CHAPTER-I

INTRODUCTION

The process of economic development of a country is primarily dependent on the rate of savings and investment. Public sector, private sector and household sector mainly contribute to the generation of savings in India. Public sector covers government administrative departments and enterprises, both departmental and non-departmental. Private sector includes non-government, non-financial companies, private financial institutions and co-operative institutions. Similarly, household sector essentially comprises individuals.

Savings represent "the excess of current income over current expenditure and is the balancing item on the income and outlay accounts for producing enterprises and households, government administration and other final consumers"\(^1\). Savings imply an act of refraining from spending one's income on consumption. Such an act of refraining would be meaningful if the money saved is fruitfully utilized i.e. invested for national economic development. Investment, thus, involves employment of funds judiciously by minimizing the risk of loss of funds and maximizing the return thereon.

A sound financial system composed of a set of institutions, instruments and markets encourages savings and channelises them to the most efficient uses. The system consists of individuals, intermediaries, markets and users of savings. Among them, the financial intermediaries, like commercial banks, cooperative banks, life insurance companies, mutual funds, non-banking intermediaries, etc. enable channelisation of savings of the surplus units/sectors to the savings deficit units/sectors. Financial intermediation enables the growth of the economy by pooling
funds of the small and scattered savers, allocating them for investment in an efficient manner by using their informational advantages in the loan market. These funds are transferred through the creation of financial liabilities. The Prime Directory estimated that there were 201,586 financial intermediaries during 1996-97. They are the principal mobilisers of surplus funds to finance productive activity and to the extent that they promote capital accumulation and growth.

Need for the study

Public sector, private sector and household sector have been contributing to the generation of gross domestic savings over the years which is broadly classified for the purpose of this study as the regime of protection (from 1950-51 to 1990-91) and the open regime (1991-92 onwards). The share of savings of the public sector in the gross domestic savings as a percent of GDP has been declining over the years. It declined from 1.8% (1950-51) to 1.1% (1990-91). There was a further erosion during the open regime as its share reduced to – 2.3% of GDP (2000-01). On the other hand, the share of the private sector increased by 1.8% and 1% during these periods.

The household savings constitute a major component of gross domestic savings in our country. The rate of savings of household sector increased from 6.2% of GDP (1950-51) to 21.6% (2000-01). The Center for Monitoring Indian Economy (CMIE) reports that the financial savings of the household sector have been on the increase over the years: 29.59% (1970-71), 45.19% (1990-91), 56.08% (1991-92) and 52.50% (2000-01). The balance represents the savings of the household sector in physical assets.
The pattern of household savings in financial assets in India (2000-01) is presented in Table 1.1

**Table 1.1**

**Household savings in financial assets**

<table>
<thead>
<tr>
<th>Sl. no.</th>
<th>Financial assets</th>
<th>% share in gross financial savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>Currency</td>
<td>6.37</td>
</tr>
<tr>
<td>b)</td>
<td>Deposits</td>
<td>44.26</td>
</tr>
<tr>
<td>c)</td>
<td>Shares and Debentures</td>
<td>2.73</td>
</tr>
<tr>
<td>d)</td>
<td>Claims on government</td>
<td>13.13</td>
</tr>
<tr>
<td>e)</td>
<td>Insurance funds</td>
<td>12.85</td>
</tr>
<tr>
<td>f)</td>
<td>Provident and pension funds</td>
<td>20.66</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: National Income Statistics, Center for Monitoring Indian Economy, January 2003, p. 239

**Graph 1.1**

Household savings in financial assets
Table 1.1 reveals that the household sector (individual investors) holds a major portion of its savings in bank deposits followed by provident and pension funds. Insurance and government avenues are found to be equally attractive to them. A small portion of its savings is invested in shares and debentures.

