ANALYSIS OF FINANCIAL AWARENESS AND FACTORS AFFECTING SELECTION AND PURPOSE OF INVESTMENT OPTIONS IN HIMACHAL PRADESH

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ABSTRACT

The present study focuses on measuring the awareness of financial products such as mutual funds, shares, National Saving Certificates (NSC), Life Insurance Corporation (LIC), Public Provident Fund (PPF), post-office saving accounts and bank saving accounts of people living in rural areas of Himachal Pradesh in Shimla district. The data from 500 respondents was collected and it found that the majority of the respondents are engaged in Agriculture/Horticulture and rest of the respondents have their own business followed by service class and other sources of income. The simple percentage method has been used to measure the awareness of financial products among the respondents. The study also measured the factors affecting selection & purpose of investment option and investment preference of the respondents using weighted average method.

KEYWORDS: Financial Awareness, Selection of Investment, Purpose of Investment, Investment Preference

INTRODUCTION

What is Finance?

Finance is a wide term which includes two related activities. One of the activities is management of cash and the steps to be taken to acquire the required funds. All individuals, business houses and government require funds for operating their activities. The finance is backbone of everyone whether individual, business or government. In view of this it is divided into three sub-heads i.e. personal finance, corporate finance and public finance.

These sub heads relates to the activities, like acquiring good investments, having credit at low cost, distributing funds for liabilities, and banking. These categories have their own specific considerations. Individuals require allocation of their funds for their retirement in such assets for long term during their working years which will provide those funds after retirement. These types of management decisions taken by the individuals fall under personal finance. A large company is to decide about the raising of additional funds whether by the issue of shares/debentures/bonds. The firms may be advised by the investment banks on the marketing of securities. The company is to take decision regarding financing of one project out of the different projects available for the growth of company. These types of decisions fall under corporate finance. In case of public finance is a government body has much larger social responsibilities in addition to managing money for its daily operations. Its objectives include attaining an equitable distribution of income for its people and framing policies

which lead to a stable economy.

Objectives of Finance

Funds are mainly obtained for investment in the business. These funds must be duly protected and conserved. The maximum use of these funds is to be made. There are two objectives of funds namely, profitability and liquidity of funds. These are conflicting and finance executives must have the balance between the profitability and liquidity of funds and optimize the utilisation of these funds. The main objectives of finance are as follow:

- Procurement of money needed by business;

- Keeping and increasing the invested money through sound financial policies and programme;

- Generating income or profit for the business;

- Financial planning, forecasting of cash receipts and disbursements cash flow statement;

- Raising of funds, either equity capital or fixed interest capital which includes both preference share capital and loan capital (securing of funds);

- Use and allocation of funds (administration of funds); and

- Financial controls (budgets and other controls).

Financial Awareness and Investment Decisions

In the present days the people should be aware about the financial products available in the market. In the present study, the different financial products such as mutual funds, shares, National Saving Certificates (NSC), Life Insurance Corporation (LIC), Public Provident Fund (PPF), post-office saving accounts and bank saving accounts has been analysed. Every individual has to make financial decisions in his life. Thus, the ability to manage personal finances has become increasingly important in today's world Chen &Volpe (1998) Personal financing planning is the process of planning one's spending, financing and investing so as to optimise one's financial situation and specifies one's financial aims and objectives.

The process of investment decision making is very critical and depends upon various factors which may vary from individual to individual. People use to behave differently while taking any type of decisions in their life. Some of them make decisions based on their personal judgment whereas others take into consideration various factors which influence them to act upon such appropriate decision. The process of decision making becomes easy for the investors when recognize all the confounding variables. These variables direct the investors to take right decisions to avoid the losses or to minimise losses in the future.

Abhijeet and Dinesh (2010) examined the psychological biases influencing the behaviour of investors. The psychological factors which are taken into consideration when dealing with investment related issues such as, over confidence bias, sensitivity to rumours, conservatism bias and representativeness bias. The study shows that the investors are benefited with the increase in the information diffusion frequencies and greater transparency. Lewellen and et.al. (1977) studied the portfolio decision process of the individual equity investor with the use of data collected through a questionnaire survey. The multiple regression tests are applied on the selected variables of interest. The two way

classification of the demographic variables relating to the individuals and their portfolio goals and other investment patterns were analysed. An overview of full set of the demographic relationships portrayed reveals strong indications of systematic changes in investment objectives and risk preferences across age brackets. The study examined the relationship between the demographic variables and investment patterns.

