REVIEW OF LITERATURE

In the previous chapter, the researcher had presented the features of select investments. In this present chapter, the researcher makes an attempt to present the existing literature related to the research work.

William E, Warren, Robert E, Stevens and William McConkey C (1993)\(^{36}\) in their article titled “Using Demographic and Lifestyle Analysis to Segment Individual Investors” have made an attempt to analyse lifestyle and demographic profiles of investors based on the value of their current investment holdings. The authors have found that the largest proportion of respondents (38.8 per cent) had investments in stocks and bonds. The authors have also found that the tendency of heavy stock/bond investors not to get involved in community organizations and volunteer work may make them less accessible to the financial services marketer. A financial planner who views community organizations and volunteer work as a basic source of new clients, for example, may be involved with people who are less likely to place a heavy concentration of their investments in stocks and bonds.

Robert A, Nagy, Robert W and Obenberger (1994)\(^{37}\) in their article titled “Factors Influencing Individual investor Behaviour” have made an attempt to examine which factors have the greatest influence on the individual stock investor. The study has been conducted among 500 experienced shareholders whose names were obtained from a proprietary source involved in financial marketing research. The authors had included 34 variables that significantly influence investor decisions. They have


mentioned in this article that many respondents do not approach investment decisions in a normative fashion. The authors have also stated that expected earnings and the conditions of financial statements are highly important to investors. Furthermore, many investors choose stocks based on qualitative criteria. The authors have concluded that classical wealth-maximization criteria are important to the investors, even though investors employ diverse criteria when choosing stocks. Contemporary concerns such as local or international operations, environmental track record and the firm’s ethical posture appear to be given only cursory consideration. The recommendations of brokerage houses, individual stock brokers, family members and coworkers go largely unheeded. Many individual investors discount the benefits of valuation models when evaluating stock.

Jung-Chaoliu and Lilaixu (1996)\textsuperscript{38} in their article titled “Household Savings and Investment: The Case of Shanghai” have made an attempt to describe how household savings are linked to investment in fixed assets in order to assess their contribution to economic development. The authors have stated that for a decision whether to place a bulk of savings with a bank in the form of sight or time deposits, or transfer funds directly to enterprises, or lend money directly to the government, the most important and almost the sole factor affecting a Chinese household’s choice is the yield of available instruments. People do not seem anxious about banks’ or security issuer’s capability to repay their obligations. The authors have concluded that household savings mostly in the forms of cash and savings deposits resulted from forced savings and were viewed as a threat to economic stability. To avoid inefficient investment, the real loan rate must be kept positive by relaxing financial constraints and pursuing successful anti-inflation measures.

Katja Meier, Erich Kirchler and Angela – Christian Hubert (1999) in their article titled “Savings and Investment Decisions with in Private Households: Spouses’ Dominance in Decisions on Various forms of Investment” have made an attempt to describe spouses’ relative dominance in decisions concerning different forms of investment. The study has been conducted among 142 married or cohabiting Austrian couples. The sample respondents have been contacted in leisure clubs, at various places of work or in shopping malls, and invited to participate in the study completing a questionnaire which took about 45 minutes. On the basis of the relative resource contribution theory the authors have mentioned that it can be assumed that wives’ dominance in financial decisions increase if they contribute financial resources to the household budget. Spouses having greater relative expertise concerning the different forms of investment are assumed to exert more dominance in decisions on investment, especially in decision regarding high-risk investment. Decisions involving high risk are a probable threat to the household budget, therefore good factual knowledge and extensive information processing are needed in order to assess different forms of investment correctly and minimize the financial risk. The authors have found that of all traditional couples where the husband was more expert than the wife or where spouses had equal expertise, 40% reported predominantly husband dominated decisions. If the wife had more expertise, 56% of traditional couples decided in a joint process and only 6% of them decided in a predominantly husband-dominated way. The authors have concluded that the dominance exerted in decisions processes is determined by partnership role attitudes favoured by couples and by factual expertise in relation to the forms of investment.

Abdus Salam and Umma Kulsum (2000)\(^{40}\) in their article titled “Savings Behaviour in India: An Empirical Study” have made an attempt to find the determinants of savings by analyzing saving behavior in India over a period of nineteen years from 1980-81 to 1998-99. In their article the authors have stated that saving is the key factor in achieving a high rate of investment. The authors in order to identify and analyze the important factors, which have contributed to the fluctuation in the saving in India simple and regression models, are resorted. The basic data have been taken from economic survey of Government of India and the budget papers. The authors have found that household sector saving provides the bulk of national saving. The authors have further stated that in the liberalized environment with increased internal and foreign competition as well as foreign direct investment in various sectors, the profits of corporate sector have been high leading to increased saving. The authors have concluded that a favorable macro-economic environment supported by strong structural reforms including liberalization of financial markets should help domestic saving to increase substantially.

Mark Grinblatt and Matti Keloharju (2000)\(^{41}\) have conducted a study under the title “The Investment Behavior and Performance of Various Investor Types: A Study of Finland’s Unique Data Set” In this study the authors have analyzed the extent to which past returns determine the propensity to buy and sell. They have also made an attempt to analyze whether these differences in past- return-based behavior and differences in investor sophistication drive the performance of various investor


types. They have pointed out in the article that institutional investors generally take large positions than individuals, as they have more resources to expend on research. And in many cases, the institutional investors view investment as a full time career. Consequently, it is reasonable to view institutions as more sophisticated than individuals. Government investors and nonprofit institutions, seemingly more sophisticated than households, but perhaps less sophisticated than the other two classes of finish institutional investors, are less contrarian than household investors but more contrarian than non financial corporations and finance and insurance institutions. The authors have concluded that the performance differences between the sophisticated and unsophisticated investors should increase rather than decrease if the account transaction cost is taken into account. This is because the most sophisticated investors (Foreign Investors and Finnish Finance and Insurance Institutions) who generate the highest performance probably have relatively smaller transaction costs than the least sophisticated investors (households) who generate the worst performance.