There are noticeable shifts in the contribution of household sector in capital formation. During the protected regime, its contribution increased from 8.7% (1950-51) to 26.3% (1990-91) of GDP. New measures like liberalization, globalization, deregulation, etc. initiated during 1990-91 provided a greater impetus to the contribution of the household sector in capital formation. In addition to the size of contribution, there are shifts even in the composition of savings of the household sector. Bank deposits, of course, have been the most attractive and accessible avenue to household sector. This sector is gradually attracted towards other avenues of investment. Of late, the individual investors are being increasingly exposed to a number of other avenues of investment, in addition to bank deposits. The financial reforms of the open regime have been instrumental in causing shifts in investment preferences of individual investors. Liberalization of interest rates on borrowings and lending, reduction in taxes, repealing of control of capital issues, simplification of investment procedures, etc. gave an impetus to investment process and boosted the investment in financial assets, in particular. A need to protect the household sector, especially, the small individual investors was also realized. The Securities and Exchange Board of India (SEBI) set up in 1988 was made a statutory body on 21\textsuperscript{st} February 1992. As a result, the share of household sector reached 24% in 2000-01 as reported by the Economic Survey of India (2002-03) \textsuperscript{5}. 

---

\textsuperscript{5} Table 1.1 reveals that the household sector (individual investors) holds a major portion of its savings in bank deposits followed by provident and pension funds. Insurance and government avenues are found to be equally attractive to them. A small portion of its savings is invested in shares and debentures.

There are noticeable shifts in the contribution of household sector in capital formation. During the protected regime, its contribution increased from 8.7% (1950-51) to 26.3% (1990-91) of GDP. New measures like liberalization, globalization, deregulation, etc. initiated during 1990-91 provided a greater impetus to the contribution of the household sector in capital formation. In addition to the size of contribution, there are shifts even in the composition of savings of the household sector. Bank deposits, of course, have been the most attractive and accessible avenue to household sector. This sector is gradually attracted towards other avenues of investment. Of late, the individual investors are being increasingly exposed to a number of other avenues of investment, in addition to bank deposits. The financial reforms of the open regime have been instrumental in causing shifts in investment preferences of individual investors. Liberalization of interest rates on borrowings and lending, reduction in taxes, repealing of control of capital issues, simplification of investment procedures, etc. gave an impetus to investment process and boosted the investment in financial assets, in particular. A need to protect the household sector, especially, the small individual investors was also realized. The Securities and Exchange Board of India (SEBI) set up in 1988 was made a statutory body on 21\textsuperscript{st} February 1992. As a result, the share of household sector reached 24% in 2000-01 as reported by the Economic Survey of India (2002-03) \textsuperscript{5}. 

---
The household sector obviously draws attention in view of its significant contribution to capital formation. Moreover, the forces of open regime have a direct influence on this sector and have led to shifts in the direction and composition of investment of this sector. Hence, a need is felt to undertake a study on the mechanism of savings and investment process of the household sector comprising individual investors.

**Statement of the problem**

Investment activity of individual investors is preceded by timely pooling of the right amount of savings essentially from their occupational earnings. The nature of occupations, positions held, length of service, size of family, family commitments, etc. determine their income and savings. The individuals, for example, with higher income brackets with a small size family tend to save more and vice versa. Considering the amount of savings and their investment motives, the individuals plan their selection of assets, the size and pattern of asset holding, the length of holding, etc.

Investment decisions of the individual investors are strongly influenced by their investment preferences for a given avenue of investment such as the most preferred avenue and the least preferred avenue. These preferences emanate from the perceptions the investors hold about different avenues of investment. These perceptions in the present study are broadly categorized as financial and non-financial perceptions. Perceptions relating to financial dimensions include the reasonableness of amount of investment, regular and steady income, scope of capital appreciation, tax
benefits, transaction costs, premature withdrawals, liquidity of investment, etc.
Perceptions relating to non-financial aspects of investment cover the accessibility of
investment avenues, statutory protection, flexibility in timings of investment, length of
investment, availability of information, service delivery, etc. In reality, it is difficult to
draw a line of demarcation between the perceptions relating to financial and non-
financial aspects of investment. In fact, the investment decision itself is basically a
financial decision with a number of financial and non-financial considerations.

