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A STUDY ON USAGE OF SOURCES OF INFORMATION TO CHOOSE VARIOUS INVESTMENT AVENUES

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ABSTRACT

Investors are made with an objective of maximizing their wealth. And they have to make coherent decision for maximizing their return based on the available information and Investors are normally collect information from sources which are available to their place. Standard finance theory presumes that investors are rational, in the sense that they successfully identify and process relevant information in the course of reaching optimal Decisions. And they are basically depends upon some common sources such as banners / posters, brokers, friends, relatives, magazines, daily's, radio/TV. The present study has been carried out to measure the extent of usage of sources of information among investors. Sample of 295 investors was collected for the study. Statistical tools namely simple percentage and chi-square have been administrated. The result of the study reveals that the variable that are associated with usage of sources of information. The chi-square test identified that, there exist an association between the selected variables and usage of source of information.

KEYWORDS

investment behaviour, sources of investment information.

JEL CODE**INTRODUCTION**

Investment is defined with safety however; the safety must be more than a mere expectation. It is possible only when safety is assured or at least strongly indicated by the application of definite and well established standards. An investment operation is one, which upon thorough analysis promises safety of principal and a satisfactory return. (Maheshwari. S.N, Financial Management and Practice, 2010).

Individuals allocate income toward expenditure and savings. Within this boundary, individuals have to transform their savings into investment; a lookout for new investment opportunities helps investors to beat the market. The household investment decisions depend on the manner in which information is displayed by exploiting a regulatory change which prohibited the display of past returns for any period shorter than twelve months. In this setting, the information displayed was altered but the attainable information set remained constant. Using a differences-in-differences design, find that the shock to information display caused a reduction in the sensitivity of fund flows to short-term returns, a decline in overall trade volume, and increased asset allocation toward riskier funds.

Traditionally, economic models assume that once information is presented to investors, they make their decisions based on that information regardless of the exact form it takes. Nonetheless, a growing literature examining individual choice has found evidence that the manner in which information is displayed affects individual decision-making. Investors can gather the required information from many sources. Most often investment information is available from the following categories. (Maya O. Shaton University of Chicago Booth School of Business 2014).

Every individual wants to invest money in order to get return and for productive use of money. For businessman it is easier for them to invest in various types of investment assets such as fixed deposits, equity shares, bonds, real assets and saving certificates etc due to number of sources and wide amount of knowledge about the economic condition of a country. As far as salaried individuals are concerned their investment choices are restricted due to fixed salary package. Investment policy varies from businessman to salaried persons. People of different age, education, gender, income and family background are attracted towards different investment activity, the availability of money to invest decides whether investor is potential or not. There are various investment avenues available for the investors, namely bank deposits, post office savings, insurance, shares, mutual funds, gold, silver, etc. Investment needs rewards and commitment to the sources in order to earn benefits in future. Any potential investor invests in shares of a company for return in form of dividend and price appreciation in the market price of his holding. Salaried employees seek return, safety, liquidity, convenience and affordability and tax benefits. (Parihar B.B.S and K.K.Sharma, 2012).

SOURCES OF INVESTMENT INFORMATION

INSTITUTIONS FLOATING FINANCIAL SECURITIES: Corporate houses, Government bodies and mutual funds are the main sources of investment information. Many of these enterprises have their own websites and post investment related information on the site.

FINANCIAL MARKETS: Stock exchanges and regulatory bodies also provide information useful for making their investment decisions. With reference to the secondary market, the SEBI uses various modes to promote investor education and takes great efforts to achieve an investor friendly secondary market in India. The RBI also provides useful information relating to the prevalent interest rates on non-banking financial intermediaries that mobilize money through deposit scheme.

FINANCIAL SERVICE INTERMEDIARIES: Intermediaries promote securities among the public. Many of these intermediaries are agencies of specific instruments, especially tax savings instruments. These intermediaries offer to share their commission from the concerned organization with the individual investors. Thus, investors get an additional advantage while investing through intermediaries.

Press sources, such as financial newspapers, financial magazines, internet web sites, and so on, provide investment information to the public. In addition to information on securities, these sources also provide, to some extent, an analysis of information and, in certain instances, suggest suitable investment decisions to be made by the investors. Investment advices, especially in media, tend to behave erratically and might result in herd behaviour in the market. Herd behaviour does not lead to profitable investment decisions, especially to small investors, who would benefit a lot by understanding and analyzing information on their own.