Karthikeyan B (2001)\textsuperscript{42} in his thesis titled “small investors’ perception on post office small savings schemes” has made an attempt to assess the level of awareness among the small investors in urban area and semi-urban areas. An attempt has also been made by him to elicit the perceived opinion of the small investors on the post office small savings schemes. According to the author necessity of life and tax benefits play a vital role in motivating the small investors in urban and semi-urban areas to invest in post office small savings schemes.

Zur Shapira and Itzhak Venezia (2001)\textsuperscript{43} have conducted a study under the title “Patterns of Behavior of Professionally Managed and Independent Investors.” In their article they have analyzed the investment patterns of a large number of clients of a major Israeli brokerage house during 1994. The authors have analyzed the differences between the behavior of independent and managed investors, not only on the question of when to terminate an investment but also on the issues of when to start one and how much to invest. The authors have stated that these are important questions since brokers are often accused of “chumming” creating unnecessary transactions in order to benefit from the fees. The authors have also examined whether the managed group made more transactions than the independent group and they have found that the managed accounts were significantly more active than the independent ones. They have pointed out that independent investors are less active than professionals. The authors have concluded that the behavioral patterns of individual and professional investors differ, so that one may not automatically infer the behavior of one group from observations of the other.

Hisashi Kaneko (2004)\textsuperscript{44} in his article titled “Individual Investor Behaviour” has focused on the behavior of individual investors when buying and selling investment trusts. The author has stated that when investors expect return on investment to be high, the value of purchases will increase and the value of redeemed shares will decrease. Conversely, when expected return on investment is low, the value of purchases will decrease and the value of redemptions will increase. The author has also stated that when investments are running at a loss, rather than realize

the loss, investors hold on to their investments in the hope of reducing their losses
despite the risk of further losses. The author has pointed out that investor behavior
may be unduly influenced by the prevailing atmosphere. However, acting on intuition
can only lead to the repeating of failures and mistakes. He has concluded that
investors have a strong preoccupation with purchase price, and tend to sell rapidly
when unit price exceeds purchase price.

Phil Burns and Christoph Riechmann (2004)\textsuperscript{45} have conducted a study
under the title “Regulatory Instruments and investment Behaviour” It this paper the
authors have examined the key drivers of investment behaviour. The authors have
stated that incentive based regulation will typically involve the re-setting of price
controls at some point. At that point time, the regulator will usually seek to transfer
some of the efficiency gains made by the company to customers. The regulator is also
likely to reset prices on the basis of some efficiency analysis of operating and
investment costs that have previously been incurred. Both of these regulator decisions
can impart incentives to distort the business’ input mix. The authors have also stated
that if the regulator passes on savings made during the regulator period to customers
at the price review, an earlier saving allows the firm to enjoy the profits resulting from
savings for more years. The authors have concluded that regulator rules should not be
opportunistic, and should be sustainable over time. Such commitment allows
companies and the financial markets to understand regulator decisions, and reduce
arbitrary uncertainty. This helps contain the cost of capital so that efficient
investments are attractive for infrastructure operators.

Kasilingam R and Jayabal G (2005)\footnote{R. Kasilingam and G. Jayabal. 2005. *Impact of Family Size and Family Income on The Investment Behaviour of Salaried Class Investors*. Reseck, The Journal of Management and IT, pp. 93-108.} in their article titled “Impact of Family Size and Family Income on The Investment Behaviour of Salaried Class Investors” have made an attempt to analyse the impact of family size and family income on all investment behavior variables. The authors have found that family size is a variable which may have impact on family expenditure which in turn may affect savings of people. The authors have stated that this indicates that high income people expect more return. The respondents who have families with size three have less knowledge on only one or two schemes. When the size of the family increases to four or five they develop more knowledge but when the size goes above six they could not find time to develop their knowledge, so that they become less knowledgeable. The authors have concluded that the family income has significant influence on saving size, number of physical assets, number of insurance policies and choice criteria. The impact of family income is more in contractual savings rather than discretionary savings.

Anna Merikas A, Andreas Merikas G, George Vozikis S and Dev Prasad (2006)\footnote{A. Anna Merikas, G. Andreas Merikas, S. George Vozikis and Dev Prasad. 2006. *Economic Factors and Individual Investor Behavior: The Case of The Greek Stock Exchange*. Journal of Applied Business Research, Vol. 20, No. 4, pp. 93-97.} in their article titled “Economic Factors and Individual Investor Behavior: The Case of the Greek Stock Exchange” have examined the factors that appear to exercise the greatest influence on the individual stock investor. The authors have found that most of the variables that were rated important are classic wealth maximization criteria such as expected corporate earnings, condition of financial statements, or firm status in the industry. They have also pointed out that experienced
investors rely mostly on wealth maximization criteria and they are self-reliant ignoring inputs of family members, politicians, and coworkers when purchasing stocks. The authors have concluded that there seems to be a certain degree of correlation between the factors that behavioral finance theory and previous empirical evidence identify as the influencing factors for the average equity investor, and the individual behavior of active investors in the Athens Stock Exchange (ASE) influenced by the overall trends prevailing at the time of the survey in the ASE.