Review of Literature

The various researches have been carried out by both Indian and foreign researches to establish the research gap. In the present study the main focus is on financial awareness, factors affecting investment options and investment preference. Therefore the following studies have been reviewed to carry out the present study.

Lusardi and Mitchell (2006) in their research on "Relation between investment decision, savings and financial planning" revealed that basic economic concepts related to savings and investment decisions could be alien to many households in various nations including the United States, New Zealand, United Kingdom, Japan, Korea and German. This phenomenon poses serious implications for retirement planning, savings, loans, mortgages and other financial decisions. Moreover, the increased complexity of financial markets causes such decisions to become more difficult as a large number of financial products are available to people for taking decision.

De Meza et al. (2008) in his study on "Financial literacy and its relation with financial instruments and financial behavior" determined that in case of financial literacy even if people are well informed of various financial instruments and has no effect on their financial behavior then it is of minimal use. The Various other researchers have suggested that financial capability is likely to be more concerned with psychological factors such as self- control, procrastination and immediate gratification rather than a lack of financial knowledge. Hence it is more important to consider these behavioral inclinations rather than trying to educate people on financial front.

Gaurav Kabra, Prashant Kumar Mishra and Manoj Kumar Dash (2010) in their study on "Factors Influencing Investment Decision of Generations in India" concluded that modern investor is a mature and adequately groomed investor but the individual investors prefer investments according to their risk ability. Investors who are risk averse chooses life insurance policies, fixed deposits with banks and post office, PPF and NSC schemes but investors who are ready to take risk prefer to invest in stock and securities market. Further it is concluded that the demographic characteristics such as age, gender and variable like investment patterns could be used individually or in combination to differentiate among levels of men and women investment decisions and their risk tolerance.

Geetha and Ramesh (2011) conducted a study on "People's preferences in investment behaviour". The study has been undertaken to analyse the investment choice of people in Kurumbalur. It revealed that the respondents are aware of about various investment choices like fixed deposits, post office savings, life insurance policies and public provident fund but they are not aware of about stock market, equity, bond and debentures. It was concluded that the perception of respondents is varied due to diversity in social life, living pattern, income level etc. as the respondents of all age groups give more importance to invest in Insurance, NSC, PPF and bank deposits. The study also found that income level of the respondents is an important factor which affects the portfolio of the respondents.

Suman Chakraborty and Sabat Kumar Digal (2011) conducted a study on "Saving and investment behaviour of individual households" to identify the objectives of saving among individual investors and to find out the most preferred

investment avenue of retail investors. They found that majority of the individual investors has an objective of saving and investment for the purchase of an assets whereas salaried and self-employed individuals save more for their post retirement life. It was concluded that the most preferred investment avenue for male respondents is fixed deposit in banks and investment in real estate whereas female respondents prefer to invest in bullions and real estate as well. The small saving schemes like national saving certificates (NSC), public provident fund (PPF), Indian post office saving schemes, etc., are also being preferred as investment instrument by both male and female respondents.

Meenakshi Chaturvedi and Shruti Khare (2012) conducted a study on "Study of Saving Pattern and Investment Preferences of Individual Household" to determine the investment pattern and awareness of Investors about different investment instruments like bank deposits, savings, life insurance mutual funds, shares etc. The results of the study showed that 50 percent of the respondents have given preference to bank deposits as the most preferred investment product, 36 percent of the respondents have chosen small saving scheme, 34 percent respondents preferred life insurance policies followed by company deposits by 24.5 percent respondents, mutual fund by 23 percent respondents, bullion with 19 percent respondents and real estate with 25 percent respondents. The study also analysed the investment objective of the investors and found that majority of the respondents have chosen safety of their investment as their first investment objective followed by income earned on their investments. The researchers also analysed the saving pattern of the respondents and found that majority of the respondents were able to save from their annual income and is in position to make investment in different avenues which are available for them.

Sangeeta Arora and Kanika Marwaha (2014) conducted a study on "Financial literacy and awareness regarding stock market in Punjab" to find out the financial literacy level of investors regarding stock market and also to know if there is any significant difference in the financial literacy of investors regarding stock market across their demographic factors like age, income, occupation and qualification. The study revealed that the investors are highly aware of equity investment whereas the investors have low or moderate level of awareness towards mutual funds, UPLI's and SIP's and they are least aware of about the bonds, debentures, derivatives/future/options. It was concluded that there is a significant difference in the literacy level of investors across their age, income, occupation and qualification among different traits.

