



A Study On Investor's Perception Towards Various Investment Avenues With Reference To Coimbatore

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ABSTRACT

Investment plays a vital role in economic growth, offering individuals diverse opportunities to accumulate wealth and secure financial stability. This study examines investor perception towards various investment avenues in Coimbatore, a growing industrial and financial hub in Tamil Nadu, India. The research aims to identify the factors influencing investment decisions, including risk tolerance, financial goals, and socio-economic conditions. Using a descriptive and quantitative approach, data was collected through structured surveys employing a snowball sampling technique. The study analyzes investment preferences among Coimbatore investors, comparing traditional options like fixed deposits and real estate with modern avenues such as mutual funds, stocks, and cryptocurrencies. Statistical tools like chi-square tests, ranking analysis, and correlation analysis were used to derive insights from the collected data. The findings provide valuable information for financial institutions, policymakers, and investors, helping them understand regional investment trends and develop strategies to enhance financial literacy and decision-making. The study also highlights barriers investors face, such as limited market awareness and access to reliable investment information.

KEYWORDS

Investment avenues, risk tolerance, financial decision-making, financial literacy, investment behavior, market awareness, financial institutions, investment preferences.

INTRODUCTION

Investment plays a crucial role in the economic growth of individuals and societies alike. The availability of various investment avenues offers individuals an opportunity to build wealth, secure their financial futures, and achieve their financial goals. Investment avenues range from traditional options like savings accounts, fixed deposits, and real estate to more dynamic options such as stocks, mutual funds, and emerging digital assets like crypto currencies. Understanding investor behaviour and perception towards these investment options is essential for both financial institutions and policymakers in framing strategies that align with investors' preferences and risk tolerance. In recent years, India has witnessed a significant shift in investment patterns driven by the rapid growth of the financial markets, technological advancements, and increased financial literacy. However, investor perceptions and preferences can vary widely based on region-specific socioeconomic conditions, market awareness, and cultural factors. Coimbatore, one of Tamil Nadu major cities, stands as an emerging industrial and

This research seeks to bridge the knowledge gap by exploring investor perceptions in Coimbatore and identifying the key factors influencing their investment decisions, thus contributing to the broader understanding of investor behaviour in emerging financial markets.

REVIEW OF LITERATURE

Dr Venkatesh .R (2022), financial markets have introduced new instruments to manage risk, known as financial derivatives. These derivatives have rapidly developed both nationally and internationally, becoming

financial hub. With its strong industrial base and rapid urbanization, Coimbatore has a unique demographic profile comprising a mix of business owners, salaried professionals, and entrepreneurs, making it a significant case for studying investor behaviour.

This study aims to examine the perception of investors in Coimbatore towards different investment avenues. It seeks to understand the factors that influence their investment decisions, including their risk appetite, financial goals, and access to investment-related information. By analysing how investors in Coimbatore perceive traditional versus modern investment options, this research will offer valuable insights into the region's investment climate. The findings of this study will help financial institutions and policymakers develop better strategies to cater to the investment needs and preferences of Coimbatore residents. Additionally, the research will provide recommendations on how to improve financial literacy and address the challenges faced by local investors when navigating diverse investment opportunities.

essential for corporations and investors. Regulated by SEBI, the derivatives segment is commonly used for both trading and hedging purposes. This research paper aims to examine investors' perceptions of the derivatives market. It explores popular strategies and various approaches, while also analyzing the relationship between income and expenditure within the derivatives market. Additionally, it investigates investor psychology regarding derivatives instruments and identifies the challenges investors face within this market.

Mahbub & Khetan (2022), The authors conducted a study titled “Financial Literacy and Investment Behavior of IT Professionals in India” to gain insight into the saving and investment habits of individuals in the Information Technology sector. They observed that IT professionals tend to view investments

PROBLEM STATEMENT

"To investigate the perception of investors in Coimbatore towards different investment avenues, identify the factors influencing their investment choices, and explore the challenges they face, with a focus on understanding how local socio-economic conditions and demographic factors impact their investment behaviour." economic conditions impact investment behaviour, providing insights that will be useful for financial institutions and policymakers to better cater to the financial needs of the city's investors.

In Coimbatore, a rapidly developing industrial hub, residents are exposed to a wide range of investment avenues, from traditional instruments like fixed deposits and real estate to modern options such as mutual funds, stocks,

primarily as a source of supplementary income rather than a means of financial security. Compared to other professions, these professionals show a greater preference for liquidity in their investments while being more willing to take risks.

and digital assets. However, despite this broad spectrum of investment opportunities, there is limited research on how investors in Coimbatore perceive these options and what factors drive their decisions.

