

# Study of Investment Avenues available to Investors in Educational Institution

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## Abstract:

*How and where the people invest their hard earn money is an important decision. Investment is the application of money for earning more money. The investment basically refers to the buying of financial product or any value item with anticipation that positive returns will be received in future. People are earning, but they do not know where, when and how to invest their funds or money earned by them. A proper understanding of money, its value, the available investment avenues, the rate of return/risk etc. are very important to successfully manage ones finance for achieving future goals. The study basically focuses on various investment avenues available and what factors are considered for making an investment. The study is based on survey conducted through structured questionnaire on 75 individual investors of Sonopant Dandekar College, Palghar (Teaching and Non-teaching Staff). This study led to the conclude that many people are not ready to take risk for their funds they prefer to make investment in Bank Deposits, Post office saving Schemes, etc. and many people are not aware about how to make an investment in the shares.*

**Keywords:** financial product, returns, invest, avenues, goals

## INVESTMENTS : AN INDIVIDUAL CHOICE

The word "investment" can be defined in many ways according to different theories and principles. It is a term that can be used in a number of contexts. However, the different meanings of "investment" are more alike than dissimilar. Generally, investment is the application of money for earning more money. Investment also means savings or savings made through delayed consumption. According to economics, investment is the utilization of resources in order to increase income or production output in the future. An amount deposited into a bank or machinery that is purchased in anticipation of earning income in the long run is both examples of investments. Although there is a general broad definition to the term investment, it carries slightly different meanings to different industrial sectors. According to finance, the practice of investment refers to the buying of a financial product or any valued item with anticipation that positive returns will be received in the future. The most important feature of financial investments is that they carry high market liquidity. The method used for evaluating the value of a financial investment is known as valuation. According to business theories, investment is that activity in which a manufacturer buys a physical asset, for example, stock or production equipment, in expectation that this will help the business to prosper in the long run.

## PRINCIPLES OF INVESTMENTS

Five basic principles serve as the foundation for the investment approach. They are as follows:

- **Focus on the long term**

There is substantive empirical evidence to suggest that equities provide the maximum risk adjusted returns over the long term. In an attempt to take full advantage of this phenomenon, investments would be made with a long term perspective.

- **Investments confer proportionate ownership**

The approach to valuing a company is similar to making an investment in a business. Therefore, there is a need to have a comprehensive understanding of how the business operates.

- **Maintain a margin of safety**

The benchmark for determining relative attractiveness of stocks would be the intrinsic value of the business. The Investment Manager would endeavor to purchase stocks that represent a discount to this value, in an effort to preserve capital and generate superior growth.

- **Maintain a balanced outlook on the market**

The investment portfolio would be regularly monitored to understand the impact of changes in business and economic trend as well as investor sentiment. While short-term market volatility would affect valuations of the portfolio, this is not expected to influence the decision to own fundamentally strong companies.

- **Disciplined approach to selling**

The decision to sell a holding would be based on either the anticipated price appreciation being achieved or being no longer possible due to a change in fundamental factors affecting the company or the market in which it competes, or due to the availability of an alternative that, in the view of the Investment Manager, offers superior returns.

In order to implement the investment approach effectively, it would be important to periodically meet the management face to face. This would provide an understanding of their broad vision and commitment to the long-term business objectives. These meetings would also be useful in assessing key determinants of management quality such as orientation to minority shareholders, ability to cope with adversity and approach to allocating surplus cash flows.

#### **OBJECTIVES OF THE STUDY**

The study has been undertaken in order to achieve the following objectives:

- ❖ To know various options available to invest.
- ❖ To know investor's perception regarding investment.
- ❖ To study the investment behavior of investors and the factors that affects their investment decision.

#### **RESEARCH DESIGN**

Research design is the conceptual structure within which research is conducted. It constitutes the blueprint for collection, measurement and analysis of data for a descriptive research. Descriptive research involves collecting numerical through self-reports collected, through questionnaires or interviews (person or phone), or through observation. For present study, the research is descriptive and conclusion oriented.

