



A study on investment preferences amongst teachers of higher education institutions in the city of Mumbai

¹ Swati Suryanarayanan, ² Dr. Seethalekshmy N

¹ Assistant Professor, S.I.E.S College of Commerce & Economics, Sion, Maharashtra, India

² Associate Professor, S.I.E.S College of Commerce & Economics, Sion, Maharashtra, India

Abstract

The development of an economy is largely influenced by the competitiveness of the financial markets. In other words, financial markets have become one of the very important barometers to measure the growth of an economy. The financial markets in India have undergone a seesaw change in the past two decades. The markets are flooded with innovative financial instruments like never before. Gone are the days where an Indian investor invested in traditional investment avenues like gold, real estate, fixed deposits. Today's investor is very well informed and has a variety of investment choice. Mutual funds, equities, derivatives are the options the investors are looking at. There seems to be a shift in the preferences of the investors from the traditional avenues to the innovative ones. This research paper attempts to study the investment preferences of teachers working in junior colleges in the city of Mumbai. Selected financial products are taken for the purpose of the study.

Keywords: investment preferences, financial products, teachers

Introduction

In tandem with the rapidly changing internal and external environment, the financial markets in India have witnessed a rapid change over the past few years. Moreover the investment climate has also changed drastically. Mutual fund investments have become the hot favorite of millions of investors. With demonetization, the banks has reduced the fixed deposits rates, investors have shifted their preferences to mutual fund investments to earn better returns from inflation. The introduction of innovative and customized financial products in the market there is a drastic change in the preferences of investment that an Indian investor is looking at.

Review of literature

Shanmugham (2000) conducted a survey of 201 individual investors to study the information sourcing by investors, their perceptions of various investment strategy dimensions and the factors motivating share investment decisions, and reports that among the various factors, psychological and sociological factors dominate the economic factors in investment decisions. Karthikeyan (2001) has conducted research on Small Investors' Perception on Post Office Saving Schemes and found that there was significant difference among the four age groups, in the level of awareness for Kisan Vikas Patra (KVP), National Savings Schemes (NSS), and Deposit Scheme for Retired Employees (DSRE), and the overall score confirmed that the level of awareness among investors in the old age group was higher than in those of the young age group. Bahaman Das, Ms Sangeeta Mohanty & Mr. Nikhil Chandra Shil (2008) observed that different investment pattern do not provide the same level of services with respect to age of retail investors in India. It was also observed that graduate and post

graduate investors invest more in life Insurance while professionals in Mutual Funds

Nagpal Sushant and Bodla B.S., (2009) brings out the demographic characteristics of investors, relationship between lifestyle clusters of the respondents and their investment patterns and sources of information tapped by them. The study concluded that investors prefer less risky investments such as insurance policies, fixed deposits with banks and post office, PPF and NSC.

Objectives of the study

1. To study the savings and investment pattern of the junior college teachers in the city of Mumbai
2. To analyze their preferred investment avenues
3. To examine is there is a difference in investment preference among the male and female teachers
4. To understand the factors that are considered by these teachers before investing in an avenue

Rationale of the study

The main rationale of the study is to analyze the extent of awareness of the teachers in the modern investment avenues. Teachers play a major role in shaping the lives of the young minds that are the future of the nation. Therefore it becomes extremely important to create awareness and educate the teachers in this higher educational institution.

Scope of the study

30 male and 30 female teachers were selected from five colleges in the city of Mumbai. These respondents were from the Commerce stream of these colleges of different age groups and varied experience.

Research Methodology

1. Data Collection

The data is sourced from primary and secondary sources. Primary data is collected from the respondents by a basic Questionnaire method. Secondary source includes books, newspaper articles, magazines and information from websites.

2. Use of statistical tools

Use of descriptive statistics like pie chart, bar diagram is used for the purpose of analysis.

3. Sample Size

The total no of teachers who are respondents for the purpose of the study is 60 consisting of 30 males and 30 females.

