Regular article

An investigation of investors' exposure towards stock market and preferred investment avenues: A study in Krishna District

Investigasi Eksposur Investor terhadap Pasar Saham dan Jalan Investasi Pilihan: Sebuah Studi di Distrik Krishna

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ABSTRACT

Money is an important component of living in the current era. People must invest their money to solve future difficulties. Investment is a commitment of funds aside from current expenses in anticipation of future gains. Savings are invested in assets based on an individual's knowledge of numerous investment options, risk tolerance, and expected return. Every human being must take the vital step of investing hard-earned money. Investors can put their money into a variety of investment vehicles. Each investment idea carries a distinct level of risk and potential return. Investors anticipate bigger returns with fewer risks. Financial consultants and advisors give investors many suggestions in this field. However, every investor faces a difficult task when assembling an appropriate portfolio. The investing possibilities cover both financial instruments and other assets. Investor attitudes may vary throughout time and from person to person. Additionally, investors' investment objectives will vary.

ABSTRAK

Uang adalah komponen penting dalam hidup di era sekarang. Orang harus menginvestasikan uang mereka untuk mengatasi kesulitan di masa depan. Investasi adalah komitmen dana yang disisihkan dari pengeluaran saat ini untuk mengantisipasi keuntungan di masa depan. Tabungan diinvestasikan dalam aset berdasarkan pengetahuan individu tentang berbagai pilihan investasi, toleransi risiko, dan hasil yang diharapkan. Setiap manusia harus mengambil langkah penting untuk menginvestasikan uang hasil jerih payahnya. Investor dapat memasukkan uang mereka ke dalam berbagai kendaraan investasi. Setiap ide investasi ini memiliki tingkat risiko dan potensi keuntungan yang berbeda. Investor mengantisipasi pengembalian yang lebih besar dengan risiko yang lebih kecil. Konsultan dan penasihat keuangan memberikan berbagai saran kepada investor di bidang ini. Namun, setiap investor menghadapi tugas yang sulit ketika menyusun portofolio yang sesuai. Kemungkinan investasi mencakup instrumen keuangan dan aset lainnya. Sikap investor dapat bervariasi dari waktu ke waktu dan dari orang ke orang. Selain itu, tujuan investasi investor juga berbeda-beda.

INFORMASI ARTIKEL

Introduction

Financial planning is the process of evaluating a person's financial objectives, taking into account his debt responsibilities, identifying his life ambitions, and then taking the necessary actions to attain those objectives within the time frame specified. It is a method for assessing the monetary value of another person's desires.

Beyond investing, financial planning is a concept. In today's economic climate, there are numerous applications for a business strategy. Financial planning allows a person to determine their goals and objectives, assess their existing situation, and take the activities necessary to achieve those goals. It helps us comprehend how monetary decisions affect people's lives. Sound financial planning enables individuals to live comfortably and safely.

Investing is regarded as an art. In economics, "investment" is commonly described as "the addition to the physical stock of capital." In layman's words, "It is the buying of Financial assets such as shares, debentures, mutual funds, etc at a price to earn a return on funds deployed". To promote economic progress, all savings must be invested wisely. People's investing behavior is demonstrated by how much money they invest out of their overall savings, the frequency with which they invest, the financial instruments in which they invest, and their risk aversion, among other factors. People should be aware of all available investing options before making financial decisions. Today's financial markets are highly complex, with each investor having unique financial demands based on their financial goals and risk tolerance. However, every investor's ultimate goal is to maximize their investment returns while also protecting their wealth. As a result, financial education is required for people to invest their money wisely. While savings are higher in India, where they are invested is a source of concern. Households have primarily invested in bank fixed deposits, risk-free government-backed securities, and low-yielding instruments, as well as non-financial assets.

Savings and investing are comparable. One explanation for this is that as people save money, it flows naturally into investing. However, some people lack information about where and how to invest, resulting in a mismatch between savings and investments. This would lead to the blocking of idle amounts. This might potentially alter the structure of the financial system, slowing economic growth.

