
6. It is found that most of the respondents think bank deposits & mutual funds give more returns compared to other investment avenues.
7. It is found that most of respondents prefer to invest in public banks because of security.
9. It is also found that most of respondents preferred fixed deposits & saving deposits bank services.
10. It is found that most of respondents prefer to invest in bank for short period of time, rather than long period
11. It is found that most of respondents are not happy with returns they get on their deposits or accounts.
12. It is found that most of respondents do not know the extra services given by Banks as assistance in investing in Mutual Funds & Service of Micro-Financing.



5. SUGGESTIONS

1. Customers strongly agree that future saving is very necessary but require right guidance from banks to go for different bank investments. Banks should arrange some free workshops or seminars to give confidence to the customers about bank deposits.
2. As it is found that objectives of investment are high return, regular income, & safety, Banks should start some new schemes to satisfy customers with above expectations.
3. Bank should make aware the customers about all possible investment avenues through promotional efforts as many do not know.
4. As many customers prefer nationalize banks for safety purpose scheduled commercial banks should try to gain the confidence of the people.
5. Bank should give confidence to the customers about security through some strategies of Customers Relationship Management [CRM] & explain loyalty of bank towards customers.
6. Very few know about all the banks in the city. So, Bank should make extra promotional activities through ads to reach maximum people.
7. Banks should think of employing agents to supports it promotional activities.
8. Very few know that banks do provide other services as assistance in Mutual fund investment and micro financing services. So, banks should print some pamphlets giving information of all this & distributes them in customers.

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