Sambhaji Mane and Ravi Bhandari (2014) carried out a study on "Investor's awareness and selection of different financial investment avenues for the investor" to examine the investor's preference towards the investment instruments. They concluded that 76 percent of the total respondents prefer mutual funds for their investment followed by gold, post office savings, insurance and real estate, on the other hand only 24 percent of the respondents prefer equities as their most preferred investment avenue. The study also investigated the objectives of saving among respondents and concluded that 28 percent of the respondents invest their money for children's education, 12 percent invest for retirement purpose, 48 percent invest for purchase of home and 6 percent each invest for children's marriage and other purposes.

Smita Mazumdar (2014) in her research on "Individual investment behavior with respect to financial knowledge and investment risk preference" found that there are two major factors, such as knowledge and risk preference, which has the relationship with investment behavior of the investor. It shows that there is no significant relationship between knowledge and risk preference and individual investment behavior. The study examined the relationship between knowledge and risk preference and found that there is a significant correlation between knowledge and risk preference which means that investors who are more knowledgeable tend to be more risk tolerant.

K. Parimalakanthi and M. Ashok Kumar (2015) conducted a study on "Investment preference and behaviour of individual investors in Coimbatore". It showed that the education of investors is a most important factor for investment purpose. The investors are required to collect investment related information from the internet, consult with friends, peers and investment experts before making investment decisions. The study concluded that most of the investors prefer to invest in savings account followed by gold, silver and fixed deposit accounts.

Rakesh H M and Nalina K B (2017) conducted a study on "Individual investors' behavior" and found that the investment behavior of the investors is affected due to various factors like portfolios of investors, investment preferences, risk perception, investment pattern and awareness level of the investors. It was concluded that the returns expectation, demographic profile, attitude of investor and risk perception of the investors also plays an important role in determining the individual's investment behavior in financial markets.

OBJECTIVES

The following objectives are framed for the fulfilment of the study:

- To measure the awareness of financial products among rural people in Himachal Pradesh.

- To analyse the factors affecting the selection and purpose of investment options among rural people in Himachal Pradesh.

- To analyse the investment preference among rural people in Himachal Pradesh.

Research Design

Research design is mainly an arrangement of data collection and analysis of data in a manner that aims to combine relevance to the research purpose. It is a blue print for the collection, measurement and analysis of data. For the present study exploratory and descriptive research design methods have been used, where in researcher has explored the financial literacy level of investors and then described effect of financial literacy level on the investment preference towards financial products. To accomplish the above stated objectives of the present study both primary and secondary data has been be collected through books, journals, websites etc and pre-tested questionnaire.

Sampling

There are two methods to carry out the research. One of these two is census method and the other is sampling method. The census method is used to collect the information regarding population but generally sampling method is used to select the respondents for carrying out research. In the present study sampling method is used to determine the size of sample for collection of data and to make analysis to draw inferences. Sampling plan means a method which is decided before the survey is undertaken for selecting the objects out of the universe. It refers to the technique or the procedure a researcher adopts in selecting a sample and the sample size.

In order to fulfil the objectives of the present study the non-probability convenience sampling technique has been used. In convenience sampling technique, the researcher chooses the sampling units as per his/her convenience. A sample of 500 individuals from rural areas of Shimla district in Himachal Pradesh has been selected using convenience sampling technique. These 500 respondents belong to service class, small businessmen's, agriculturalist, housewives etc. The

income of these respondents also varies.

Data Collection

There are two sources of data which are used i.e. primary and secondary sources. To get insight into the research area and to develop the theoretical framework and hypotheses the data was collected through secondary sources. A questionnaire was designed which has been used for the purpose of data collection for the present study.

Research Methodology

Research methodology is a way to systematically solve research problem Kothari (1999). A system of models, procedures and techniques used to find the result of a research problem is known as Research Methodology Panneerselvam (2010). To fulfil the first objectives of the study simple percentage method has been used. To achieve the second objective of the study weighted average method has been used. For the fulfilment of the last objective mean score has been calculated using 3 point scale.

Data Analysis and Interpretation

The primary data collected through structured questionnaire from a sample of 500 respondents from rural people of Shimla district of Himachal Pradesh has been arranged under different tables based on demographic profile, awareness of financial products, factors affecting the selection and purpose of investment options and investment preference of the respondents.

