

An Analytical Study on Investment Preferences for Investors in Amravati City

Ms. Diksha Vijay Bhalchakra, PRPCEM, Amravati, Email: dikshabhalchakra231@gmail.com

F.K. Thomas, PRPCEM, Amravati, Email: florence.thomas09@gmail.com

Abstract

The research examined the method of the people of Amravati city, located in Maharashtra, regarding selection of investments and the associated criteria that motivated their choices. Investors are now becoming more conscious of their finances and are being presented with a myriad of options, such as fixed deposits, gold, and real estate, in addition to more recent offerings like mutual funds, stocks, and even cryptocurrencies. Investment choices were however influenced by specific social, economic, and cultural contexts of the region. To achieve these aims, the study collected primary data using a structured questionnaire with a simple random sampling technique. Further information was obtained from government publications, financial institutions, and market research studies. This research used a quantitative method to measure income, risk, education, and even financial knowledge to determine the most suitable investment selection in Amravati and the logic behind choosing them. It has also evaluated the effect of the past, market conditions, and even government policies on investor behavior. This proved to be one of the most useful pieces of research for financial consultants, banks, and other policy makers for improving general investment practices for smaller towns. The observations and conclusions drawn from the study were however not universal because the study was only restricted to a few investments, and as an outcome, the shifting condition of the market. Nonetheless, it provided actionable recommendations too.

Keywords: Cryptocurrencies, Social factors, Economic Factors, Risk assessment.

Introduction

Investment plays a crucial role in the financial planning of individuals and serves as a backbone for economic growth. The choices made by investors are influenced by a multitude of factors, ranging from personal, financial goals and risk tolerance to external economic conditions and government policies. Understanding these preferences is essential for financial institutions, policymakers, and individuals to make informed decisions and design effective strategies.

Individuals that allocate financial resources into various assets or investment opportunities with the expectation of earning returns, such as income, capital appreciation, or both, over time. These resources may include financial capital like money, time, or resources, and are invested in diverse avenues such as stocks, bonds, mutual funds, real estate, or other financial instruments.

A vibrant city named Amravati, in the Vidarbha region of Maharashtra, has witnessed significant economic growth in recent years. This growth has led to a surge in investment opportunities, making it an attractive destination for both local and national investors. However, with a plethora of investment avenues available, understanding investor preferences and their evolving investment behavior becomes crucial. The study examines how investors allocate their resources across different investment avenues such as equity, mutual funds, real estate, fixed deposits, gold, and other emerging options like cryptocurrency and sustainable investments.

The Amravati city, as a part of Maharashtra, has witnessed significant economic development, with a growing middle class and increasing awareness of financial planning. However, despite these developments, investor preferences in the region are shaped by unique socio-economic and cultural factors. This creates a compelling case for an in-depth study to understand how these factors influence investment decisions. The Indian investment landscape has undergone a transformation in recent years, marked by a shift from traditional investment options like fixed deposits and gold to modern avenues like mutual funds and equities. Factors such as

increased digital penetration, financial literacy campaigns, and the proliferation of investment platforms have contributed to this shift. However, the adoption of new investment avenues is uneven across regions, with smaller cities like Amravati exhibiting distinct patterns.