Individual and institutional investors' investments around the world provide insight into a country's economic health. If the share of these investments increases, the country's stability and GDP will improve. However, the question here is whether the public is aware of both where to invest their money for profitable returns and how to save money in the first place. To understand a typical investor's behavior in this field, the following questions are usually asked:

1. Do you create household budgets?

2. How much do you save each month to achieve your financial goals?

3. How should your asset allocation alter with age and circumstances?

4. What are your investment aims and needs?

5. Do they receive guidance on appropriate investment options when saving and investing?

6. Are they willing to take larger risks for higher returns?

7. What is a reasonable minimum rate of return for a typical investor after accounting for inflation?

8. Do investors receive accurate market information and avoid unfair tactics from intermediaries?

Various aspects influence an investment decision. Some of them are listed below:

1. Liquidity

2. Risk

3. Return

4. Economic inflation rates

5. Income and expenditure levels

6. Consumption habits and conditions.

The current study attempts to investigate the many aspects of individual investors' investment habits and trends in various areas throughout Krishna District, Andhra Pradesh State.

Literature Review

Bindabel & Salim (2021) An examination of the relationship between saving and investment habits and financial orientation (ORTOFIN) among working women at Saudi Arabian universities revealed one's attitude toward correctly managing financial activities. According to Agarwal (2020), the preparation of taxes is necessary for effective financial planning. The awareness and alternatives to tax planning have been concluded. According to Kumaraswamy & Velya (2020), housing loans enable individuals to possess their own homes. Every government's objective is to provide shelter to all of its residents; yet, it is minimizing the tax

burden of housing loan borrowers through several Income Tax measures. Suresh & Devan (2020) researched the National Centre for Financial Education, aiming to promote financial awareness and empowerment in India. Critically assessed the NCFE's financial education programs and important services for the benefit of the entire country.

Lee et al. (2019) investigated the factors impacting personal financial planning among young working people in Malaysia. And found the characteristics that influence personal financial planning among Malaysia's young working adults. Atodaria & Sharma (2019) examined salaried individuals' awareness, perception, and behavior about numerous investment options, as well as demographic characteristics and investment patterns. Afza & Patil (2020) assessed the significance of retirement planning. Individuals' saving and investment behaviors in India have changed significantly in recent years.

Shrivastava (2018) the study's goal is to look into how government personnel invest in various financial products accessible on the market. According to Kumari (2018), the financial services sector now provides diverse investment opportunities for women investors. Primary data was collected via a thorough questionnaire, as well as in-depth personal interviews. Bindu et al. (2017) Convenient sampling was used to acquire data from 40 employees. Employee investment habits do not differ much by gender.

Metode

The methodical approach to gathering and analyzing data forms the foundation of any research's legitimacy. Both primary and secondary data are used to collect the data. The report is based on information gathered from private investors in the Andhra Pradesh state's Krishna District. The sampling method used in this investigation is called probability sampling. From the available database, the respondent is chosen using basic random procedures.

Objectives of the Study

1. To ascertain each investor's level of knowledge and expertise in financial planning.

2. To assess how investors behave and think about different investment options.

3. To research the Indian Financial Market's investing potential.

4. Analyzing the Investor's Investment Alternatives Investing Pattern.

Research Design

This study is only in Vijayawada, Machilipatnam, Pamarru, Penamaluru, Pedana, Gudivada, Vuyyuru, Avanigadda, and Nuzivid in the Krishna District. Because the study design accurately outlines a situation and the variables that affect it, it is descriptive.

Sample size

Although a larger sample size may yield more accurate results, surveying the entire target population, let alone a considerable fraction of them is not feasible. Given time and cost constraints, the sample size for this investigation was 100. Sampling methods include questionnaires and observations, as well as surveys and secondary data. This sample was drawn at random from several localities in Krishna District, including Vijayawada, Machilipatnam, Pamarru, Penamaluru, Pedana, Gudivada, Vuyyuru, Avanigadda, and Nuzvid. In the preceding scenario, the sampling frame will include all of the various investors' preferred areas in Krishna District, Andhra Pradesh state.