#### **SAMPLING DESIGN**

**Universe:** The Universe is most commonly defined as everything that physically exists: the entirety of space and time, all forms of matter, energy and momentum, and the physical laws and constants that govern them. In this context, all those people making investments are the Universe.

**Theoretical Universe:** It includes investors investing all over the world.

**Accessible Universe:** It includes investors investing in the Indian Stock Market.

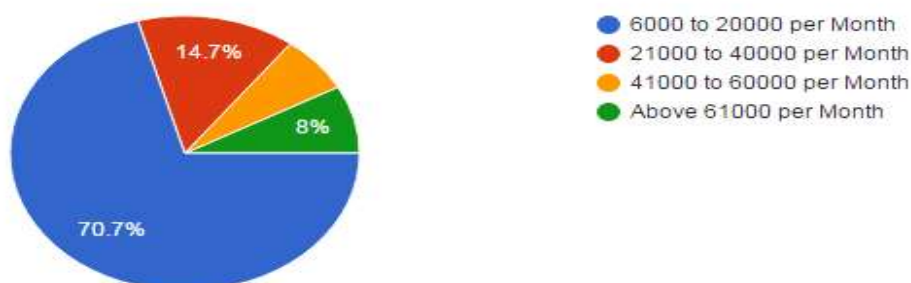
**Sampling unit** – The target population must be defined that has to be sampled. The sampling unit of research included teaching and non-teaching staff of Sonopant Dandekar College, Palghar.

**Sample size** – This refers to number of respondents to be selected from the universe to constitute a sample. The sample size of 75 Investors was taken.

#### DATA COLLECTION AND INTERPRETATION

The data collection included a structured questionnaire, which was forwarded to 75 respondents from the teaching and non-teaching sections of Sonopant Dandekar College, Palghar. For the clear interpretation of data the sample size was divided on the basis of income slabs, gender, age, qualification and section(aided and un-aided). Following are the results of the analysis of data in the form of pie charts and bar diagram.

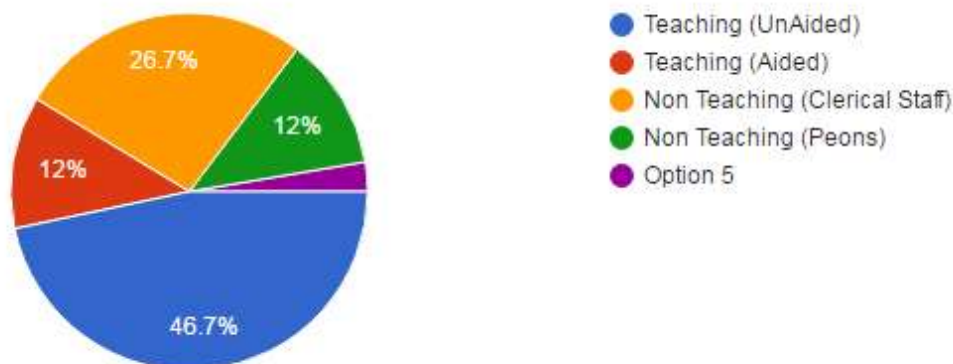
**Income Slab** (75 responses)



**Fig 1.1**

Most of the respondents fall in the income slab of 6000 to 20000 per month with 70.7%, followed by the income slabs of 21000 to 40000 at 14.7% and the lowest percentage being of above 61000 and over per month at 6.6% as observed in **Fig 1.1**.