REVIEW OF LITERATURE

Ramanathan K.V, KS.Meenakshisundaram, (2015) "A study of the friends /family are the main sources of information and return on investment is the main factor considered before investment."

STATEMENT OF THE PROBLEM

Investors have several investment avenues in which they can invest their money. Savings are invested in assets depending on their risk and return characteristics. There are lots of difficulties in taking an appropriate decision on how to go about in investing in the various financial assets available in the market. In order to enable the correct investment decision to be made, investors have to know the features and the key factors associated with different types of investment avenues open before them. At present, business related dailies, investment connected magazines, internet, advice of financial planners, opinion of share broker, recommendations of real estate agents, advertisement of jewellery mart are available to gather the require amount of information. Though a large number of sources of information are available to an investor (a) Do investors depend on any one source or what type of sources does an individual investor use to get the required information? At present, an investor has to take decision in a challenging environment. Generally, investors need the necessary knowledge, competence and experience to make the best use of the available information of insurance schemes, bank operations, post office schemes, and mutual fund types, fundamentals of company matters, stock exchange dealings, gold rates and real estate updates.

OBJECTIVES OF THE STUDY

The study makes an attempt to seek solution to the questions raised. Accordingly, the objectives framed are given below:

1. To study socio economic and investment behavior of investors.
2. To find out the sources of investment information used by the investors.

METHODOLOGY

The data required for the study has been collected through questionnaires. The questionnaires have been divided into three parts, socio-economic profile of investors, the source of investment information, details of investment behaviour.

SAMPLING

The sample was drawn from Pollachi Taluk. In Total of 350 questionnaires were distributed, out of which response form 315 investors were received. From these 315 questionnaires, 20 questionnaires were discarded due to incomplete data. Finally, 295 questionnaires were used for the study.

FRAME WORK OF ANALYSIS

To give a scientific back up to the study the statistical tools have been applied. Simple percentage method is used to explain the collected data. In order to identify the association between investment behaviour, source of information, the selected socio economic variables, the Chi – Square technique (χ^2), has been administered. Hypotheses were framed to find out the association between the selected variables and usage of sources of investment information. Null hypotheses framed and tested.

SIGNIFICANCE OF THE STUDY

The findings of the study will be immensely helpful to Insurance Authorities, bank officials, mutual fund operators, stock exchange dealers, jewellery mart owners and real estate brokers to introduce new investment schemes and to remove the wrong myth that prevails among the public in general. The Regulatory bodies, investor's forum and also find out a place to use the finding of the study to take necessary step to safeguard the interest of investors who would like to invest their hard earned money. Investors get enlightened about sources of investment information and the various precautions that the government has initiated.

TABLE 1: SOCIO ECONOMIC PROFILE OF THE RESPONDENTS

Profile	No. of Investors (N:295)
Area of Residence	
Urban	144(48.8)
Rural	151(51.2)
Age	
Up to 25 years	65(22.0)
25-35 years	77(26.1)
35-45 years	64(26.1)
45-60 years	52(26.1)
Above 60 years	37(12.5)
Gender	
Male	151(51.2)
Female	144(48.8)
Qualification	
Up to HSC	77(26.1)
UG	72(24.4)
PG	82(27.8)
Professional	64(21.7)
Occupation	
Agriculture	61(20.7)
Business	73(24.7)
Salaried	56(19.0)
Professional	59(20.0)
Retired	18(6.1)
House wife	28(9.5)
Type of Family	
Joint	159(53.9)
Nuclear	136(46.1)
No. of member in the family	
Two members	31(10.5)
Three members	86(29.2)
Four members	121(41.0)
Above four members	57(19.3)
No of dependents	
One members	82(27.8)
Two members	128(43.4)
Three members	48(16.3)
Four members	21(7.1)
Above four members	16(5.4)
Status in the family	
Member	162(54.9)
Head	133(45.1)
Monthly Income Self	
Up to Rs.15,000	74(25.1)
Rs.15,001 - Rs.30,000	100(33.9)
Rs.30,001 - Rs.45,000	56(19.0)
Above Rs.45,001	65(22.0)
Family income	
Up to Rs.30,000	105(35.6)
Rs.30,001 - Rs.45,000	98(33.2)
Above Rs.45,001	92(31.2)
Type of Residence	
Rented	94(31.9)
Own	201(68.1)

Table 1 shows that Out of 295 investors, 151(51.2%) of them are from rural area. Majority of 26.1% are in the age group ranges from 25 to 35 years and of the total investors 151 (51.2%) are male. In relation to the qualification of investors 82(27.8%) of them investors are highly educated with Post Graduate. Majority of 61(20.7%) investors are doing business. In relation to investors family type 159(53.9%) are belongs to joint family and 121(41.0%) investors said four members in their family. And of the total investors only 128(43.4%) investors have two dependents in their family and 162(54.9%) investors are members in the family Of the total, 100(33.9%) investors monthly income is up to Rs.15,001 - Rs.30,000 and the family income of 105(35.6%) investors are Up to Rs.30,000

INVESTMENT BEHAVIOR OF INVESTORS

The descriptions about the investment behaviour of investors are as follows.