Unlike the institutional investors, which are managed by professionally
competent persons, individual investors are not familiar with the subtleties of
investment in a professional manner due to inadequate knowledge, non-availability of
information, rural orientation, etc. These factors influence the formation of investment
perceptions by the individual investors uniquely. Accordingly, investment process
(selection of investment avenues, amount of investment therein, expected return,
period of holding, etc) is carried out by the individual investors. Moreover, these
perceptions are undergoing rapid changes, especially during the open regime, which
has unleashed a new investment environment: shift from regulation to liberalization,
integration of domestic financial markets with the international market, an array of
financial instruments designed as per specific expectations of the investors, etc. The
information technology too has deeply influenced the operations of the financial
markets. New measures are also initiated to enhance the credibility of capital market
and also to reassure the individual investors regarding the safety of their funds and the
protection by the institutional entities in particular. As a result, investment in
corporate sector, insurance sector, etc. appear to assume a centre stage in the
contemporary investment environment along with the traditional avenues like banks, post office savings/certificates, etc.

The changed scenario, thus, has led to a shift in the perceptions of the individual investors towards the investment avenues offered by various institutions like banks, post offices, life insurance companies, governments and corporates. Accordingly, an empirical study in this regard is carried out by focusing on the individual investors of Bijapur district in Karnataka State. Hence, the statement of the problem:

"INVESTORS' PERCEPTION TOWARDS INSTITUTIONAL INVESTMENT IN OPEN REGIME: A STUDY OF BIJAPUR DISTRICT"

Review of literature

A number of studies have been carried out to examine the savings and investment preferences, practices, etc. of the individual investors. The important ones are reviewed hereunder.

Samuelson (1969)\(^6\) suggests that the older individuals rationally reduce their risk exposure because they need to ensure that their savings provide sufficient means to satisfy their levels of minimum consumption.

Lewellen. W. G. et al. (1977)\(^7\) finds that age, sex, income and education affect investors' preferences, which in turn affect the overall return on their investment.

Morin. et al. (1983)\(^8\) finds evidence of increasing risk aversion with age although the households appear to become less risk averse as their wealth increases.
Warren, et al. (1990)\(^9\) predicts that the individual investment choices (e.g. stocks, bonds, real estate) are based upon lifestyle and demographic attributes.

Madhusoodanan. T. P. (1997)\(^10\) indicates that the investor rationality and risk aversion do not appear to be very much important in the Indian market.

Rajarajan. V. (2000)\(^11\) has brought out the association between life style clusters and investment related characteristics. This underlines the usefulness of life styles to the segment of individual investors.

Bandgar. P. K. (2000)\(^12\) reveals that most of the investors are highly educated, and, therefore, they considered their own observation of the financial market as an important factor for their investment decisions, and hence most of the investors took investment decisions on their own. He found that they got the information from financial newspapers and magazines.

Soch. H. K. and Sandhu. H. S. (2000)\(^13\) have studied perceptions of bank depositors viz, quality circles, customer complaint cell, ISO 9000, quality, priority banking, tele-banking, parking space, branch opening, inter bank access, advertising, brand image, customer focus meets, etc. for the better banking relationship in private banks.

Rajarajan. V. (2000)\(^14\) indicates that the investment size, portfolio choice, risk bearing capacity and locus of control have significant influence on the rate of return expected by an individual investor on his investment. Of these, the investment size, portfolio choice and risk category have a positive relationship and locus of control has an inverse relationship. He, further, interpreted that the larger the investment size, the higher the rate of return expected by the investors and vice versa.
Bansal. S. P. and Gupta. S. (2000)\textsuperscript{15} find an evidence of the rationality of forming a portfolio of the financial assets instead of buying only a single security. They observe that an investor buys his portfolio if he is a risk taker.