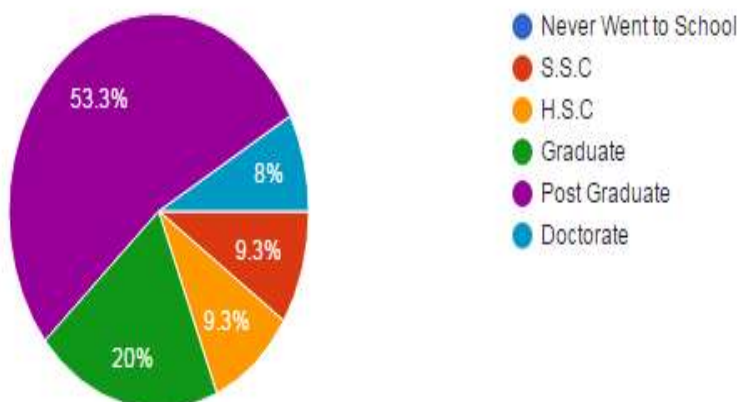
**Category** (75 responses)



**Fig 1.2**

On the category criteria, the respondents were maximum in Teaching(Unaided) division with 46.7%, followed by Non-Teaching(Clerical Staff) with 26.7% and then Teaching(Aided) and Non-Teaching(Peons) stands equally at 12% with Other category with just 2.6%.

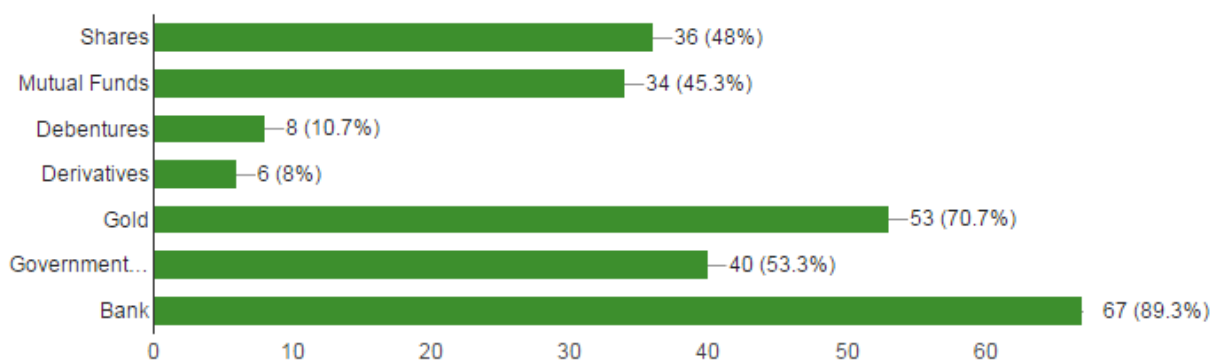
### Qualification (75 responses)



**Fig 1.3**

On the Qualification criteria, out of 75 respondents, the Post graduates are highest with 53.3%, followed by graduates at 20%, and H.S.C and S.S.C stands at both 9.3%, and the lowest is doctorate at 8%. This indicates that the faculties are mostly post graduates in senior college as observed in **Fig. 1.3**.

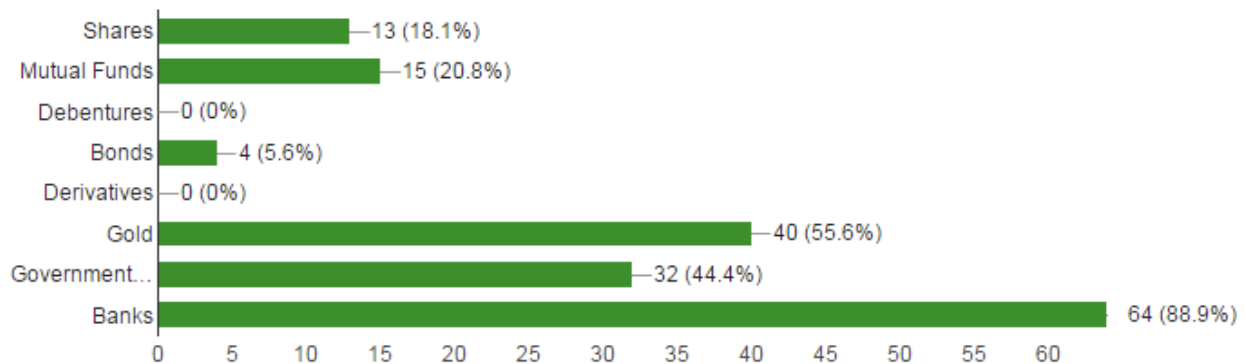
### Out of the following, which type of instrument are you aware of? (75 responses)