Review of Literature

1. **Dr. J. Jamuna Rani (2019)** International Journal of Research in Engineering, IT, and Social Sciences These days, there are many investment opportunities available in the market, and it's important to choose the right one. People who make investment decisions should be familiar with all the options to help them achieve their goals. The choice of investment is often influenced by the benefits they expect to gain from it. This study aims to explore the relationship between the demographic factors of investors and their choice of investment options. The study surveyed 100 people from Chennai, who were selected conveniently. A structured questionnaire was used to gather data, and the responses were analyzed using SPSS version 21. The study found that, among the various investment options, the most popular choices for investors in Chennai were land & buildings and gold.
2. **Dr. Rekha Dhingra, Rachit Manchanda (2015)** Anusandhan Research Repository of Gibs In today's world, money is very important, and how people invest their hard-earned money is a big decision. The study looks at how people in the National Capital Region (NCR), especially in Delhi, choose where to invest their money. To understand this, the researchers asked various investors about their preferences using a questionnaire. The study found that things like gender, age, and job have a big impact on how people decide where to invest. It also looked at how different age groups think differently when choosing an investment option. In the end, the study shows that, overall, most investors prefer investing in government securities (like bonds) and commodities (like gold or oil) more than other types of investments.
3. **G. Velmurugan, V. Selvam, N. Abdul Nazar (July 2015)** Mediterranean Journal of Social Sciences The economic liberalization and globalization have created a dynamic environment for both common and small investors eager to explore various investment opportunities available in India. With a growing number of small investors who possess the ability to save and invest in diverse avenues such as the stock market, gold, real estate, insurance, and post office schemes, the landscape of investing has expanded significantly. In recent years, several studies have been conducted to understand investors' perceptions of various investment options. These studies often focus on equity, insurance, and mutual funds, providing valuable insights into the preferences and choices of investors in these sectors.
4. **Ashly Lynn Joseph, Dr. M. Prakash (2014)** International Journal of Management and Commerce Innovations Investing your money is an important decision, as it helps you grow your wealth over time. Investment involves using your money to buy financial products or valuable items with the expectation of earning returns in the future. However, many people are unsure about where, when, and how to invest the money they earn. To make wise investment choices, it's important to understand money, its value, available investment options, and the financial institutions that offer these services. Additionally, knowing about risks, returns, and other factors is crucial for managing your finances and achieving future goals. This study focuses on the various investment options available to people and the factors to consider when choosing an investment. A structured questionnaire was used for the study. Many people avoid taking risks with their money and prefer safer options like bank deposits, insurance, or post office savings. However, many are unaware of how to invest in the stock market, equities, or other higher-risk options. The golden rule of investing is "No pain, no gain," meaning that taking risks can lead to higher returns. While it's natural to want to avoid risk, taking calculated risks can lead to greater profits. Although investors cannot eliminate risk, they can reduce it by diversifying their investments. This study aims to raise awareness about the different investment options available and what factors to consider before making an investment.

Research Problem Definition

Investors today have many choices for where to put their money, like stocks, mutual funds, fixed deposits, gold, real estate, and newer options like cryptocurrencies and ETFs. However, picking the right option is not easy because it depends on several things, such as how much risk someone is willing to take, the returns they expect, their financial goals, and how quickly they may need their money back. Other factors like age, income, and education also play a big role in these decisions.

In Amravati, a city in Maharashtra that is growing and modernizing, people have a mix of traditional and modern investment preferences. It's important to study how these local investors make their choices. This means finding out what factors influence their decisions, how different groups of people (based on income, education, etc.) invest, and how these preferences change when the market or their financial knowledge changes.

Most research about investments focuses on big cities or national trends, but smaller cities like Amravati often have unique behaviors due to cultural and economic differences. Understanding these local preferences can help financial advisors, banks, and policymakers create better investment options and advice that suit the people of Amravati.

Objectives of the Study

1. To identify the most preferred investment avenues among investors in Amravati City
2. To examine the factors influencing investment decisions
3. To assess the impact of financial literacy on investment choices.

Scope of the Study

This study on "Investors' Preference for Diverse Investment Avenues" in Amravati city aims to explore various investment options, investor decision-making processes, and the influence of local factors on investment choices. It examines different investment avenues, including equities, fixed income instruments, real estate, gold and precious metals, mutual funds, and alternative investments, analyzing them in terms of returns, risk, liquidity, and long-term growth. The study also assesses investor demographics such as age, gender, income, education, and occupation, along with their risk appetite, to understand how these factors shape investment preferences. Additionally, it investigates historical investment trends, investor sentiment, and the impact of financial literacy on investment behavior in Amravati, highlighting the role of market conditions, government policies, and financial awareness in shaping investor decisions.