Grinblatt. M. and Keloharju. M. (2000)\textsuperscript{16} find that the most sophisticated investors who generate the highest performance probably have relatively smaller transaction costs than the least sophisticated investors who generate the worst performance.

Porta. R. L., Lopez-de-silanes. F., Shleifer. A. and Vishny. R. (2000)\textsuperscript{17} reveal that strong investor protection might be particularly an important manifestation of the greater security of property. Empirically, strong investor protection is associated with effective corporate governance.

Abhijit Dutta (2001)\textsuperscript{18} concludes that the Indian Individual Secondary Market Investors (IISMI) are less reactive to bad news as they invest for a longer period. They also pledge a high confidence on their own investment decision rather than market guided decisions.

Karmaker. M. (2001)\textsuperscript{19} suggests that life insurance policy is found to be the most popular investment avenue. Other important assets selected by the majority of investors include recurring deposits in post office, recurring deposits in bank, bank fixed deposits, etc.

Huberman. G. (2001)\textsuperscript{20} suggests that a person is more likely to invest with institutions/companies he knows. At the most, this will lead most people to shy away from the unknown avenues and to concentrate their investment in the financial avenues they know.
It is clear from the preceding discussion that the theme of investors' perceptions has been gradually attracting the attention of researchers. However, no comprehensive study has so far been carried out on the savings and investment habits and perceptions of the individual investors towards various investment opportunities offered by the institutions such as banks, post offices, life insurance companies, government agencies and corporates. In this context, the present study entitled INVESTORS' PERCEPTION TOWARDS INSTITUTIONAL INVESTMENT IN OPEN REGIME: A STUDY OF BIJAPUR DISTRICT assumes a special significance. It focuses on individual investors' perceptions with reference to the investment avenues offered by these institutions. This study traces the perceptions of the individual investors that can offer rich insights to the funds mobilizers while launching different investment schemes.

Objectives of the study

The following are the objectives of the study.

1. To identify the trends in income, savings and investment of individual investors;
2. To study the motives of savings and investment of individual investors;
3. To trace the pattern of investment of individual investors;
4. To identify the preferences of individual investors for institutional investment; and
5. To examine the perceptions of individual investors towards the institutional investment.
Hypotheses

The following hypotheses have been set for this study.

A) Hypotheses relating to Savings and Investment Behaviour

1. The amount of investment of individuals is influenced by their income;
2. Investors tend to invest less than their savings; and
3. Investors prefer to invest more in financial assets vis-à-vis physical assets.

B) Hypotheses relating to Investors' Perceptions

1. The amount of investment in different institutional avenues covered under the study is reasonable;
2. Each institutional investment avenue generates regular and steady income;
3. There is a capital appreciation on each institutional investment;
4. Investors avail of the tax benefits on their investment in different institutional avenues;
5. The transaction costs of investment are the minimum;
6. The investments have a provision (facility) of premature withdrawal;
7. The investments are liquid/marketable;
8. The intensity of risk is low in institutional investments covered under this study;
9. The investors have an easy accessibility to institutional avenues;
10. The investments are statutorily protected;
11. There is flexibility in the timings of investment;
12. The length of investment is moderate;
13. The investors have accessibility to sources of information;
14. The quality of service delivery by the institutions is appropriate; and
15. The investments provide a collateral security while seeking further financial accommodation.
Research methodology

This is a descriptive research based on the survey of investors. Investors in this study mean the 'individual investors'. The study reports on the savings and investment behaviour and the perceptions of individual investors towards institutional investment.

Data required

The study is based on the primary data collected from individual investors by using an interview schedule. The required secondary data were also collected from the reports of National Income Statistics (NIS), Center for Monitoring Indian Economy (CMIE), the Economic Survey of India (ESI), etc.

Sampling

Non-probability convenient sampling has been used as a mode of conducting the survey. Though probability sampling is superior to non-probability sampling as it helps in reducing the bias, it requires having all the members of population i.e. individual investors of the Bijapur district. Due to confidentiality factor and absence of centralized database at the district level, such an exhaustive list of all the individual investors in the district is not available at one place. Therefore, non-probability convenient sampling method is used. The choice of the sample is based on the convenience of the researcher. However, care has been taken to make sure that the sample selected is representative of the individual investors in the district so that the
study of these samples can fairly represent the inference about the members of the population themselves.