**Fig 1.4**

On the methods of investment awareness criteria, the respondent said that they are mostly aware of the banking investment options at 89.3%, followed by Gold investment at 70.7%, then Government securities at 53.3% and they are least aware of the investment options available in the form of debentures and derivatives as observed in **Fig 1.4**.

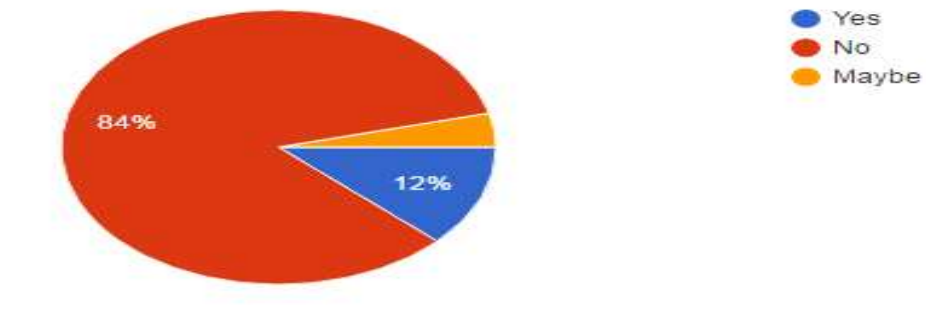
### Where have you been investing? (72 responses)



**Fig 1.5**

The respondents were asked where they have invested their money, to which the graph indicate that maximum people have invested in Banks deposits with 89.9%, followed by Gold investment at 55.6%, and then Government securities at 44.4%. None of the employees were keen to invest their money in debentures and derivatives as they have no idea what those consists of.

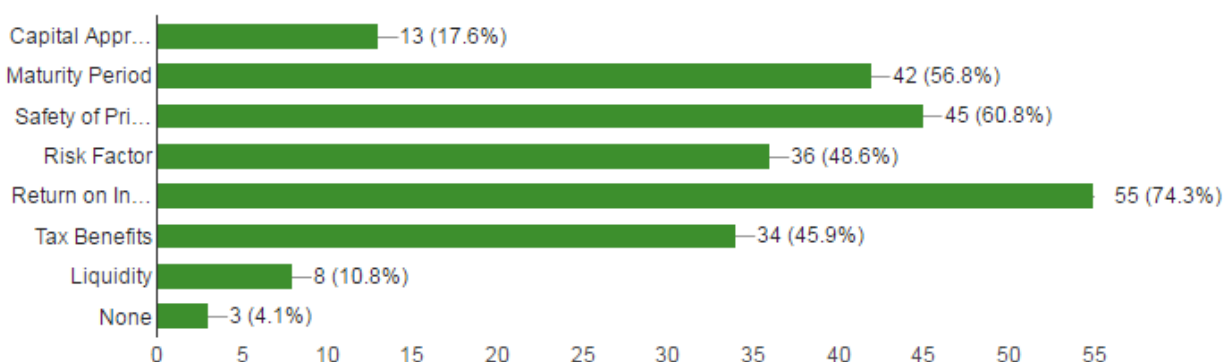
### Do You Invest in Share Market? (75 responses)



**Fig 1.6**

On investment in share markets, the graph shows that the respondents believe in a safe game and they do not wish to invest in the share markets as it involves the risk factor. The graph clearly indicates that 84% investors have not invested in the share markets as compared to 12% who are willing to take risk by investing in the share markets. Also some investors may invest in the share markets in near future as they chose maybe option with a mere 4% as in Fig 1.6.