This study, therefore, aims to explore and analyze the perception of Coimbatore's investors towards various investment avenues, identifying the key drivers of their decisions and the challenges they face in navigating the investment landscape. The study also seeks to understand how demographic variables and local socio-conditions impact investment behaviour, providing insights that will be useful for financial institutions and policymakers to better cater to the financial needs of the city's investors.

RESEARCH GAP

Despite extensive research on investor perception and behaviour, there remains a significant gap in understanding the specific factors influencing investment decisions in regional financial markets like Coimbatore. Most studies focus on metropolitan cities, overlooking how local economic conditions, industrial growth, and urbanization impact investment choices in tier-2 cities. Additionally, limited research explores investor awareness and adoption of modern investment avenues such as

OBJECTIVES OF THE STUDY

1. To know about the demographics of the investors.
2. To identify the various investment avenues preferred by investors.
3. To understand the risk tolerance and return expectation of investors.

crypto currencies and ESG funds. The influence of behavioural finance factors, including cognitive biases and risk perception, is also underexplored in this context. Furthermore, while financial literacy plays a crucial role in investment decisions, there is a lack of studies identifying specific knowledge gaps among Coimbatore investors. Empirical data on the socio-demographic impact on investment choices is insufficient, and the challenges faced by local investors—such as access to advisory services and trust in financial institutions—are not well-documented. Addressing these gaps will provide valuable insights for financial service providers, policymakers, and individual investors, enabling more informed financial decision-making in regional markets.

RESEARCH METHODOLOGY

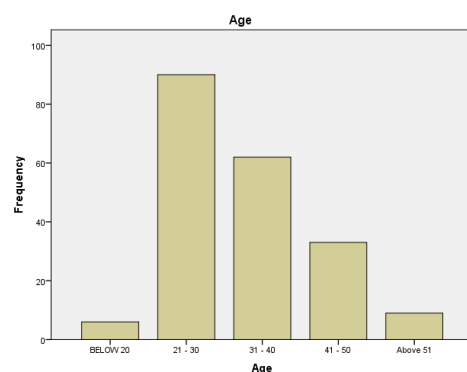
The research methodology for this study follows a descriptive and quantitative approach to analyze investors' perceptions of various investment avenues in Coimbatore. Primary data will be collected through structured surveys distributed online and via face-to-face interactions, ensuring a broad reach and higher response accuracy. The questionnaire will cover demographic details, investment preferences, risk tolerance, and return expectations, using mostly closed-ended questions for quantitative analysis with a few open-ended responses for deeper insights. Snowball sampling will be employed, starting with an initial group of investors who will refer others, enabling access to a diverse range of participants. The study

focuses on Coimbatore, a city with a diverse economy, making it an ideal setting for understanding investment behaviour. A sample size of approximately 200 respondents is targeted to ensure reliable and statistically valid findings. Data analysis will involve descriptive and inferential statistics to identify key trends and correlations in investor behavior, aiding financial advisors, investment firms, and policymakers in understanding regional investment patterns.

RESULTS AND ANALYSIS

Age of the Respondents

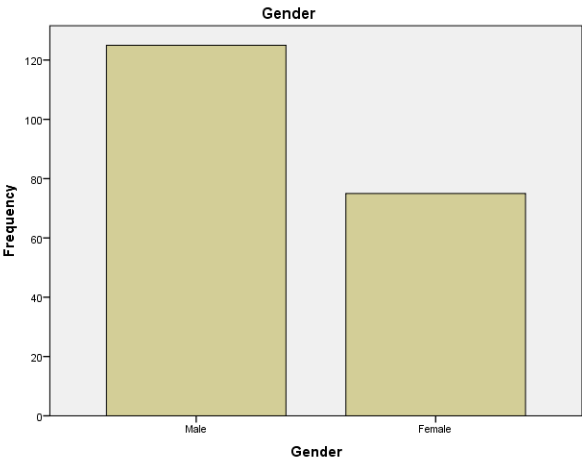
	Frequency	Percent	Valid Percent	Cumulative Percent
BELOW 20	6	3.0	3.0	3.0
21 – 30	90	45.0	45.0	48.0
31 – 40	62	31.0	31.0	79.0
41 – 50	33	16.5	16.5	95.5
Above 51	9	4.5	4.5	100.0
Total	200	100.0	100.0	



The majority of respondents fall in the age group of 21–30 years (45%), followed by 31– 40 years (31%). This indicates that young adults and early middle-aged individuals are actively participating in investment activities. The least represented group is below 20 years (3%), suggesting limited financial independence or awareness in this demographic. This age distribution reflects that investment decisions are primarily made by individuals in their most economically productive years.