Research Methodology**Research Design**

The research design for the study is descriptive and analytical, aimed at understanding and evaluating the preferences of investors towards various investment avenues within Amravati city. The study involves a comparative assessment to identify patterns, preferences, and influencing factors that shape investment decisions.

Sources of Data Collection**1. Primary Data**

The primary data was collected using a structured questionnaire. The questionnaire was made to gather information on various investment options, such as stocks, mutual funds, real estate, and fixed deposits. It aims to assess the factors influencing investment decisions, such as risk tolerance, returns, and investment knowledge.

2. Secondary Data

Government Reports and Publications, Industry Reports and Market Research firms, Financial Institutions and Banks, Local Economic Surveys and Studies.

3. Tools of Data Evaluation

Structured questionnaires and standardized surveys were used to gather data, ensuring each investor in Amravati has an equal chance of selection through simple random sampling.

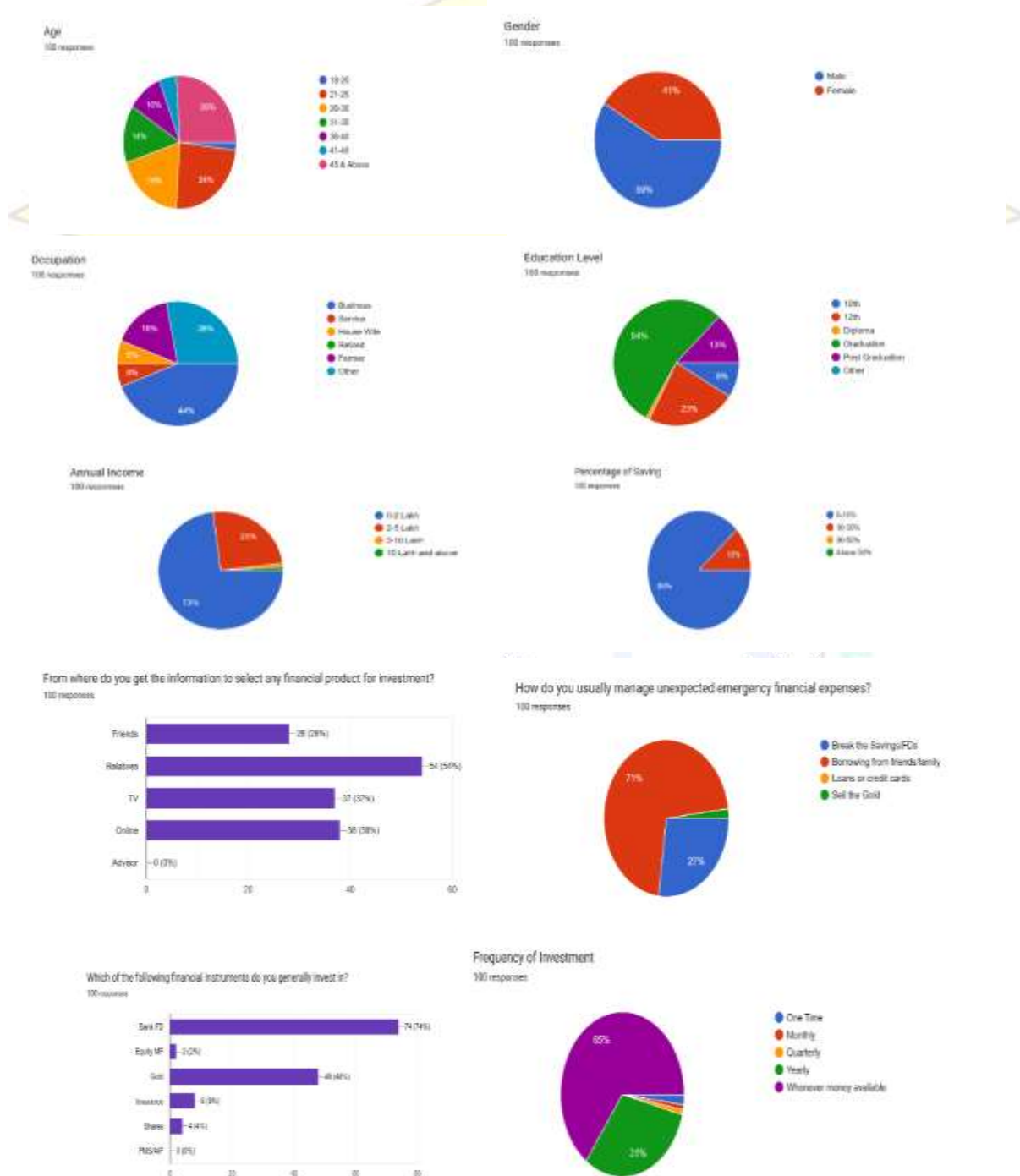
4. Sampling Design:

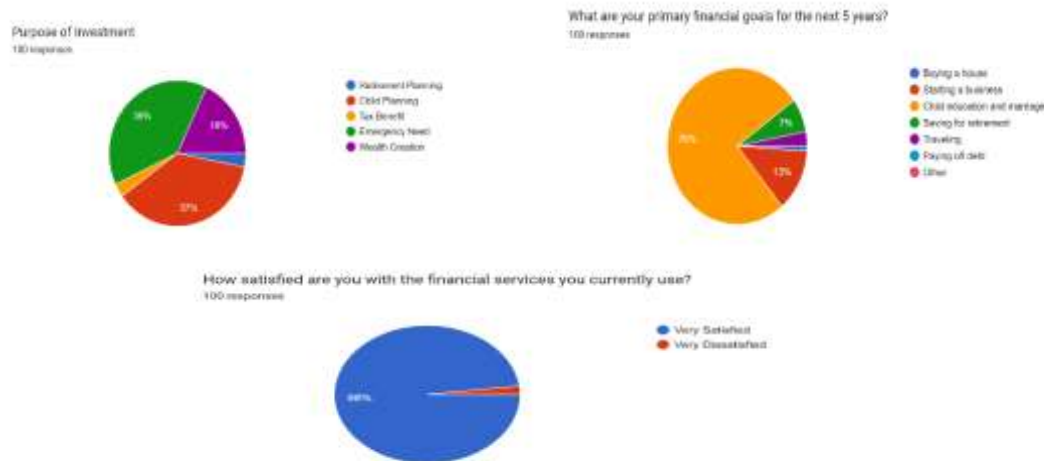
- i. Universe: The universe for this topic encompasses all individual investors in Amravati City exploring and utilizing various investment avenues.
- ii. Population: An individual investor in Amravati city who explore and prefer various investment avenues.
- iii. Sample Unit : An individual investors who invest in diverse investment avenues.
- iv. Sample Size : The sample size is 100 respondents from Amravati city.

5. Sampling Technique :

A simple random sampling involves selecting a random sample from the entire population of investors in Amravati City.

Data Analysis and Interpretation





Conclusion

The survey results key demographic and financial trends among respondents. The largest age group is 45 and above (26%), while young adults (21-25 years) also have significant representation. Gender distribution shows a male majority (59%) compared to females (41%). Occupational diversity is evident, with 44% in the "Other" category, followed by business professionals (28%) and farmers (16%). Education levels indicate that most respondents (54%) are graduates, while 23% have completed the 12th grade. Regarding investment preferences, bank fixed deposits are the most popular (74%), followed by gold (48%), while shares and equity mutual funds remain less favored. Additionally, 98% of respondents expressed high satisfaction with their financial services, reflecting a strong positive perception and minimal dissatisfaction.

Limitations of the study

1. The study is limited only for one academic year i.e., 2024-25.
2. The study focus on predefined avenues only.
3. Preferences may vary over time due to market changes.

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