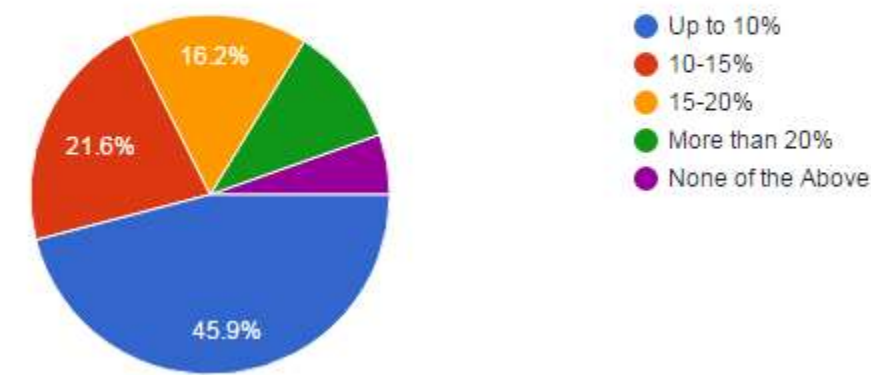
### Which factor do you consider before investing ? (74 responses)



**Fig 1.7**

As seen in the **Fig 1.7**, the investors are mostly concerned about the return of investment as the first priority, followed by safety of principal and maturity period.

### What percentage of your annual income do you invest? (74 responses)



**Fig 1.8**

As observed in the above diagram, most of the investors invest approximately 10% of their annual income in different investment options as in **Fig 1.8**.

#### SUMMARY OF INTERPRETATION

From the overall summary of data interpretation of the respondents, it is observed that most of the investors are post graduates, teaching in the unaided and aided divisions. The respondents fall mostly in the age group of 21 to 30 years and the income slab of 6000 to 21000. Most of the investors are aware of the different investment options like banks, government securities, gold, shares and mutual funds but are least aware of investment options like debentures and derivatives. Investors mostly prefer bank as a medium of investments and the least they prefer are debentures and derivatives. When asked about the factors which they considered before investing money, maximum number of respondents responded that they considered returns on investment, safety of principal and risk factor important among others. There were also some respondents who said that they do not think before investing. When asked about the rates of growth of the investments, maximum people said that they prefer growth at an average rate and do not expect a sudden growth in their wealth at a faster rate. When asked about yearly investment pattern of the investors, most people said that they invest up to 10% of their annual income.

Being an employee of the college ourselves, and an investor, we can conclude that the investors of the academic institution i.e Sonopant Dandekar College prefer to invest in the banks, as the salary of the employees are directly credited into the bank accounts and as the bank officials visit the college frequently, the employees are aware of different schemes and investment options available with the banks. Also, the monthly installments of different policies and Recurring Deposits(R.D) are debited directly from the bank, the investors find bank as the convenient option of investment over others. The investors play a safe game by investing in risk free options like Recurring Deposits (R.D) and Fixed Deposits (F.D) over shares and mutual funds. Also we can conclude that the financial literacy is high as the investors are aware of the different investment avenues, but prefer to go on with the most reliable and trustworthy options of investments.

### CONCLUSION

The nature of investment differs from individual to individual and is unique to each one because it depends on various parameters like future financial goals, the present & the future income model, capacity to bear the risk, the present requirements and lot more. As an investor progresses on his/her life stage and as his/her financial goals change, so does the unique investor profile. Maximum investors are aware of all the investment options. Investors do not invest in a single avenue. They prefer different avenues and maximum investors prefer to invest in shares, mutual funds & debentures. The investment decision of investors is influenced by their own decision and through friends & relatives. Majority of investors invest upto 10% of their annual income. The most important factor is returns which influenced the decision regarding investment.

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