Tahira K. Hira (2006)⁴⁸ in a study titled “Examining the Investment Behavior of High-Income Women in America” has made an attempt to study how men and women differed in handling financial tasks, assets ownership, risk tolerance level, and investment preferences in investment action steps taken in the past twelve months and planned for the next six months. The author has found that men, however, were more likely than women to invest on their own. Women were more likely than men to have fixed income investments such as savings accounts, certificates of deposits, and life insurance with cash value, women were also more likely than men to invest in government savings bonds or government savings bond mutual funds. The author has also found that women were more willing than men to wait if an investment did not produce the expected return. They consult with financial advisors when their investment did not perform as expected. The authors has concluded that investment educators targeting women need to develop materials and programs that are relevant, realistic, and of interest to women.

Prabhakaran K and Karthika P (2007)\textsuperscript{49} in their article titled “A Study on Risk Perception and Portfolio Management of Equity Investors in Coimbatore City” have made an attempt to study individual investor’s preference for portfolio choices and investigate the impact of risk tolerance and risk perception on their investment decision. The authors have found that 55.5\% of the investors control the risk by modification. They have also stated that that there is close relationship between income level and financial future and risk. They have concluded that the investors in Coimbatore city are not aware of portfolio which would minimize risk and maximize the return. Further the investors in Coimbatore city have low level of understanding about risk and the importance of portfolio management as they are not aware of these factors. Hence proper steps should be taken in order to improve the awareness level in the minds of the investors.

Jasim Y and Al-Ajmi (2008)\textsuperscript{50} in his article “Risk Tolerance of Individual Investors in an Emerging Market” has made an attempt to understand the underlying factors that determine the investment decisions of individual investors in Bahrain. The author has stated that men are less risk averse investors compared with women. He has also stated that investors between 40 years and 49 years old are more risk tolerant than investors between 30 years and 39 years old, and investors over 50 years are more risk tolerant than those between 30 years and 39 years old. The author has concluded that male and female investors must be treated as separate market groups, each with its own needs and requiring different marketing strategies. Keeping this in view Bahraini investment companies and financial service marketers should design


investment programs to respond to the particular needs of men and women, people of different education and expatriates.

Milan Lovric, Uzay Kaymak and Jaap Spronk (2008)\textsuperscript{51} in their article titled “A Conceptual Model of Investor Behaviour” have focused their attention on how investors make their investment decisions in a real world setting. The authors have pointed out that the main motivation is to build a computational model of the individual investor on the basis of their conceptual model. The authors have also stated that the decision maker’s attitude towards risk can be characterized as risk-aversion, risk-seeking,(risk-tolerance, risk-taking, risk-loving),or risk-neutrality; and can be defined in a classical sense, as a preference between a risky prospect and its expected value. The authors have also found that the risk averse behavior is driven by fear and anxiety responses to risk and the stored pain of experienced losses, Risk taking behavior is driven by the pleasure of gambling .Investors make decisions in order to reach their various financial and non-financial goals. Finally the authors have concluded that the investor behavior is influenced by social interactions with other market participants.

Ravichandran K (2008)\textsuperscript{52} in his article titled “A Study on Investors’ Preferences towards Various Investment Avenues in Capital Market with Special Reference to Derivatives” has conducted the study to find out the awareness level of the investors on various capital market instruments and also to find out their risk preference in various segments. The author has stated that 36% of the respondents


preferred wealth maximization instruments followed by steady growth instruments. Moreover the author has pointed out that respondents perceived that market risk and credit risk are the two major risks observed in capital markets. The author has concluded that the investors should be aware of the various hedging and speculation strategies, which can be used for reducing the risk. Awareness about the various uses of derivatives can help investor to reduce risk and increase profits. Though the stock market is subjected to high risk, by using derivatives the loss can be minimized to an extent.

Kasilingam R and Jayabal G (2009)\textsuperscript{53} in their article titled “A Study on the Awareness Level of Academicians on Small Saving Schemes in Tamil Nadu” have made an attempt to assess the level of awareness of the 614 teachers working in Government colleges and universities in Tamil Nadu on small saving instruments. Findings of the study reveal that that the awareness level on post office saving account, post office time deposit and post office recurring deposit is less than 50 percent and it is more on national saving certificate and public provident fund. In this article the investors have been classified into three categories on the basis of their level of awareness on postal saving instruments. The authors have pointed out that the low awareness level of a particular scheme not only affects investment in that particular scheme but also the total small saving population there by affecting the total investment of an individual. The authors have stated that the investor population can be increased by creating awareness among the people. They have concluded by saying that by increasing the awareness level through the goal can be acheived media.

Kavita Chavali and Shefali Jain (2009)\textsuperscript{54} in their article titled “Investment Performance of Equity-Linked Saving Schemes- An Empirical Study” have made an attempt to study the performance of equity-linked saving schemes. The study has been conducted among the sample size of 75 salaried class respondents in Delhi. Out of total 30 equity linked saving schemes, 16 funds which are rated by CRISIL are selected. According to the authors based on average cluster center the best performing funds are Sundaram BNP Paribas tax saver, Principal, Tax savings, Escorts, Tax plan, Principal Personal Tax Saver and Canara Robeco Equity Tax Saver which forms the second cluster. The average performing funds are Birla Sunlife Tax Relief 96, Birla Sunlife Tax Plan, Tata Tax Saving, HDFC Tax Saver and HDFC Tax Advantage which constitutes the first cluster. The underperformed funds are Taurus Libra Tax Shield, Bob Less96, Tata Tax saving, UTI Equity Tax Saving and ICICI Prudential Tax Plan. The authors have concluded that the fund chosen by the investors should match the risk appetite of the investor. It is suggested that the equity-linked saving schemes should be seriously considered by investors because of the dual advantage of tax savings and high returns.