DEMOGRAPHIC PROFILE OF RESPONDENTS

Gender of Respondents

The general profile of the respondents with regards to their gender is presented in Table 5.1. It is evident from the table that equal number of respondents i.e. 50 percent each of the total respondents is male and female respectively.

Table 1: Classification on the Basis of Gender of Respondents

Gender	N	Percentage
Male	250	50.00
Female	250	50.00
Total	500	100

Source: Based on primary data collected through questionnaire

Age of Respondents

Table 5.2 shows the age group of respondents. It is evident from the table that in terms of age majority of respondents, i.e. 34 percent of the total 500 respondents are in the age group of 26 – 40 years and which are followed by 30 percent respondents who belong to the age group of less than 25 years. 20 percent of the total respondents, i.e. 100 are from the age group of 41 to 60 years and remaining 16 percent respondents are in the age group of above 60 years.

Table 2: Classification on the Basis of Age of Respondents

Age	N	Percentage
Less than 25 Years	150	30.00
26 to 40 Years	170	34.00
41 to 60 Years	100	20.00
Above 60 Years	80	16.00
Total	500	100

Source: Based on primary data collected through questionnaire

Annual Income of Respondents

The classification of respondents on the basis of annual income and the results are presented in Table 5.3. It can be observed from the table that majority of respondents i.e.230(46 percent) out of the total 500 respondents have their annual income up to Rs. 1 lakh followed by 38 percent respondents whose annual income is between Rs. 1 to 3 lakh. Only16 percent of the respondents are having their annual income in the bracket of Rs. 3 lakh and above.

Table 3: Classification on the Basis of Annual Income of Respondents

Annual Income	N	Percentage
Up to Rs. 1 Lakh	230	46.00
1 Lakh to 3 Lakh	190	38.00
3 Lakh & above	80	16.00
Total	500	100

Source: Based on the primary data collected through questionnaire

Marital Status of Respondents

The marital status of the sample respondents has been shown in Table 5.4. It is evident from the table that 300 respondents i.e. 60 percent out of the total 500 respondents, are married and only 48 percent, i.e. 200 respondents, are having unmarried status.

Table 4: Classification on the basis of Marital Status of Respondents

Marital Status	N	Percentage
Married	300	60.00
Unmarried	200	40.00
Total	500	100

Source: Based on data collected through questionnaire

Qualification of Respondents

The classification of respondents on the basis of their educational qualification is presented in Table 5.5. It shows that the majority of respondents i.e. 210 (42 percent) out of total 500 respondents are graduate which are followed by undergraduate i.e.26 percent and postgraduate i.e.18 percent of the total respondents. The remaining 14 percent of the respondents are in other category which includes illiterate, 10 pass, plus 2 pass or having some professional qualification.

Table 5: Classification on the basis of Qualification of Respondents

Education	N	Percentage
Undergraduate	130	26.00
Graduate	210	42.00
Post Graduate	90	18.00
Others	70	14.00
Total	500	100

Source: Based on primary data collected through questionnaire

Occupation of Respondents

Table 5.6 shows the classification of the respondents on the basis of their occupations. It is evident from the table that majority of the respondents i.e. 260, (52 percent) out of the total 500 respondents are engaged in Agriculture/Horticulture. 18 percent of the total respondents are having their own business while 14 percent of the total respondents are employees in government/ semi government / private sector. The remaining 16 percent of the total respondents are having some other sources of income like labour work, NREGA employment etc.

Table 6: Classification on the basis of Occupation of Respondents

Occupation	N	Percentage
Employee (Govt./Semi Govt./Private)	70	14.00
Business	90	18.00
Agriculture/Horticulture	260	52.00
Others	80	16.00
Total	500	100

Source: Based on primary data collected through questionnaire

Type of Family of Respondents

There are two types of families i.e. nuclear and joint. The classification of respondents according to the type of their family has been presented in Table 5.7. It is clear from the table that majority of respondent's i.e.70 percent of the total respondents are living in joint families and only 30 are having nuclear families.

Table 7: Classification on the basis of Type of Family of Respondents

Type of Family	N	Percentage
Nuclear	150	30.00
Joint	350	70.00
Total	500	100

Source: Based on primary data collected through questionnaire

AWARENESS AMONG RESPONDENTS ABOUT FINANCIAL PRODUCTS

There are various financial products in which the investments can be made by the investors. These include mutual funds, shares, National Saving Certificates (NSC), Life Insurance Corporation (LIC), Public Provident Fund (PPF), post-office saving accounts and bank saving accounts.