Data Collection

Primary data: The study's primary data was acquired through a survey of investors' investment objectives and available investment options. Secondary data: Secondary data contains information from a variety of sources, including books, periodicals, newspapers, and websites.

Hypotheses

The following Hypothesis is constructed for this study

H1: There is no significant relationship between the Gender and Investment awareness level.

H2: There is no significant relationship between the income level & awareness of the investments.

H3: There is no significant difference between the expected rate of return and risk tolerance level.

Significant of the study.

The goal of this research is to increase your long-term profits, therefore you have to be prepared to accept or reject the chance that your investment's value will drop dramatically during the near term. This is because investments that offer higher returns tend to be more volatile than those that do not. Tradeoffs determine risk and return.

Scope of the Study

The current study focuses on how investors in chosen places in Krishna District, Andhra Pradesh State, organize their money and diverse investment preferences.

Limitations of the study

1. The results are location-specific because the data was obtained from Krishna District respondents, and hence the conclusions drawn may not apply to other socioeconomic groups.

2. Only salaried and income-earning groups were considered because the study focuses on savings and investments.

3. Few respondents are unwilling to communicate their opinions and thoughts about their investments, and most have stated a similar stance on investment techniques.

Results

Table 1. Chi-Square Test 1

O	E	(O-E)	(O-E)2	(O-E)2/E
42	27.133	1.867	3.486	0.1285
14	9.867	-1.867	3.486	0.3533
32	16.867	-1.867	3.486	0.2067
12	6.133	1.867	3.486	0.5684
			Total	1.2569

Degree of freedom: v= (r-1) (c-1), v= (2-1) (2-1), v= 1

The 0.05 level significance (3.841) is less than our calculated Chi-squared score (1.2569). The null hypothesis is accepted.

Table 2. Gender and the Investment Awareness Level

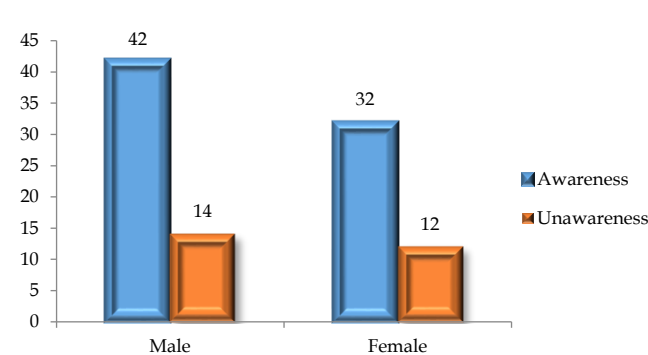| Gender	Awareness	Unawareness	Total	Percentage
Male	42	14	56	56
Female	32	12	44	44
Total	74	26	100	100

Figure 1. Gender and the Investment Awareness Level

As a result, there is no statistically significant relationship between gender and investing awareness.

Table 3. Chi-Square Test 2

O	E	(O – E)	(O – E)2	(O – E)2/E
10	2.2	-1.2	1.44	0.65
4	0.8	1.2	1.44	1.8
24	8.06	-4.06	16.48	2.05
7	2.93	4.07	16.56	5.65
24	21.27	2.73	7.45	0.35
5	7.73	-2.73	7.45	0.96
14	11.73	2.27	5.15	0.44
10	4.27	-2.27	5.15	1.21
1	0.73	0.27	0.07	0.1
0	0.27	-0.27	0.07	0.27
			Total	13.48

Degree of freedom: v= (r-1) (c-1), v= (5-1) (2-1), v= 4

Our Chi-squared score (13.48) is above the 0.05 criterion of significance (9.488). Therefore, the null hypothesis is rejected.