The details of survey sample is presented in Table 1.2

### Table 1.2

**Distribution of samples**

<table>
<thead>
<tr>
<th>Sl no</th>
<th>Taluks</th>
<th>Agriculture</th>
<th>Business</th>
<th>Service</th>
<th>Profession</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Basavan Bagewadi</td>
<td>8</td>
<td>12</td>
<td>10</td>
<td>12</td>
<td>7</td>
<td>60</td>
</tr>
<tr>
<td>2</td>
<td>Bijapur</td>
<td>13</td>
<td>12</td>
<td>13</td>
<td>12</td>
<td>17</td>
<td>60</td>
</tr>
<tr>
<td>3</td>
<td>Indi</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>12</td>
<td>15</td>
<td>60</td>
</tr>
<tr>
<td>4</td>
<td>Muddebihal</td>
<td>13</td>
<td>13</td>
<td>12</td>
<td>12</td>
<td>13</td>
<td>60</td>
</tr>
<tr>
<td>5</td>
<td>Sindagi</td>
<td>13</td>
<td>10</td>
<td>12</td>
<td>12</td>
<td>8</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>60</strong></td>
<td><strong>60</strong></td>
<td><strong>60</strong></td>
<td><strong>60</strong></td>
<td><strong>300</strong></td>
</tr>
</tbody>
</table>

It is clear from the Table 1.2 that the total size of the sample is 300 individual investors, who spread over all taluks of Bijapur district, are engaged in different occupations. These 300 respondents are those individual investors who have put in their savings in all the five institutional investment avenues covered in the study.

**Data collection**

The study covers the data relating to the open regime. The data were collected during November to January 2003-04. Initially, a provisional interview schedule was pre-tested on a select group of respondents. Suitable comments/responses were considered while finalizing the interview schedule in tune with the objectives of the study. The researcher personally filled in the interview schedule by obtaining the information from individual investor respondents. A five-point scale was used to collect the data on perceptions of individual investors relating to each investment.
avenue. Each point on the scale and the corresponding intensity of perceptions are as follows:

<table>
<thead>
<tr>
<th>Sl no</th>
<th>Form of response</th>
<th>Rating scales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strongly agree</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Agree</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Neutral</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Disagree</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Strongly disagree</td>
<td>1</td>
</tr>
</tbody>
</table>

Similarly, there are questions seeking individual investors' preferences for each avenue. Preference number 1 is the most preferred variable and number 5 is the least preferred variable. The preference numbers 1 to 5, thus, represent the different degrees of intensity of the variable under consideration.

Data presentation

The data collected were processed, edited and presented through the tables, graphs, etc. There are row totals with percentages (shown in the brackets) in the tables. They indicate the preferences of individual investors to the particular variable therein.
Data analysis and statistical tools

Analytical approach is adopted in interpreting the data with the help of ratios, trend ratios, growth rates, percentages, etc. For testing the hypotheses, the statistical tools such as Mean, Standard Deviation, Co-efficient of Variation, Chi-square Test and t-Test are used.

Significance of the study

This study traces the motives of savings and investment of individual investors with different occupational background. It examines the savings and investment habits as well as the perceptions of individual investors towards institutional avenues of investment. The study offers insights to the fund mobilisers in order to design/engineer and offers those investment schemes, which can fulfill the expectations of the individual investors.

Limitations of the study

The following are the limitations of the study.

1. The study covers the individual investors of Bijapur district only.

2. The data have been collected from the selected individual investors of the district.

3. The generalizations and conclusions of the study are based on the information collected by the researcher.
Organization of the study

The study has been organised into seven chapters as follows:

1 Introduction

This chapter provides a summary view of the entire study covering an introduction to the theme of the study, need for the study, statement of the problem, review of literature, objectives of the study, hypotheses, research methodology, significance of the study, etc.