The awareness among the sample respondents regarding the above mentioned financial products such as, mutual funds, SENSEX/NSE, DMAT accounts, National Saving Certificates (NSC) and Public Provident Fund (PPF) has been

analysed and interpretation thereof has been presented in this section after the analysis of demographic profile of respondents.

Awareness about Mutual Funds

The respondents were asked about mutual funds i.e. whether they are aware of mutual funds or not. It is evident from Table 5.8 that only 18 percent respondents out of the total 500 sample respondents are aware of about the mutual funds whereas remaining 82 percent of the total respondents showed their ignorance about the mutual funds.

Table 8: Classification on the basis of Awareness about Mutual Funds among Respondents

Response	N	Percentage
Yes	90	18.00
No	410	82.00
Total	500	100

Source: Based on primary data collected through questionnaire

Awareness about SENSEX / National Stock Exchange (NSE)

The classification of respondents with regard to their awareness about SENSEX/NSE is presented in Table 5.9.The table shows that majority of the respondents, i.e. 88 percent are ignorant about SENSEX/NSE and only 12 percent of respondents are aware of the SENSEX/NSE. It can be concluded that the respondents are not financial literate.

Table 9: Classification on the basis of Awareness about SENSEX / National Stock Exchange among Respondents

Response	N	Percentage
Yes	60	12.00
No	440	88.00
Total	500	100

Source: Based on primary data collected through questionnaire

Awareness about DMAT Account

The awareness of respondents about DMAT account has been shown in Table 5.10. It is evident from the table that only 60 respondents, i.e. 12 percent out of the total sample respondents are aware of about the DMAT account and majority of the respondents, i.e. 88 percent are ignorant about this financial product.

Table 10: Classification on the basis of Awareness about DMAT Account among Respondents

Response	N	Percentage
Yes	60	12.00
No	440	88.00
Total	500	100

Source: Based on primary data collected through questionnaire

Awareness about National Saving Certificate

The National Saving Certificate (NSC) is a very popular saving scheme of Indian post office and also has tax

benefits. The respondents when asked about the awareness of National Saving Certificates (NSCs), only 30 percent of the respondents out of total 500 respondents revealed that they are aware of NSC's whereas 70 percent of the respondents revealed that they are not aware of the National Savings Certificate issued by the Post office (Table 5.11).

Table 11: Classification on the basis of Awareness about
National Saving Certificate among Respondents

Response	N	Percentage
Yes	150	30.00
No	350	70.00
Total	500	100

Source: Based on primary data collected through questionnaire

Awareness about Public Provident Fund (PPF)

Public Provident Fund is an important financial product which has the advantage of exemption in Income tax at the time of its maturity. Table 5.12 is presenting the respondents' awareness about public provident fund. It is observed from the table that majority of the respondents, i.e.56 of the total 500 respondents are not aware about public provident fund whereas remaining 44 percent of the respondents are well conversant about the public provident fund.

Table 12: Classification on the basis of Awareness about
Public Provident Fund among Respondents

Response	N	Percentage
Yes	220	44.00
No	280	56.00
Total	500	100

Source: Based on the primary data collected through questionnaire

Factors Influencing the Selection of Investment Options

There are various factors which influence the selection of investment options by the people. These factors have been divided into seven categories for the purpose of analysis namely returns, risk, flexibility, maturity period, and amount of investment, tax benefits and other factors where last category includes other factors which are other than 1 to 6. The respondents were asked to rank the various factors affecting their investment decision from 1 (Most Influencing) to 7 (Least Influencing). The final ranking is obtained with the help of weighted average score. In order to calculate total weighted average score, the numbers of respondents who have given rank from 1 to 7 are multiplied by 7 to 1 respectively. The weighted average score is calculated by dividing the total score by total number of weights (i.e. 28).

Table 5.13 shows that the return on investment was the most important factor which affects the decision of respondents while making the selection of investment avenue with the weighted average score of 113.68.The amount of investment is the second rank factor with 109.29 weighted average score with regard to influence on investment. The maturity period of investment is at number three with a weighted average score of 91.36, followed by Tax Benefits which has fourth rank with a weighted average score of 63.61. Flexibility was the fifth important factor to affect investors' decision in selection of investment options with weighted mean score of 53.29 followed by Risk at sixth rank with a weighted average score of 39.54. Other factors do not influence the investors' decision significantly as they are placed at last rank on the basis of lowest weighted average score of 29.25.