Rajit Singh and Amalesh Bhowal (2009)\textsuperscript{55} have conducted a study under the title “Risk Perception Dynamics and Equity Share Investment Behavior” The study has focused on impact of risk perception from the perspective of elements of marketing mix on equity share investment behavior of human resources of Oil India Limited. The study has been conducted among the employees of all the departments of Oil India Limited. The authors have constructed a five point scale as very risky,

somewhat risky, moderate, somewhat safe and exclusively safe to analyse perception of risk for equity shares. The authors had included 40 items in total to measure the risk perception. The authors have found that people with lower risk perception used to invest proportionately more than the people with higher level of risk perception. They have also stated that besides the level of risk perception factors such as, knowledge, skill and risk handling also determine the investment behavior. The authors have suggested that the HR departments should be imparted necessary training to acquire knowledge and skill so that it can understand the price fixation mechanism in shares market. The authors have concluded that level of risk perception of the human resources of Oil India Limited was determining factor in influencing the investment decisions in the past, it continues to be the influencing factor of the investment decision on equity shares in the present and it is expected that in the future it will continue to influence the equity investment decisions. But along with the level of risk perception, the knowledge and skill to manage and handle risk is also very important to make equity investment decision.

Manoj Kumar Dash (2010)⁵⁶ in his article titled “Factors Influencing Investment Decision of Generations in India: An Econometric Study” has made an attempt to identify the most important factors which influence investment pattern of the Indian people. The author has found that the investors who are intelligent and risk averse always wants to take suggestions from peers, financial experts or any share brokers. The author has found that the investors feel that awareness is the most important factor before making any investment decision. He has cited in this article

that the public also states that the duty of the government is not only to offer attractive schemes but also to make the people aware of those schemes. The author has concluded that in spite of the phenomenal growth in the security market and quality Initial Public Offerings (IPOs) in the market, the individual investors prefer investments according to their risk preference.

Singh K P, Sunita Tanwar and Yadav S C (2010)\(^{57}\) in their article entitled “Investor’s Behavior and Investment Avenues in Global Downturn: A Case Study of Millennium City” have made an attempt to analyse how customers think and evaluate the situations before investing in the shares in Indian stock market. Findings of the study reveal that mutual fund has been the most preferred choice among investors. Next to mutual funds the investors have preferred shares and mutual funds. Mutual Funds generally save the investor time and various hassles. The authors have also stated that investors are well educated, better informed and techno savvy. Further they are young, hence more risky, energetic and innovative. All these things are helping the market to be more efficient. It is further good for share market and its development where competition will be healthy and market speculations will be low. Overall it is promising for the future of Indian share market. The authors have also pointed out that most of the people in India are not aware of the trading in share market. The non awareness of the share market can be removed by simplification of the procedure, getting them aware about procedure and letting them know its fruitfulness. This will help tremendously in getting people educated about the Indian share market. The authors have concluded that mostly the investors were found to be

from management background as 58% investors fell into this group (Refer to “Qualification of Investors”). It shows that more investors are better educated, well informed and techno savvy. All these things together are very promising for the future of Indian share market.

**Gaur Arti, Julee and Sukhija Sunita (2011)** in their article titled “Difference in Gender Attitude in Investment Decision Making in India” have made an attempt to study the differences in the Investment Decision Making (IDM) process between female and male investors. The authors have included three broad IDM variables to investigate the female and male investors’ IDM behavior on investment in shares, mutual funds, gold and others so as to determine the basic profile, their investment behavior and investment decision making process. The authors have concluded that female investors tend to display less confidence in their investment decisions and hence have lower satisfaction levels. Female investors are more cautious vis-à-vis males with regards to prospective investment in equity shares especially if availability of funds is low.

**Geetha N and Ramesh M (2011)** in their article have made an attempt to study people’s choice in investment avenues of Kurumbalur under the title “A Study on People’s Preferences in Investment Behaviour” the authors have found that 59.5 per cent of respondents’ investment decision depends on return and protection of investment. 22.7 percent and 19.3 percent of respondents’ investment decision is influenced by liquidity and risk performance respectively. The authors have

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concluded that in Kurumbalur respondents are more aware about various investment avenues like insurance, PPF, bank deposits, small savings like post office savings etc. The authors have concluded that awareness program has to be conducted by stock brokering firms because most of the respondents are unaware of this new service and stock market.

**Mathivannan S and Selvakumar M (2011)**\(^{60}\) in their article titled “Savings and Investment Pattern of School Teachers-A Study with Reference to Sivakasi Taluk Tamil Nadu” have conducted a study to analyze the savings and investment pattern of school teachers in Sivakasi Taluk Tamil Nadu. The study has been conducted among 80 sample school teachers in Sivakasi Taluk. Findings of the study reveal that nearly half of the respondents saved their money in banks. 72 per cent of the respondents have stated that the reason for selecting the particular mode of savings was safety. According to half of the respondents (50%), the investment decisions were taken by their spouses. The main factor influencing the investment decision was safety followed by tax concession of some particular investments. Among various types of investment alternatives, high preference was given to the investment in government securities. They have also stated that the absence of savings and investment habits is fear of insecurity on return for the deposited money. This hurdle can be removed only by the savings or investment modes. The investors must be given assurance for the repayment of the deposited money. The authors have concluded that most of the teachers are savings their money for the purpose of their children’s education, marriage and other welfare expenses.

Mohammad Reza Tavakoli Baghdadabad, Farid Habibi Tanha and Norcha Halid (2011) in their study titled “A Study on Small Investors’ Behavior in Choosing Stock Case Study: Kuala-Lumpur Stock Market” have an attempt to know the influential factors behind investors’ decisions for stock selection. Findings of the study reveal that 92% of investors consult with the other persons for making better investment decision and only less than 8% of the investors rely on their personal experiences and knowledge. Among the 92% of investors consult their friends first. Stockholders and brokerage houses are the second and third respective priorities of the investors for their selection of investment. Finally, family member opinions and coworker recommendations have been preferred. The authors stated that newspapers are the most common second-hand information sources among the other recourses. The authors have concluded that the institution and individual investors consider three variables of calculating the risk of stock, government policies and economic variables as influencing variables on stock selection, but these three variables have been reducibly applied by small investors.