2 Investors’ Perception towards Institutional Investment: A Theoretical Framework

This chapter presents the conceptual framework of the study. Besides, it discusses the trends and pattern in savings and investment, individual investors’ perceptions of institutional avenues, etc. It also portrays the various approaches to the study of individual investors’ perception.

3 General Profile of Individual Investors

This chapter briefly traces the profile of Bijapur district as well as the general profile of the individual investors covered under the study. It discusses at length the distribution of investors on different socio-economic variables.
4 **Analysis of Savings and Investment Behaviour: An Overview**

This chapter examines the savings and investment behavior of the investors in four sections. Section-I analyses the savings behavior while section-II analyses the investment behavior. Section-III discusses the overall investment behavior with special reference to the physical. The hypotheses relating to savings and investment behaviour are also tested in fourth section of this chapter.

5 **Analysis of Investment Behaviour with Reference to Selected Investment Avenues**

This chapter discusses the investment behavior relating to each investment avenue covered under the study. The investment behaviour is examined from the point of view of different variables which have been identified for this purpose.

6 **Evaluation of Perceptions of Individual Investors**

This chapter examines the investors' perceptions (financial and non-financial perceptions) relating to each institutional investment avenue selected for this study. The testing of the hypotheses relating to each perception of individual investors with regard to each investment avenue is also carried out in this chapter.

7 **Conclusions and Suggestions**

This chapter provides a summary of major findings of the study as well as the suggestions for designing and introducing a variety of investment avenues in future.
Special terms used in the study

1. **Behavior**: It is the manner in which an individual acts and reacts in the process of savings and investment activities.

2. **Capital appreciation**: It refers to the difference between selling price and purchase price of investment. The acceleration in investment usually takes place in the long run.

3. **Cash certificates**: These are issued by the banks for different denominations. The money would usually be doubled at the time of their maturity.

4. **Central government securities**: These are issued by the Central government for different denominations. These have a long term maturity period and the interest is payable at fixed rates.

5. **Children's policies**: These are the policies issued by the life insurance companies. They cover the risk of the life of the child at the beginning of different years of age. The premium is paid by the parents or guardians till the child attains the majority.

6. **Collateral quality**: The quality of investment that makes it suited for accepting as a security while raising loans and advances by the investors.

7. **Company fixed deposits**: These deposits are solicited from the public by many companies to raise the required funds in the financial market. The fixed deposits are accepted for a fixed period of time. They carry a fixed rate of interest and they are unsecured.
8. **Debenture**: A debenture is a kind of document acknowledging the money borrowed containing the terms and conditions of the loan, payment of interest, redemption of the loan and the security offered (if any) by the company.

9. **Endowment policies**: These are the policies issued by the life insurance companies. They cover the risk for a specified period at the end of which the sum assured is paid back to the policyholder along with the bonus due, if any, at the time of maturity or in the event of the death.

10. **Equity shares**: These are issued by the companies to raise their equity share capital. This equity capital is divided into a number of small fractions/units that are termed as equity shares. Equity shareholders collectively own the company. Thus, they bear the risk and enjoy the awards of ownership.

11. **Execution of investment plan**: The act of actual investment in the underlying assets.

12. **Financial assets**: These are instruments which represent claims to future cash flows of the institutions offering the investment opportunities. They include deposits, shares, debentures, claims on government, post office savings/certificates, life insurance policies, pension and provident funds, etc.

13. **Financial intermediation**: The process of bringing together the savings-surplus units and savings-deficit units.

14. **Fixed deposits in banks**: Banks accept these deposits from the public for a specific period of time and they carry a fixed rate of interest payable at different intervals or on their maturity.
15. **Fixed return investment avenues**: The investments which fetch a specified/fixed return thereon.

16. **Frequency of review**: The number of times the revision of investment is made during a given time interval.