Table 13: Factors Influencing the Selection of Investment Options

S. No.	Weights	7	6	5	4	3	2	1	Total (N)	Weighted Total	Weighted Average Score	Rank
	Preference Factors	1	2	3	4	5	6	7				
1	Returns	289	121	74	16	0	0	0	500	3183	113.68	1
2	Risk	1	0	3	58	125	165	148	500	1107	39.54	6
3	Flexibility	0	0	2	201	156	69	72	500	1492	53.29	5
4	Maturity Period	5	210	195	40	30	18	2	500	2558	91.36	3
5	Amount of Investment	201	168	121	10	0	0	0	500	3060	109.29	2
6	Tax Benefits	4	1	105	169	128	69	24	500	1781	63.61	4
7	Other	0	0	0	6	61	179	254	500	819	29.25	7

Source: Based on primary data collected through questionnaire

Purpose of Investment

On the same line respondents were asked to rank the purpose of investment. The purpose of investment was divided into six categories for the purpose of analysis namely wealth creation, saving for future needs, children future, marriage of children, retirement and other category and final ranking is obtained with the help of weighted average score. The weighted average score has been calculated with the same method as it has been used in 5.3. The final ranking is presented in Table 5.14. The results shown in the table indicates that the saving for future needs was the most important purpose of making investment with a weighted average score of 115.96 followed by the investment for children future with a weighted average score of 106.32. Children marriage ranked at third place with a weighted average score of 93.96, followed by investment required after retirement which is at fourth place with a weighted average score of 63.46. Wealth creation was the fifth important factor for investment with weighted average score of 58.61 followed by other factors at last rank with a weighted mean score of 42.32.

Table 14: Purpose of Investment

S. No.	Weights	7	6	5	4	3	2	1	Total (N)	Weighted Total	Weighted Average	Rank
	Preference Purpose of Investment	1	2	3	4	5	6	7				
1	Wealth Creation	0	0	19	200	215	35	31	500	1641	58.61	5
2	Saving for Future Needs	315	125	52	8	0	0	0	500	3247	115.96	1
3	Children Future	175	169	115	40	1	0	0	500	2977	106.32	2
4	Marriage of Children	10	205	212	52	21	0	0	500	2631	93.96	3
5	Retirement	0	1	102	141	195	51	10	500	1777	63.46	4
6	Other	0	0	0	59	125	258	58	500	1185	42.32	6

Source: Based on primary data collected through questionnaire

Investment Preferences of Respondents

There are various investment options available for the investors. The investor can opt for any investment out of the available options. The respondents were asked to indicate their investment preference towards various financial avenues on 3 point scale ranging from 3 (Highly Preferred) to 1 (Not at all preferred). The preferences were obtained from

the respondents about the six available financial products namely post office saving account, National Saving Certificates (NSC) and other saving certificates, bank deposits, insurance, mutual funds and Public Provident Fund (PPF) account and the mean score was calculated to determine the rank of their preference. The analysis of data has been made with the help of mean score and results are presented in Table 5.15. The table shows that the most preferred three investment options includes Post Office Saving account at first rank with mean score of 2.89, Bank Deposits at second rank two with mean score of 2.76 and National Saving Certificates (NSC) and Other Saving Certificates Scheme at third rank with mean score of 2.69. Insurance with a mean score of 2.27 and Public Provident Fund (PPF) account with mean score of 1.99 are moderately preferred investment options with fourth and fifth rank respectively whereas the mutual funds with mean score of 1.45 is not at all preferred investment options by the respondents or is occupying the last rank.