- 28.5% are taking investment decision Within 1 or 2 days (n84).
- 46.4% of investors have 10 and 20% of investment in their total income (n137)
- Majority 51.2% of investors are regularly monitor investment related information (n151)
- 31.5% are utilize Own Savings for investment (n93)
- 36.9% of investor's expectation in rate of return is High (12% - 24%) (n109)
- majority of 54.6% of investors are invest occasionally(n161)
- 49.5% investors are occasionally answering their investment decisions (n146)
- 36.3% investors seek help from their spouse(n107)
- 45.1% of investors are flexible in nature(n133)

- Majority of 58.6% investors are moderate in level of accepting risk (n173)
- 38.6% investors are occasionally consult their spouse before taking investment decision (n114)
- 36.3% investors are occasionally consult their friends before taking investment decision (n107)
- 47.1% investors are not at all consult their children before taking investment decision (n139)

The selected socio economic and investment behaviour variables are compared with extent of usage of sources of information. To know about the association between them chi-square test has been applied to find out the association between the selected variables and information seeking behaviour of investors.

The Table 1 shows that attributes which are associated with the extent of usage of sources. Totally fourteen variables have been tested in order to identify their association with the usage of sources of information: Banners & Posters. It is found that, only four variables such as Gender, No of dependents, Percentage of Investment, Basic nature are significantly associated with usage of Banners & Posters.

The Table 1 shows that attributes which are associated with the extent of usage of sources. Totally fourteen variables have been tested in order to identify their association with the usage of sources of information: Brokers. It is found that, only six variables such as Qualification, No of dependents, Status in the family; Monthly income, Family income, and Basic nature are significantly associated with usage of Brokers.

It is clear from the table 1 Frequency of monitor investment related information 151 (51.2%) investor are monitor investment related information regularly and 109 (36.9%) investors are expect higher rate of return. In the case of Regularity of Investment 161 (54.6%) investor are make regular investment. And the Source utilized for investment 130 (44.1%) investor are use own savings for investment. With regards to the Percentage of Investment 137(46.4. %) investors have invested 10% and 20%. And in relation to Person who provides help during financial problem 107 (36.3%) investors seek help from their spouse. And majority of 146(49.5%) investors are occasionally answering their investment decision. Majority of total, 133(45.1%) investors are flexible. With regards to the, investors level of accepting 173 (58.6%) investors, are moderate level of accepting risk. Among total investors, 114(38.6%) investors are occasional consult with their spouse. And majority of, 107(36.3%) investors are occasional consult with their friends. Among total investors, 139(47.1%) are not at all consulting their children before taking investment decisions

TABLE 2: SOURCES OF INFORMATION

Sources of Information	High	Moderate	Low	Total
Banners & Posters	58 (19.66)	124(42.03)	113(38.31)	295(100)
Brokers	90 (30.5)	113(38.30)	92(31.39)	295(100)
Internet (concerned web site)	126 (42.7)	104(35.25)	65(22.03)	295(100)
Magazines / Newspapers	120 (40.68)	130(44.07)	45(15.25)	295(100)
Radio / TV	116(39.32)	132(44.74)	47(15.93)	295(100)

From the table 2 show of the total investors Internet (concerned web site) and Magazines / Newspapers are highly preferred sources of information by the investors. Banners & Posters and Brokers are preferred by low level

SELECTED VARIABLE AND EXTENT OF USAGE OF SOURCES OF INFORMATION

In this section an attempt has been made to find out the determinants that influence the extent of usage on source of information. The selected socio economic, investment behaviour variables are compared with extent of usage of sources of information used by the investors. Chi-square test has been applied to find out the association between the selected variables and information seeking behaviour of investors.