Table 4. Income Level & Awareness of the Investment

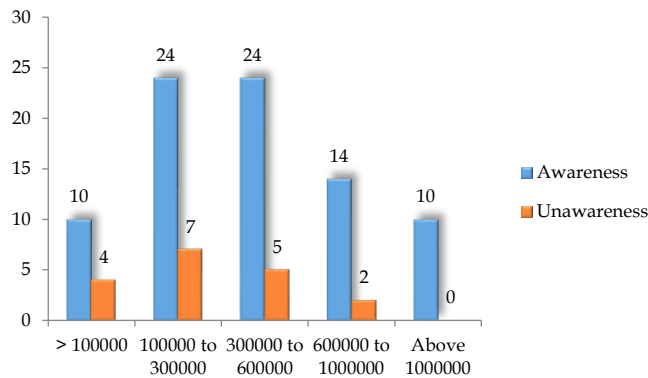| Income Group per Year In Rs.	Awareness	Unawareness	Total
> 100000	10	4	14
100000 to 300000	24	7	31
300000 to 600000	24	5	29
600000 to 1000000	14	2	16
Above 1000000	10	0	10
Total	82	18	100

(Source: Primary Data)

Figure 2. Income Level & Awareness of the Investment

As a result, there appears to be a strong relationship between income level and understanding of investment possibilities.

Table 5. Risk – Return Investment Level

	High		Medium		Low		Nil		Grand Total
	OBS	EXP	OBS	EXP	OBS	EXP	OBS	EXP	
8-10%	4	6.27	3	7.79	10	4.37	2	0.57	19
10-13%	14	15.18	25	18.86	6	10.58	1	1.38	46
13-15%	7	7.26	8	9.02	7	5.06	0	0.66	22
>15%	8	4.29	5	5.33	0	2.99	0	0.39	13
Grand Total	33		41		23		3		100

Investments typically follow a "High Risk-High Return and Low Risk-Low Return" trend. When it comes to investing, risk and return are strongly correlated. The null hypothesis (H0) was written in this fashion. The Chi-squared P value for the specified degrees of freedom (9) is 27.87716, whereas the two-table value is 16.919 at 5% significance. The null hypothesis has been accepted because the table value is less than the calculated value.

It is determined that the projected rate of return and risk tolerance level do not differ considerably.
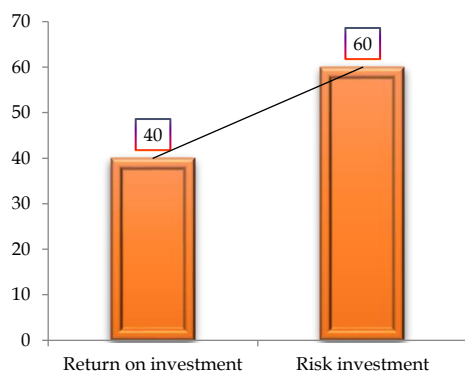

Figure 3. Return & Risk Investment

The above data demonstrates that 40% of respondents seek a return on investment, while 60% choose a no-risk investment.
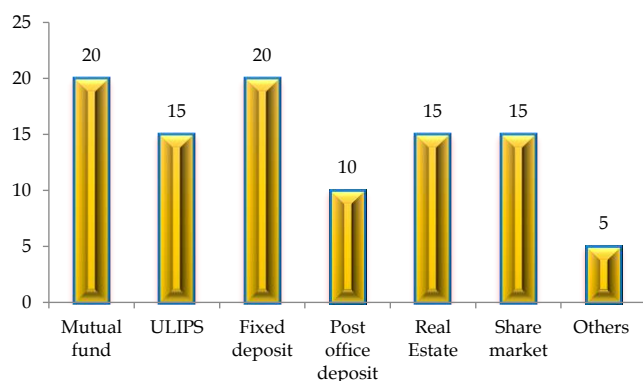