Table 15: Investment Preferences of Respondents

S. No.	Investment Preference	Highly Preferred	Moderately Preferred	Not at all Preferred	Total	Mean Score	Level of Preference	Rank
1	Post Office Saving Account	449	49	2	500	2.89	Highly Preferred	1
2	NSC and Other Saving Certificates Scheme	388	71	41	500	2.69	Highly Preferred	3
3	Bank Deposits	408	65	27	500	2.76	Highly Preferred	2
4	Insurance	235	165	100	500	2.27	Moderately Preferred	4
5	Mutual Funds	62	101	337	500	1.45	Not at all Preferred	6
6	PPF Account	191	115	194	500	1.99	Moderately Preferred	5

Source: Based on primary data collected through questionnaire

FINDINGS AND CONCLUSIONS

On the basis of the data collected and analysed the following results have been found and concluded:

The demographic profile of the respondents includes gender, age, annual income, marital status, qualifications, occupation and type of family of the respondents. The simple percentage method has been used for the analysis of demographic profile of the respondents. The analysis of gender of respondents shows that the male and female are equal in number i.e. 50 percent male and 50 percent female. Majority of the respondents i.e. 34 percent of respondents are in the age group of 26-40 years and only 16 percent respondents are in the age group of above 60 years. Majority of the respondents i.e. 46 percent of total respondents have annual income up to Rs 1 lakh whereas only 16 percent respondents have income of Rs 3 lakh and above. 60 percent of the respondents are married whereas 40 percent are unmarried. 42 percent of the respondents are graduates followed by 26 percent respondents and 18 percent respondents who are under graduate and post graduate respectively. The main occupation of 52 percent of the total respondents is agriculture/horticulture and only 14 percent respondents are employees in the government/ semi-government/ private sector. 70 percent of the respondents are still leaving in a joint family and only 30 percent of the respondents have a nuclear family.

The awareness of respondents about the financial products has also been analysed with the help of simple percentage method. The financial products include mutual funds, shares, National Saving Certificates (NSC), life

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insurance, Public Provident Fund (PPF), post office saving accounts and bank saving accounts. The simple percentage method has been used to analyse the awareness of respondents about these financial products. The analysis shows that 82 percent of the total respondents are not aware of the mutual funds and only 18 percent respondents know about the mutual funds. Similarly, majority of the respondents i.e. 88 percent respondents do not possess the knowledge about the SENEX/National stock exchange and DMAT account. Only 12 percent of the respondents are aware of SENEX/National stock exchange and DMAT account. 30 percent of the respondents are only aware of the National Saving Certificates (NSC) issued by the post office and 70 percent are not knowing about the National Saving Certificates (NSC). As per analyses only 44 percent of the respondents know about the Public Provident Fund (PPF) and 56 percent of the respondents are not even aware of this scheme.

The analyses regarding the factors which influence the selection of investment options and the factors influencing the purpose of investment has been made with the help of weighted average score and the ranks are given. However, the analyses about the preference about the investment avenues are made with the help of three point scale. There are seven factors which are identified for the selection of investment options such as returns, risk, flexibility, maturity period, amount of investment, tax benefits and others. The weights are assigned from 7 to 1 for each investment preference numbering from 1 to 7. The weighted average score is calculated for the purpose of assigning ranks to each of the investment as shown in Table 5.13. The analyses shows that return on investment is at rank one on the basis of maximum weighted average score, i.e. 113.68 followed by amount of investment, maturity period, tax benefits, flexibility, risk and other at rank two, three, four, five six and seven. It shows that return is the most influential factor which affects the selection of investment options. And the factor covered under last head, i.e. others have invisible affect on the selection of investment.

The analyses regarding factors for the purpose of investment is also made with the help of weighted average score calculated with the help of weights assigned from 7 to 1 and 1to7 for the investment preferences. The ranks are given on the basis of weighted average score for each of the six factors, i.e. wealth creation, saving for future needs, children future, and marriage of children, retirement and other which influence purpose of investment as presented in Table 5.14. The analyses shows that the saving for future needs is the factor at rank one on the basis of maximum weighted average score, i.e. 115.96 which is followed by the factors children future, marriage of children, retirement, wealth creation and other at rank two, three four, five and six respectively. It shows that the main purpose of investment is the saving for future needs and the least is other with lowest rank.

The investment preferences of respondents for six financial products, namely, post-office saving account, NSC and other saving certificates scheme, bank deposits, insurance, mutual funds and public provident fund account have been analysed with the help of 3-point scale, i.e. highly preferred, moderately preferred and not at all preferred to assign the ranks. The analysis shows that three investment preferences are highly preferred by the investors namely post office saving account, bank deposits and NSC and other saving certificates scheme at rank one two and three respectively as shown in Table 5.15. The two investment preferences are moderately preferred by the investors, i.e. insurance and public provident account at rank four and five whereas mutual funds are not preferred at all by the investors as their preference for investment.

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