TABLE 3: ATTRIBUTES THOSE ARE ASSOCIATED WITH SOURCES OF INFORMATION

Variables	Banners & Posters χ^2 value	Brokers χ^2 value	Internet (web- site) χ^2 value	Magazine/Newspaper χ^2 value	Radio/TV χ^2 value
Area of residence	3.501	0.539	3.675	1.734	1.608
Age	5.891	7.500	13.974	17.157*	10.159
Gender	12.99**	0.357	0.404	0.804	6.489
Qualification	10.2	22.862**	12.249*	4.860	8.862
Occupation	5.896	7.730	10.241	9.506	6.554
Type of family	5.163	1.466	0.906	0.770	2.526
Member in the family	5.49	3.895	6.538	22.156**	15.44*
No of dependents	15.727*	18.636*	7.033	13.116	8.871
Status in the family	2.448	0.428*	1.941	2.874	0.370
Monthly income Self	10.225	22.415**	10.781	7.890	15.198*
Family income	5.762	17676**	14.96**	20.962**	0.918
Type of residence	0.845	4.045	7.135*	1.596	3.105
Percentage of Investment	15.423*	6.289	7.55	5.993	6.491
Basic nature	14.057**	13.423**	8.656	7.748	11.668*

* Significant at five percent level

** Significant at one percent level

The Table 3 shows the attributes which are associated with extent of usage of sources. Totally fourteen variables have been tested in order to identify their association with the usage of sources of information: Banners & Posters. It is found that, only four variables such as Gender, No of dependents, Percentage of Investment, Basic nature are significantly associated with usage of Banners & Posters.

The above Table shows the attributes which are associated with extent of usage of sources. Totally fourteen variables have been tested in order to identify their association with the usage of sources of information: Brokers. It is found that, only six variables such as Qualification, No of dependents, Status in the family; Monthly income, Family income, and Basic nature are significantly associated with usage of Brokers.

The Table 3 shows the attributes which are associated with extent of usage of sources. Totally fourteen variables have been tested in order to identify their association with the usage of sources of information: Internet (website). It is found that, only three variables such as Qualification, Family income, Type of residence are significantly associated with usage of Internet (website)

The above table shows the attributes which are associated with extent of usage of sources. Totally fourteen variables have been tested in order to identify their association with the usage of sources of information: Magazine/Newspaper It is found that, only three variables such as Age, Member in the family and Family income are significantly associated with usage of Magazine/Newspaper.

The Table 3 shows the attributes which are associated with extent of usage of sources. Totally fourteen variables have been tested in order to identify their association with the usage of sources of information: Radio/TV It is found that, only three variables such as Member in the family, Monthly income Self and Basic nature are significantly associated with usage of Radio/TV.

SUGGESTIONS

SUGGESTION TO INVESTORS

- Everyone who would like to invest has to understand the fundamentals of investment and the technical details, in additions they have to evaluate their financial ability and risk taking capacity to investors should cultivate the habit of referencing daily's, other sources of information and journals to update about the investment climate.

- They should have the tendency of consulting their family members and friends before taking any investment decisions. Investors have to watch the investment related information which is popular and offered by the investment company and they have to conform the authorities based on the source of information

SUGGESTION TO REGULARITY AUTHORITIES

- Regularity authorities have to watch the investment conditions and have to take necessary actions to protect the interest of the investors at the appropriate time.
- Regularity authorities have to educate the investors about the sources of investment information available to them. Internet facilities can be extended further to rural areas to enable the house hold investors to collect investment information.

SUGGESTION TO INVESTMENT COMPANIES

- They have to offer various schemes to satisfy the expectation of the investors. And investment companies have educated the investors so that more number of people well develops the habit of investing in new avenues.
- They have to watch the posted investment related information in a periodic basis to protect the investors. And they have to update the information time to time based on investment information

CONCLUSION

Today the financial services sector has become highly diversified offering the investor with a wide range of investment avenues. With proper investment strategies and financial planning, investor can increase personal wealth which will contribute to higher economic growth. The individual's decision to invest is greatly influenced by the various benefits each individual wants from owning a particular investment. This paper has examined the published work relating individual sources of investment information and behaviour. A source of investment information is most important one for a successful investment plan it vary from investment to investment. Understanding the saving and investment choice could be of great relevance to the investors for their wealth management and to the policy makers, the investment agencies, the researchers as well as managers of the firms to prepare themselves to respond to the varying choice of the investor. And they have to extend their information wide verity of terms. From the present study, it is clear that most of the investors are gather information through internet and news-paper/magazines, banners and brokers are preferred low level. And male investors are investing more than female investors and business people have high percentage of investment.

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