Findings of the study

1. Awareness of the respondents about the innovative financial namely, mutual funds, equities and derivatives

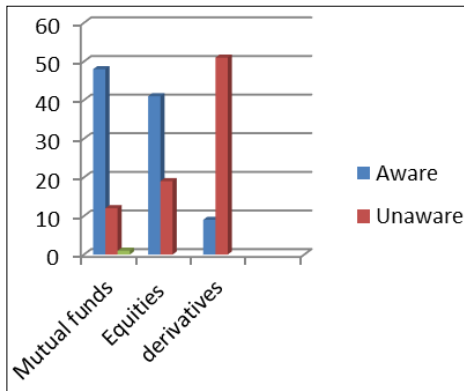


Fig 1: Awareness about innovative financial product

2. Investment preferences of the respondents in various avenues

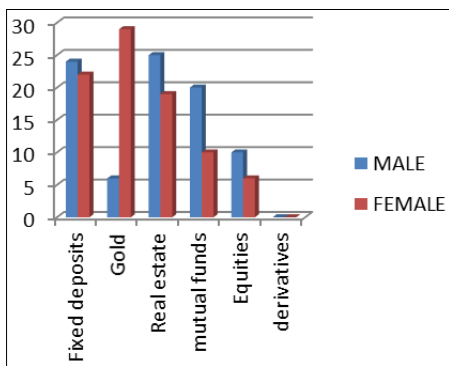


Fig 2: Investment preferences of male and female respondents in various avenues

3. Investment decisions

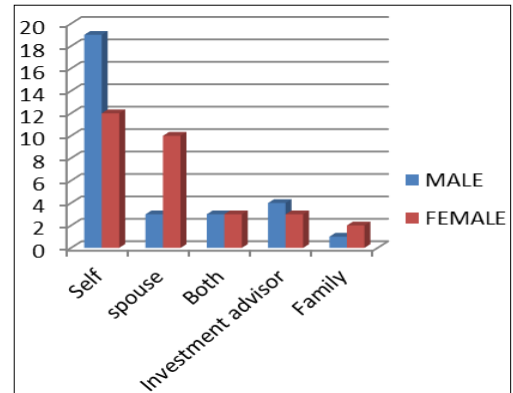


Fig 3: Influencers of investment decisions of the respondents

4. Factors influencing investment decisions of the investors

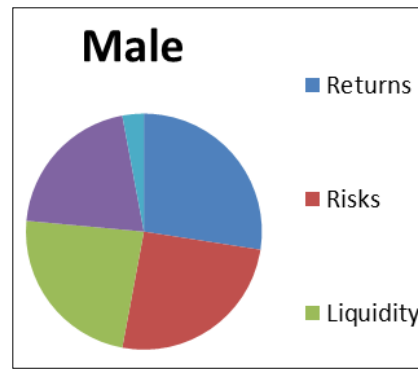


Fig 4

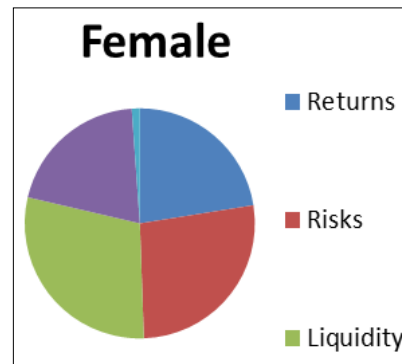


Fig 5

Returns, risks, liquidity, tax benefits and the past market trends were the five factors which were undertaken for the purpose of the study

Interpretation and Analysis of data

1. It is observed from table 1.1 that the teachers are aware of the innovative financial instruments like the mutual funds and equities. As far as the derivative instruments are concerned the awareness is very low. In other words only 15 percent of the sample are aware about the derivative products
2. Although there is awareness about the innovative financial products in the markets the investment of this class of investors is still tilted towards the traditional avenues namely the fixed deposits. However from table 1.2 it can be observed that the investment in mutual funds is also picking up very well which means that mutual funds have started becoming one of the preferred investment avenues of the investors
3. Table 1.3 depicts the person taking the investment decision of these investors. It can be analyzed that majority i.e.63.33 percent of the male respondents make their own investment decision whereas in case of the female respondents it can be observed that 40 percent the respondents take their own investment decision and 33.33 percent respondents say that their investment decision is taken by their spouse. In ten percent cases the investment decision is taken by both of them together. Investment advisor and family are least influencing the investment decisions.
4. From table 1.4 (i) and 1.4 (ii) it can be clearly stated that in case of male respondents returns is the main factor that they consider while taking the investment decision. It is then followed by risk appetite, liquidity of the investment, tax benefits derived and lastly the current market trends that is taken into consideration. In case of female respondents liquidity ranks first when it comes to making an investment decision followed by risk appetite, returns earned, tax benefits and the current market trends.

Limitations of the study

1. The study is conducted from five colleges only from the city of Mumbai. The conclusion may not be applicable to other cities.
2. Sample size of 60 respondents is a very small sample size for the study.
3. Three innovative financial products are only taken for the purpose of the study whereas there are many more such financial products in the market which is not included in the study.

Recommendations of the study

It can be observed from the analysis and interpretation of the data that the government and the regulators are to a certain extent successful in creating awareness amongst the investors with regards to the innovative products in the financial markets. But when it comes to the matter of actual investment the percentage of investors who are actually investing in these are not very satisfactory. Still majority of the investors have a comfort or a preference towards the traditional avenues. The regulators, banks, financial institutions have a big role to play in this regard.

Conclusion

In this 21st century and the era of globalization where we are moving faster than never before in achieving several milestones financial markets have a larger role to play. The major reforms in our country be it Demonetization or the introduction of the Goods and Service tax has taken our country a step ahead and made our country more visible in the global map. In this scenario financial market is one of the most important barometer from which we are measuring the progress of our country. It is therefore the greatest challenge to bring more and more people into this organizes system and make them shift their investment preferences which will eventually help in the development of the nation is definitely the need of the hour.

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