Gender of the Respondents

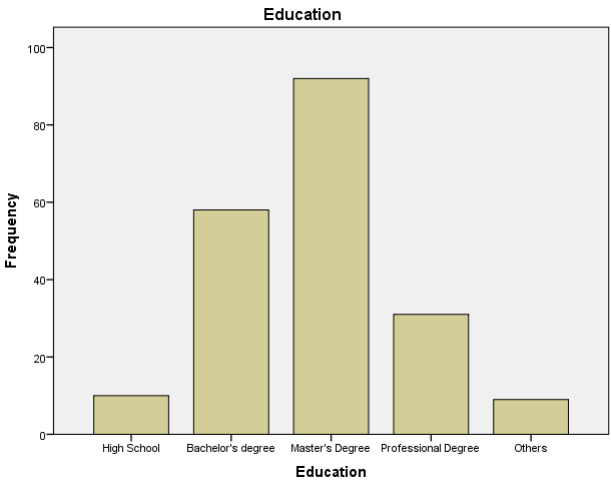
	Freque ncy	Perce nt	Valid Percent	Cumulati ve Percent
Male	125	62.5	62.5	62.5
Val Fem id ale	75	37.5	37.5	100.0
Total	200	100.0	100.0	



Respondents with a Master’s degree constitute the largest group (46%), followed by those with Bachelor’s degrees (29%). This implies that higher education levels are correlated with active participation in investments. However, individuals with only a high school education make up a smaller portion (5%), indicating a

potential gap in financial literacy among less-educated groups.

Educational of the Respondents



	Frequ ency	Perc ent	Valid Percent	Cumula tive Percent
High School	10	5.0	5.0	5.0
Bachelor's degree	58	29.0	29.0	34.0
Master's Degree	92	46.0	46.0	80.0
Professiona l Degree	31	15.5	15.5	95.5
Others	9	4.5	4.5	100.0
Total	200	100. 0	100.0	

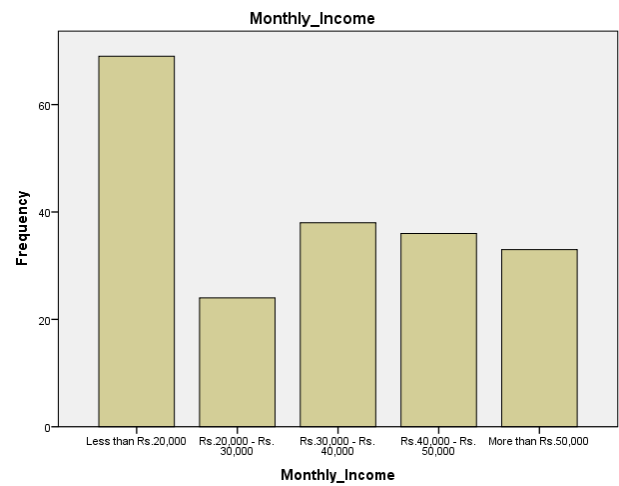
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Income of the Respondents

		Initial_Investment	Expected_Annual_Returns
Initial_Investment	Pearson Correlation	1	.218**
	Sig. (2-tailed)		.002
	N	200	200
Expected_Annual_Returns	Pearson Correlation	.218**	1
	Sig. (2-tailed)	.002	
	N	200	200

** . Correlation is significant at the 0.01 level (2-tailed).

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than Rs.20,000	69	34.5	34.5	34.5
Rs.20,000 - Rs.30,000	24	12.0	12.0	46.5
Rs.30,000 - Rs.40,000	38	19.0	19.0	65.5
Rs.40,000 - Rs.50,000	36	18.0	18.0	83.5
More than Rs.50,000	33	16.5	16.5	100.0
Total	200	100.0	100.0	



The income data reveals that 34.5% of respondents earn less than ₹20,000 per month, suggesting affordability constraints in their investment choices. Higher income brackets, such as those earning more than ₹50,000, make up only 16.5% of the sample. This distribution reflects a need for investment products catering to low-to-middle-income groups.

CORRELATIONS

CORRELATION BETWEEN INITIAL INVESTMENT AND EXPECTED ANNUAL RETURNS

The correlation analysis reveals a weak but significant positive relationship ($r = 0.218$, $p = 0.002$) between initial investment and expected returns. This suggests that investors with higher initial capital have greater return expectations, likely due to their ability to allocate resources to higher-risk, higher-reward opportunities.