17. **Gross domestic product**: It measures the output produced by factors of production located in the domestic economy regardless of who owns these factors.

18. **Household sector**: This consists of individuals in the economy.

19. **Investment mix**: The combined holding of both financial and physical investments (assets).

20. **Investment motivators**: The important characteristics associated with each investment that encourages the investors to hold their investment in a given form.

21. **Investment preferences**: The individual investors prefer to invest in those investments (assets), which they consider as the best avenues of investment on the priority basis.

22. **Length of investment**: The time period for which a particular investment (physical/financial assets) is expected to be held by the investors.

23. **Liquidity**: An investment is highly liquid if; (a) it can be transacted quickly, (b) the transaction cost is low and (c) the price change between two successive transactions is negligible. The liquidity of a market may be judged in terms of its depth, breadth and resilience.
24. **Money back policies:** These are the policies offered by the life insurance companies. They provide for periodic payments of partial survival benefits during the term of the policy, of course so long as the policyholder is alive.

25. **Monthly income schemes:** These are offered by the post offices. They are popularly known schemes which are meant to provide regular monthly income to the depositors.

26. **Perception:** Perception is the process by which an individual selects, organizes and interprets things to create a meaningful picture of the universe.

27. **Physical assets:** These are the assets which are tangible in nature and are movable or immovable such as agricultural land, gold, silver, real estate, etc.

28. **Post office savings accounts:** These can be opened in any post office. The maximum amount of investment in these accounts is Rs 1,00,000 in single account and Rs 2,00,000 in a joint account. Cheque facility is available on minimum deposit of Rs 500.

29. **Post office savings certificates:** These are the certificates issued by post offices which mature at a specified period of time and the interest is payable on their maturity only. They include kisan vikas patra, national savings certificates, national savings schemes, etc.

30. **Preference shares:** These represent a hybrid security that partakes some characteristics of equity shares and some attributes of debentures.

31. **Premature withdrawal facility:** The facility enables the individual investors to withdraw their investment before such investments are matured.
32. **Private sector:** This sector includes only private business organizations, like companies, financial institutions, non-financial institutions and cooperative institutions.

33. **Public sector:** This sector comprises government and semi government enterprises and departments, both departmental and non-departmental.

34. **Quasi government securities:** These are the securities issued by the quasi government agencies to collect funds for different welfare programs.

35. **Rates of returns:** The income yield generated from individual investors in the form of interest / dividend / capital appreciation.

36. **Recurring deposits:** These are accepted by banks/or post offices. The depositors can deposit their money periodically say, monthly and these will mature at a specified period of time. The rate of interest on these deposits is lower than that of fixed deposits.

37. **Review:** It involves making appropriate changes to the investment (assets) at appropriate time and in appropriate amounts.

38. **Savings:** That part of income not consumed; the withholding of money from expenditure on goods and services.

39. **Savings bank deposits:** These are accepted by banks/or post offices. In case of these deposits, there is no finite maturity period. Hence, they are withdrawable as and when the depositors need money. The rate of interest is the least one.

40. **Semi government securities:** These are the securities issued by the semi government authorities to raise funds for the developmental activities.
41. **Service delivery**: The way in which the institutions render service to the individual investors during the process of their investment activity.

42. **State government securities**: These are the securities issued by the state governments to finance their social welfare and developmental projects.

43. **Time deposits**: These are the deposits made with the post offices for a particular period of time in multiples of Rs 200. Premature withdrawals are permitted after one year period.

44. **Variable return investment avenues**: The investments on which the return varies from time to time.

45. **Whole life policies**: These are the policies issued by the life insurance companies. They cover the risk of the life of the policyholders for 100 years/or till the death whichever occurs earlier. The premium is payable throughout the lifetime of policyholders.
REFERENCES


3. Economic Survey of India 2002-03, Government of India, New Delhi, Table 1.5, p. s – 8.


5. Economic Survey of India 2002-03, Government of India, New Delhi, Table 1.5, p. s – 9.