Pandiyan L and Araganathan T (2011) in an article entitled “Awareness and Investment Pattern of Salaried Class Investor in Cuddalore District, India” have analysed the sources of awareness on various investment schemes, extent of source of information, factors considered to be important for making investment made so far among the respondents. To measure the level of awareness of investment avenue among the respondents, 12 various investment avenues such as bank deposits, house

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property, land/plot, postal savings, insurance, bullion, company deposits, corporate bonds, mutual fund/UTI, shares, provident funds and chit fund, have been included in the questionnaire with the measurement of values ranging from 1,2,3,4 and 5 against opinion the statements. No awareness, low, moderate, high and very high respectively. Findings of the study reveal that there is moderate awareness about bank deposits, postal savings, chit fund land/plots, whereas the level of awareness is low about company deposits, corporate bond, mutual fund/UTI, Equity share and provident funds among the salaried class people. The authors have concluded that the government may compel the various investment operators to launch a special program/scheme to the different segment of the society and favorable climate is to be assured by the government to provide investment climate guaranteeing.

Sanjay kantidas (2011) in this article titled “An Empirical Analysis on Preferred Investment Avenues among Rural and Semi-Urban House Holds” has conducted a study to identify the investment habits of the households in Nagaon Districts of Assam. The author has stated in the article that respondents belonging to the age group of 40-50 years show keen interest in investing in insurance products (54.55%) and the next choice goes in favour of investing in stock market (21.21%) followed by investment in banks and financial institutions (15.15%). Investment in property scored the lowest amongst all age group of the sample under the study. The author has further stated that ULIP (Unit Liked Insurance Policy) is the most popular insurance product for short term insurance investment followed by banks, share market and mutual fund. The long term investment interest goes in favour of insurance products followed by share market and banks. The author has concluded by

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saying that higher income group shows relatively high preference towards investment in share market, conversely lower and average income group shows keen preference towards insurance and banks as the most preferred investment avenues.

Santhi N S and Balanaga Gurunathan K (2011)\textsuperscript{64} have conducted a study under the title “An analysis the Investor’s Attitude towards Their Investment on Tax Saving Mutual Funds.” The authors have stated that 36 per cent of the investors invested in SBI Tax saving mutual funds, 24 per cent of investor invested in ICICI tax saver fund and limited number of investors invested in DSP black rack tax saver (3%), principal personal tax saver (3%), and Franklin Templeton tax saver fund (2%). They have also stated that the reasons for not investing in companies like DSP black rock tax saver, principal personal tax saver and Franklin Templeton tax saver fund is most of the investors in Tamil Nadu are not aware of these companies and they are not ready to enter into the new avenues. It is also found that most of the investors consider safety of their investment, closely followed by return potential, reputation and capital appreciation. There are certain factors such as diversification, transparency and low cost which are not considered. The authors have concluded that most of the investors are averse of mutual fund due to the volatility. It should be insisted that the investor can expect maximum out of their investment but they should not be greedy on it. Young investors are interested to invest in tax savings mutual funds. More number of motivations cum awareness programs should be organized by the AMC\textsubscript{s} along with the regulation authorities. For the purpose of awareness and protection SEBI and AMFI along with the AMC\textsubscript{s} have organized many awareness programmes.

\textsuperscript{64} N. S. Santhi and K. Balanaga Gurunathan. 2011. A study to analyze the investor’s attitude towards their investment on tax saving mutual funds. European of Economics, Finance and Administrative sciences, Issue. 41, pp. 54-63.
Shanmugasundaram V, Balakrishnan V and Syed.Zafar M (2011)\(^{65}\) in their article titled “Impact of Life-Style Characteristics in Investment Decisions” have made an attempt to analyse the life style characteristics that are critical in influencing investors’ investment decisions. According to the authors emotion’s influences, search for risk factors, updated information, knowledge gained after information search and previous investment outcomes greatly influence the investment decision as dependent variable. The authors have suggested since the behavioural dimensions are equally important like that of technical factors that the media including the TV channels must create awareness about them. They have further stated that appropriate measures to address the genuine apprehensions of the investors should be taken. The authors have concluded that the investors behave rationally towards various capital market information. The lifestyle characteristics such as consumerism, mass media exposure, scientific temperament, saving habit, sophisticated life style, vicinity, family environment influence the investment behaviour of the investors.

Dhiaj Jain and Ruhika Kothari (2012)\(^{66}\) in an article titled “Investors’ Attitude towards Post Office Deposits Schemes –Empirical study in Udaipur District” have made an attempt to identify the awareness, preferences, problem and attitudes of investors towards various deposit schemes offered by the post office. The authors have found that majority of the respondents from the select 100 respondents have good opinion regarding post office deposit schemes which shows that people like


them. They have also stated that majority of the respondents had invested only in Recurring deposits. They have concluded that majority of the respondents have invested in post office deposit schemes for the purpose of safety and security. Deposits pledged is least preferred by the investors. The level of awareness of the respondents about various deposit schemes is very low except recurring deposit and post office savings bank account. Though the level of awareness of the respondents regarding post office deposit schemes is low, majority of the respondents have good opinion about them.