CORRELATION BETWEEN EXPECTED RETURNS AND MARKET DOWNTURN

		Expected_Annual_Returns	Market_Downturn
Expected_Annual_Returns	Pearson Correlation	1	.029
	Sig. (2-tailed)		.688
	N	200	200
Market_Downturn	Pearson Correlation	.029	1
	Sig. (2-tailed)	.688	
	N	200	200

There is no significant relationship ($p = 0.688$) was found between expected returns and reactions to market downturns. This indicates that investors' return expectations do not strongly influence their behavior during periods of market volatility. Most respondents prefer holding their investments during downturns, reflecting a patient and long-term approach.

GARRETT RANKING

MOST PREFERRED INVESTMENT AVENUES

Factor	Score	Rank
Stock	73.25	1
Bond	64.92	2
Real estate	53.08	3
Commodities	52.83	4
Mutual Funds	46.33	5

The analysis shows that the people prefer stock more than the other investment methods. The stock is ranked first with the score of 73.35, Second Bonds with the score of 64.92, Third Real estate with the score of 53.08, Fourth Commodities with the score of 52.83, Fifth and last is Mutual funds with the score of 46.33.

FACTORS INFLUENCING YOUR CHOICE OF INVESTMENT AVENUE

Factor	Score	Rank
Expected Return	60.13	1
Risk Level	56.50	2
Recommendation from friends/family	45.00	3
Historical performance of the investment	40.00	4

The analysis shows that the expected return on investment influence the choice of the people. The expected return is ranked first with the score of 60.13, Second Risk level with the score of 56.50, Third recommendation from friends/family with the score 45.00, Fourth historical performance of the investment with the score of 40.00.

FINDINGS

1. Majority of the respondents are between the age of 31 – 40 (79%)
2. Majority of the respondents are Male (62.5%)
3. Majority of the respondents have Master's degree (46%)
4. Majority of the respondents are students (43%)
5. Majority of the respondents have monthly income of less than 20,000 (46%)
6. Majority of the respondents have beginner (1-3 years) experience (60.5%)

CORRELATION

1. The correlation analysis reveals a weak but significant positive relationship ($r = 0.218$, $p = 0.002$) between initial investment and expected returns.
2. There is no significant relationship ($p = 0.688$) was found between expected returns and reactions to market downturns.

GARRET RANKING

1. The analysis shows that the people prefer stock more than the other investment methods.
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SUGGESIONS

1. Since the majority of investors fall in the 21-30 and 31-40 age groups, efforts should be made to extend financial awareness programs to younger individuals (below 20), ensuring they gain investment knowledge early.
2. The data highlights a gender disparity in investment participation (62.5% males vs. 37.5% females). Initiatives such as targeted financial literacy programs for women and incentives for female investors could help bridge this gap.
3. With 46% of investors having a Master's degree, financial literacy efforts should be

extended to those with lower education levels (high school and bachelor's degree holders) to encourage informed investment decisions.

4. With 60.5% of respondents being beginners, there is a need for investment education programs, workshops, and guidance for new investors to help them navigate the market effectively.
5. Since most investors consider recommendations only "sometimes," financial advisors should offer more data-driven insights to establish trust and

CONCLUSION

The analysis provides valuable insights into the investment behaviour of different demographics. The findings indicate that young adults, educated individuals, and those with higher income levels are more actively engaged in investments. However, gender disparity, financial literacy gaps, and limited trust in financial advisory services remain key challenges. The correlation and chi-square analysis highlight that economic conditions, market trends, and professional advice significantly influence investment decisions. Additionally, while expected returns play a major role in investment choices, investors demonstrate a moderate reliance on recommendations and a strong preference for stocks over other assets.

The study also uncovers a critical research gap between education levels and investment behaviour during market downturns, suggesting that financial literacy plays a crucial role in investor confidence and

increase adoption. Returns and market downturn behaviour suggests that many investors do not react predictably to market volatility. Risk management strategies, such as asset diversification and portfolio rebalancing, should be emphasized.

6. Stocks are the most preferred investment avenue, while mutual funds rank lowest. Encouraging diversified portfolios can help investors manage risks more effectively.

decision-making. To create a more inclusive investment environment, financial institutions, policymakers, and educators must focus on awareness programs, gender-inclusive initiatives, and tailored investment options to cater to a diverse range of investors.

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