Figure 4. Responds to Preferences Towards Investment

According to the chart above, 20% of respondents prefer to invest in mutual funds, 15% in ULIP plans, 20% in fixed deposits, 10% in post office deposits, 15% in real estate, 15% in the stock/commodity market, and the remaining 5% in other investment options.
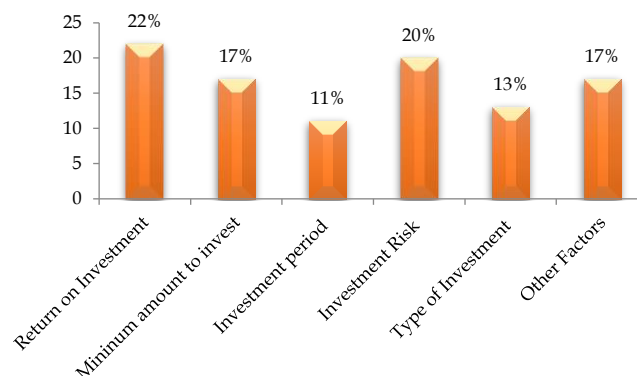

Figure 5. Factors Considered for Choosing Investment Options

The chart above reveals that 22% of respondents look at returns before investing, 15% look at the minimum investment amount, 13% look at the locking period, 20% look at risk, 15% look at the type of investment option, and the remaining 15% look at other considerations.

Findings

1. Insufficient marketing on television and print media for investment opportunities, as most respondents learn about plans via friends and family. To develop the savings habit, door-to-door marketing, planning debates and competitions, and regular meetings are all essential.

2. The government should encourage people to invest in UTI and mutual funds, as most respondents are hesitant to put their resources into these new investment schemes.

3. Federal and state governments should create safety systems to encourage saving and investing. Individual investors will not be motivated to continue investing in various types of government financial instruments unless there is a favorable climate.

4. Successful organizations prioritize customer satisfaction. Financial institutions should provide sufficient returns to their investors to retain existing investors, and various programs should be established to attract new investors.

5. A strong network is essential for improving investors' saving and investing habits. Networks are built in response to user needs. The network system's efficiency is determined by how

well the institutions that serve the money and capital markets are treated.

6. Investors acquire a habit of reading and seeing investment-related content. Their basic understanding of investment alternatives is insufficient; instead, they should make an effort to comprehend the benefits and drawbacks of each investment opportunity individually. This allows them to maximize their profits while limiting their risks.

7. There is no correlation between gender and investment awareness among male and female respondents who are aware of various investment alternatives.

8. Higher-income respondents have a greater comprehension of investment possibilities compared to lower-income groups.

9. To attract female investors away from gold and silver, governments and financial institutions should give varying returns to encourage diversification.

Conclusion

Indians are known for their willingness to conserve money and favor secure investments. The study indicated that while investors are aware of the investment potential in Visakhapatnam, India, they still prefer to invest in bank accounts and real estate. According to the data analysis of the research, investors consider safety to be a critical issue when making investments, so they are less likely to consider other options. This is not a bad investment option, especially in developing areas like Vijayawada, where real estate values are always rising. However, no return is assured, and both the risk and the investment are significant. Saving what you make, making a plan for the future, and not spending money you don't have right now are all essential.

Suggestions

1. Prioritize saving, planning for the future, and avoiding unnecessary spending. Today's youth also prefer mutual funds as their primary pick. One of the most popular investment strategies among young people is the Systematic Investment Plan (SIP) approach of mutual fund investing.

2. Most investors believe stock broking channels are loss-making and offer little to no return, highlighting the need for awareness initiatives. Thus, the researchers concluded that the majority of investors in the study Area choose stable monthly income on investment.

3. Most respondents learn about investment programs from their parents, acquaintances, and relatives, making advertisements insufficient. As a result, it is recommended that different financial institutions use a broad advertising strategy to educate investors about the various investment programs.

4. To integrate the rural sector into national economic development, a marketing strategy should focus on raising customer awareness, providing high-quality value, and ensuring consistent returns for investors.

5. Encouraging investors to save and invest is vital for improving the economy, both in rural and urban areas. The study's findings reveal that investors choose riskier investment possibilities. Additional data analysis suggests that family culture has a major impact.

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