Dhiraj Jain and Payal Thakur (2012)⁶⁷ in their article titled “Behavior of Investors in the Indian Capital Market – an Empirical Analysis with respect to Udaipur, Rajasthan” have conducted a study to bring out investors’ equity investment strategy and to classify the same on the basis of age. The authors have stated that investors are not that much interested in investing in bonds and debentures as only a few of them have invested in those so far. They have found that 40% of the sample investors were moderate risk takers, 24% were higher risk takers, 22% were lower risk taker and the remaining 14% of the investors do not want to take risk. They have concluded that there is no significant role of age as it does not affect the investors’ present Investment, investment strategy of investors, risk bearing capacity, future investment preference, reasons to invest in capital market.

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Dhiraj Jains and Nakul Dashora (2012) in their article titled “A Study on Impact of Market Movements on Investment Decision An Empirical Analysis with Respect to investors in Udaipur, Rajasthan” have made an attempt to analyse the rationality of the investors of Udaipur during different market expectations, dividend and bonus announcements. They have also attempted to analyse the impact of age, income levels and other market related information on investment decisions of investors from Udaipur. The authors have found that out of the 110 respondents 97 respondents have invested in equity market. Next to fixed deposits they have invested in real estate and gold/commodities. Only 10 investors have invested in other investment avenues which include investment in currency, derivatives, commodities. because of very high risk profile. The authors have concluded that investors prefer the wait and watch policy for taking their decision, and are very cautious and their decisions are influenced by various psychological factors and behavioural dimensions.

Gunjan Batra, Vijaylaxmi and Anisha Gupta (2012) have made an attempt to identify the investors’ perception about different investment options by one of the data mining technique – customer clustering under the title “Mining the Investor’s Perception about Different Investment Options Using Clustering Analysis” according to the responses collected, students mostly prefer to invest in mutual funds, public provident fund and fixed deposits. Entrepreneurs mostly prefer to invest in mutual funds, fixed deposits, public provident fund and equity market. The authors have stated that the investors prefer to go for fixed deposits in bank because of their

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less risky nature; some of the investors consider mutual funds risky. The authors have concluded that the firms should target for more and more young investors as well as for persons at height of their career. They should try to highlight the benefits of new investment policies such as rupee cost averaging, power of compounding, etc.

Nandagopal R, Sathish M, Naveen J and Jeevanantham V (2012)⁷⁰ in their article titled “Investors Perception towards Investment in Mutual Funds” have made an attempt to identify the perceptual factors which influence the investors to invest in mutual funds. The study reveals that majority of the investors gave first rank to the reason returns. The authors indicate that majority of the investors have stated their lack of knowledge as the primary reason for not investing in mutual funds. The second foremost reason for not investing in mutual fund is the difficulty confront by investors in selection of schemes. The authors have suggested that provision for class room training for the new investors to eradicate lack of knowledge and some investment tips can also be made for the investors during the session by the mutual fund promoters. The authors have concluded that the mutual fund business in Coimbatore city is still in the growth phase. So, concentrated efforts are needed for its success. The success depends upon professional competence of fund manager’s track record, efficient administrative system, introducing innovative schemes with steady returns and tax concession.

Pandiyan L and Aranganathan T (2012)\textsuperscript{71} in their article entitled “Savings and Investments among Salaried Class: An Evaluation” have made an attempt to study the factor that influence savings and investment behaviour of the salaried class in Cuddalore district. The study has been conducted among 520 respondents through a structure questionnaire covering different groups of salaried class among Cuddalore District. The authors have found salaried class people with the purpose of acquiring property to certain extent hold their investment in land, postal savings in shares by reducing their current holding in mutual fund/UTI. Salaried people with more intention of saving for religious purpose and less intention of savings for paying off the debt from friends and relatives reduce their current holding of investment in house property as well as their investment in shares at the same time substantially increasing their current holding of investment in insurance and government bond. The salaried people hold their investment in government bond to avoid income tax in addition to the purpose of daughters’/sons’ marriage as well as for comfortable future life. The salaried class have high investments in company deposits and substantial investments in government bond and postal savings for religious/pilgrimage purpose as well as with the purpose of paying debt by forfeiting their purpose of savings for their daughters’/sons’ marriage and salaried class people hold their investment in insurance and chit fund for the purpose of their daughters’/sons’ marriage. The authors have concluded that the government and other institutions must evolve new systems to induce more and more public savings. Since savings is the main factor for investment,

the government may compel the various investment operators to launch a special program/scheme to the different segment of the society.

**Parihar B B S and Sharma K K (2012)**\(^{72}\) in their article titled “An Empirical Study of the Investment Preferences of Salaried Employees” have made an attempt to analyse the impact of different demographic variables on the investment preferences of salaried employees. The authors have stated that the investors generally invest due to a number of reasons like return, safety, liquidity, convenience, affordability and tax benefits. They have found that 54 (i.e.27 %) respondents preferred to invest in bank/post office deposits, 56 (i.e.28 %) respondents preferred to invest in LIC / PF / NSC / Bonds, 08 (i.e.4 %) in equity shares, 16 (i.e.8 %) in mutual funds, 40 (i.e.20 %) in real estate and rest 26 (i.e.13 %) respondents preferred to invest in gold. The authors have concluded that the majority of the salaried employees still prefer to invest in safe investment avenues like LIC / PF / NSC / bonds and bank/post office deposits. Apart from this, they also invest in real assets like real estate and gold but they have still not formed a positive attitude towards investment in equity shares and mutual funds, the reason is their apprehension about the security of funds and surety of returns on them.

**Parul Mittal and Sandeep Aggarwal (2012)**\(^{73}\) have conducted a study under the title “Investment in Financial Products: What Motivate the Investor a Study in Jaipur” the chief objective of the study is to make generalization of consumer’s behaviour towards the investment of money. According to the authors men’s preferred investment destination is stock market (31%) and second alternate choice is

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commodity market (22%), while more than 60% of men do not like to invest money in real estate and government bonds. The authors have also found that Men invest more than women. The authors have also stated that 83% of professional people invest money in market. The authors have recommended that special schemes should be offered for the customer based on their occupation type like for businessman, service people, and other classes.

Pranamdhlar and Bishwarup dey (2012)\(^7\) in their article titled “Impact of Individual’s Psychology in Their Investment Pattern: An Empirical Inquest in Indian Context” have made an attempt to identify the factors affecting the individual’s psychology for the purpose of investment. The authors have found that most investors invest to safeguard their future as investments have the potential financial gain. The authors have stated that for investors, an insurance policy from LIC is the most preferred option. Apart from investment in LIC most of the investors invested in mutual funds, fixed deposits, EPF/PPF and IVP/NSS/NSC. They have concluded that individuals, who are optimistic, invest more in long term investing than individuals who are generally pessimistic. Male investors are mostly longer term investors when compared to female investors.

Revathy B and Arockiasamy S (2012)\(^7\) in their article titled “An Empirical Analysis on Preferred Investment Avenues: A Study with Reference to Tirunelveli City” have made an attempt to develop awareness about savings and investment patterns amongst investors. Furthermore, they have also attempted to explain how the

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investment may be gainful to the investors. They have observed that respondents do not prefer only single avenue, but they are maintaining diversified investments in various avenues such as investment in gold, insurance, bank, provident fund, real estate, shares, government bonds, mutual funds etc. They are also interested to invest in other assets such as vehicle, furniture etc. It is observed that the respondents mostly prefer investment in gold, insurance, real estate, shares, mutual funds, banks other than other investment avenues. The authors have also observed that the number of respondents prefer return, safety, liquidity, tax benefits and maturity at the time of investing their savings. The respondents prefer investments in bank, real estate, gold, insurance as well as mutual fund, shares, postal saving schemes and other beneficial instruments. The authors have also found that 51% of respondents decide the avenues in their own while 34% of respondents approach Chartered Accountants, Tax Consultants and 14% respondents are advised by investment brokers / advisors. In case of company agents and friends, there is less response among the respondents. The authors have concluded that the investor should be alert about what, when, where, why and how to make investment in different financial instruments. The awareness about profitable investment gives safety mode to investor. Proper training, proper skill and practical approach towards investments are the essence of gainful investment.

Sanjay Kanti Das (2012)\(^{76}\) in his article titled “Middle Class Household’s Investment Behaviour: An Empirical Analysis” has made an attempt to examine the investment behaviour of the middle class households of Barak Valley in Assam. The author has stated that the term middle class applies to those who earn between Rs.90,

000 to Rs.10, 00,000 a year. According to the author 30% of the investors say that for them age is the major concern while investing, while 52% of investors doesn’t take care of it. 51% of the investors give very less importance to future earnings while the 6% of them keep the same in mind. The authors have also cited that insurance remains the most preferred investment option of the middle class income households in Barak Valley. This is followed by the small savings schemes which are preferred by 28.67% respondents. Bank deposits (35.33%) are considered as the preferred investment option among the middle class investors of Barak Valley. The author has concluded that most of the respondents show their keen interest towards the insurance products to get tax benefits, life protection and average profitable investment avenues. This is perhaps the most striking features of general investors and the most important factor that influences the investment decisions.

Sanjay Kanti Das (2012) has conducted a study under the title “Investment Habits among the Households: An Empirical Analysis” this study examines the investment attitude, investors’ preferences and knowledge about capital market institutions and instruments. It also examines the investor’s awareness about the various protection and promotion facilities, which are offered by SEBI and other authorities. The study has been conducted among the respondents in the Nagaon district of Assam. The author has found that the great bulk of debenture-owning households were equity share owners also. Only a negligible percentage of respondents own debentures without owning shares. The author has also stated that majority of share owners’ monthly income is below Rs. 20000 and they entered the

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share market only 2005 and after. The author has also stated that household head is the virtual decision maker for household’s investments and it is the decision-makers profile, attitudes and preferences, which matter. The author has mentioned that about 22.92% reported ‘very satisfactory’ experience of share investment, the great majority (60.42%) of respondents found it just ‘reasonably satisfactory’ and the remaining 16.67% found it unsatisfactory or very unsatisfactory. The author has concluded by presenting important factors that influences the investment decisions. It is observed that the level of income also influences the investment decisions. Higher income group shows relatively high preference towards investment in share market, conversely lower and average income groups show keen preference towards insurance and banks as the most preferred investment avenues.

Sarita Bahl (2012)\textsuperscript{78} in an article title “Investment Behaviour of Working Women of Punjab” has made an attempt to study the investment behaviour among the working women in Punjab. The author has stated that 33% working women have already developed plan for investment. But 13% working women are there who have not thought of investing their money. Besides this 48 % working women think that one should invest her money when one joins the job or occupation whereas only 10% says that one should invest her money in the middle of the job. Further, the author states that the less financially literate may be less likely to engage in recommended financial practices, such as planning for retirement. He has concluded that unless the common person becomes a wiser investor and is protected from wrong doings, wealth creation for the investor and the economy will remain a distant dream.

Suman and Warne P (2012)\textsuperscript{79} in their article titled “Investment Behaviour of Individual Investor in Stock Market” have stated that family members influence the most in investment decisions in the case of gold. In the case of equity, the financial consultants were pronounced more. The influence of friends and others was found to be comparatively less. The authors have also stated that in case of equity, the major source of information was the agents and as per the gold was concerned it was agents/brokers newspapers/magazines played major role in the case of mutual funds. Majority of investor’s investment pattern will be affected if any change is found in the market. Market movement is an important factor for changing investor’s investment pattern. The authors have concluded that the annual income and the annual saving are given much importance by the respondents, as the level of income decides the level of savings. Today’s investors are fully aware about the stock market.

Suman Chakraborty and Sabatkumar Digal (2012)\textsuperscript{80} in their article titled “A Study of Saving and Investment Behaviour of Individual Households – An Empirical Evidence from Orissa” have made an attempt to analyse the investment pattern, saving objective and preferences of individual investors regarding investment options available in India. The authors have found that fixed deposits in banks and investment in real estate is the most popular savings and investment avenues for male investors whereas, investment in real estate and bullion is the most preferred avenues for the female investors. The Government sponsored small saving schemes such as National Saving Certificates (NSC), Public Provident Fund (PPF), Indian post office saving schemes, etc., have got wider acceptance and are preferred by both the gender.


The authors have concluded that the financial behaviour of individual investors has a connection with the various available investment options, preference and selection. Unlike the elder ones, the young investors are not very keen on saving for their post-retirement days and, as of now; do not think of investing long-term. Therefore, various issuers of financial products in money and capital market should initiate effective awareness programs for the younger generation to inculcate the saving habits in them. Looking at the trend and investment style of female investors, financial instruments with the features of low risk, regular income are floated to enhance their savings and investments.

**Syed Tabassum Sultana, Pardhasaradhi S and Vivekananda Reddy Patlolla (2012)** have conducted a study under the title “Behavioural Finance and its Implications for Individual Equity Investors” in their paper they try to resolve the investors’ “mental mistakes and errors” by recommending some important investment strategies. The authors have pointed out that the criteria for investing must first meet quantitative benchmarks and can be supplemented by qualitative information such as the firm’s recognition as a producer of quality products. The authors have concluded that to make optimal investment decisions investor must be guided by an accurate picture of the cognitive and emotional weaknesses that affect investment decision making. By focusing rigorously on root causes, behavioural finance can help fiduciaries to recognize conditions that are conducive to irrational behavior, avoid sub-optimal investment decisions, and exploit profitability the irrational actions of others.

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Shipansh Saxeena (2013)\textsuperscript{82} in a study titled “Analytical Review of Investment Behavior of Investors” has made an attempt to synchronize the needs of the investors with their demand of desired features in the financial instruments available in the financial market. The study has been conducted among 100 university and college teachers of Jhansi. The author has stated that majority of the investors prefer risk-free or less risky securities for investment. Many investors want to invest in real estate (property) because of higher security and good return. He has also stated that a majority of the investors have opted for life insurance policy followed by the fixed deposits of banks for the purpose of the investment. A few respondents were interested in investment avenues like equity shares, mutual funds, debentures, derivatives etc. He has concluded that investment in gold and real estate (property) has been considered as better investment option by a major group of respondents, owing to their property of risk-free asset.

Ujwala Bairagi and Charu Rastogi (2013)\textsuperscript{83} in their article titled “An Empirical Study of Saving Pattern and Investment Preferences of Individual Household with Reference to Pune City” have made an attempt to examine the investment pattern and awareness of the Pune investors and their different strategies of investment instruments such as bank deposits, real estate, small savings, life insurance schemes, bullions, commercial deposits, corporate security, bonds, mutual funds, and equity and preference shares. Findings of the study reveal that most of the investors preferred bank deposits as their first choice of investment, out of ten


investment products placed before them. Next to bank deposits, small saving schemes constitute the second choice of investment among the sample investors. The study also reveals that capital market securities, like corporate debt securities, equity shares, preference shares are not popular among the investors. The authors have suggested that investors like, professionals, businessman pay less attention while evaluating the pros and cons of investing in different securities. The need and benefits of the systematic and analytical evaluation of different alternatives and competitive avenues need to be explained to them. Then only it is possible to park their surplus funds in economically viable condition.

Ramprasth S and Karthikeyan B (2013) in their article titled “Individual investors’ behaviour towards select Investments- A study with reference to Kattumannar Koil Taluk, Cuddalore District, Tamil Nadu, India” have attempted that to assess the factors motivating the individual investors to prefer a particular investment avenue. Authors have also made an attempt to analyse the behaviour of the individual investors while selecting their investment avenues. The authors have found that Post office small savings schemes are considered as the important investment by the Risk Averters. The authors have found that the factors such as “Protection from inflation” and “income tax benefit” have not been given much weightage by the sample respondents. The authors have also found that 79% of the respondents have not subscribed for financial newspapers/weeklies/magazines to gain knowledge about various investment avenues. The authors have concluded that majority of the investors are giving much importance for the factor “Safety.”

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Similarly investment avenues such as Bank deposits, LIC polices and Bullion have been preferred by the individual investors.

Ambrose Jagongo and Vincent Mutswenje S (2014)\textsuperscript{85} in their article titled “A Survey of the factors Influencing Investment Decisions: The case of Individual Investors at the NSE” have made an attempt to identify the factors influencing individual investment decisions at the Nairobi Stock Exchange. Results of factor analysis revealed that the most important factors were: Firms position and performance; Investment returns and economic conditions; Diversification and loss minimization; Third party opinion; The goodwill of the firm and accounting information; Perception towards the firm; Environmental factors; Firms feeling and Risk minimization. The authors have concluded that the experienced and knowledgeable investors would readily admit the structure and relative weight of the chosen categories reflect on the average a still unsophisticated and immature investor profile. The individual behaviour of active investors in the NSE influenced by the overall trends prevailing at the time of the survey in the NSE. The authors have recommended that the investors need to analysis the investment factors carefully using the reasonable business knowledge before making an investment decision.