

A STUDY ON ASSET PREFERENCES AMONG URBAN STAKE HOLDERS IN DELTA DISTRICTS OF TAMILNADU

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ABSTRACT

Money plays an important role in one's life. In order to overcome the difficulties in future they have to invest their money. Asset of hard earned money is a crucial activity of every human being. The importance of an asset is safety of principal total, liquidity, income stability, appreciation and easy transferability. A variety of asset avenues are available such as shares, bank, gold and silver, real estate, life insurance and postal savings and so on. Asset is the commitment of funds which have been saved from current consumption with the hope that some benefits will be received in future. Through this study, an analysis has been made to know awareness and preference of stake holders towards asset avenues in Tamil Nadu State. All the stake holders invest their surplus money in the above mentioned avenues based on their risk taking attitude. "No pain no gain" it is the golden principle of asset management. In this fast moving world, we can earn more and more money. More risk leads to more profit. Stake holders cannot avoid risk but they can minimize the risk by investing their money in various forms of assets so that they can get a moderate profit. Hence the researcher has concluded that most of the stake holders prefer bank deposits followed by gold asset in the study Area.

Keywords: Stakeholders towards, Total, Liquidity, Income Stability, Appreciation and Easy Transferability.

1. INTRODUCTION

Asset is time, energy, or matter spent in the hope of future benefits actualized within a specified date or time frame. This article concerns asset in finance. In finance asset is buying or creating an asset with the expectation of capital appreciation, dividends, interest earning, rents or some combination of the returns. This may or may not be backed by

research and analysis. Most or all forms of asset involve some form of risk, such as asset in equities, property, and even fixed interest securities which are subject, among other things, to inflation risk. In finance, asset is the purchase of an asset or item with the hope that it will generate income or appreciate in the future and be sold at the higher price. A good asset strategy will diversify the portfolio according to the specified needs. Assets are often made indirectly through intermediaries, such as pension funds, banks, brokers, and insurance companies. These institutions may pool money received from a large number of individuals into funds such as asset trusts, unit trusts to make large scale assets. Each individual investor then has an indirect or direct claim on the assets purchased, subject to charges levied by the intermediary, which may be large and varied. It generally, does not include deposits with a bank or similar institution. Asset usually involves diversification of assets in order to avoid unnecessary and unproductive risk.

2. ASSET IN INDIA

India is one of the top five economies in the world in terms of market potential and is placed above countries like France, Italy, Russia and the United Kingdom. India is also ranked as the third biggest economy in Asia in terms of gross domestic product. All these make asset in India a lucrative option for the stake holders across the world. The asset market in India offers lots of possibilities for the stake holders as the level of purchasing power are improving over time. The

stake holders stand to gain in each and every areas of business in India. However the response from the outstation stake holders has been lukewarm compared to other countries like China. Stake holders in Europe consider the Indian asset market to be a favorable option in spite of the persistent political turmoil in this part of the world. There are certain factors that have been acting as deterrents for outstation stake holders in India like official difficultiess, power cuts and infrastructural inadequacies. It is expected that India would pretty soon be counted amongst the three best economies in the world and this suggests that there would be huge inflow of foreign funds in the Indian asset market. The recent boom in IT sector has played a crucial role in expanding the domain of Indian asset market. In order to gain benefits from asset in India it is imperative that the prospective stake holders do not think of any short-term profits as any financial gain could only be accrued from long-term asset. The organizations willing to invest in India need to undertake extensive research so as to understand the workings of the Indian asset market. It is highly necessary for the prospective stake holders to have an accurate understanding of the complications as well as the potential of the Indian market in order to be successful in long run.

EQUITY SHARES:

Equity assets represent ownership in a running company. By ownership, we mean share in the profits and assets of the company but generally, there are no fixed returns. It is considered as a risky asset but at the same time, they are most liquid assets due to presence of stock markets.

DEBENTURES OR BONDS:

Debentures or bonds are long term asset options with a fixed stream of cash flows depending on the quoted rate of interest. They are considered relatively less risky. Total of risk involved in debentures or bonds is dependent upon who the issuer is. For example, if the issuer is government, the risk is assumed to be zero. Following alternatives are available under debentures or bonds: Government securities, Savings bonds, Public Sector Units bonds, Debentures of private sector companies, Preference shares.

MUTUAL FUNDS:

Mutual funds are an easy and tension free way of asset and it automatically diversifies the assets. Mutual fund is an asset mix of debts and equity and ratio depending on the scheme. They provide with benefits such as professional approach, benefits of scale and convenience. In mutual funds also, we can select among the following types of portfolios: Equity Schemes, Debt Schemes, Balanced Schemes, and Sector Specific Schemes etc.

LIFE INSURANCE AND GENERAL INSURANCE:

They are one of the important parts of good asset portfolios. Life insurance is an asset for security of life. The main objective of other asset avenues is to earn return but the primary objective of life insurance is to secure our families against unfortunate event of our death. It is popular in individuals. Other kinds of general insurances are useful for corporate. There are different types of insurances which are as follows: Endowment Insurance Policy, Money Back Policy, Whole Life Policy, Term Insurance Policy, and General Insurance for any kind of assets.

REAL ESTATE:

Every investor has some part of their portfolio invested in real assets. Almost every individual and corporate investor invests in residential and office buildings respectively. Apart from these, others include: Agricultural Land, Semi-Urban

Land, Commercial Property, Raw House, and Farm House etc...,

PRECIOUS OBJECTS: Precious objects include gold, silver and other precious stones like diamond. Some artistic

people invest in art objects like paintings, ancient coins etc.

NON MARKETABLE SECURITIES: Non marketable securities are those securities which cannot be liquidated in the financial markets. Such securities include: Bank Deposits, Post Office Deposits, Company Deposits, and Provident Fund Deposits.

3. REVIEW OF LITERATURE

King, J.S., (2009) examined the Asset choices of salaried class in Thanjavur Taluk, Tamilnadu, India with the help of 100 respondents as a sample size and it reveals that as per Income level of employees, invest in different avenues. Age factor is also important while doing assets.

Dr. V. L. Shobhana and J. Jayalakshmi in their study titled “Stake holders Awareness and Preferences – A Study” (2006) has examined the level of investor awareness regarding asset options and asset risks. The analysis revealed that the asset in real estate is preferred by a majority of the respondents. The second most preferred asset is bank deposits. Demographic variables such as age and education do not have significant influence over investor’s awareness whereas difference in occupational status leads to difference in the awareness level of Stake holders.

STATEMENT OF THE DIFFICULTIES:

Savings (or) Assets are acknowledged as powerful tools in the alleviation of poverty. Investing even a small total can produce considerable rewards over the long-term. But we need to make the decision of how much to invest and where to invest. To choose wisely, we need to know the asset options thoroughly. But there will be confusion among the people for the selection of best asset avenues and this is the major difficulties of the stake holders. While investing money, the stake holders are having a lack of awareness of asset alternatives. When they take asset decisions they have to pay more attention to safety, liquidity, returns, risks, tax benefits and so on in addition to the assets option. The above factors will confuse the stake holders while investing the money. The investor should be careful in selecting the asset avenue. He should exercise his skill, knowledge and experience in choosing the asset opportunity. In this context, the present study becomes highly essential.

SCOPE OF THE STUDY:

The study is confined to the factors considered by the stake holders while making their asset. Their level of awareness about the various aspects of asset avenues available in the study area is considered.

NEED FOR THE STUDY:

Indian economy is growing significantly. It has various asset options. The study has been undertaken to analyze whether the asset avenues have gained importance among the people (or) not. Against this back drop of the research, the researcher tries to find out the asset preference of the respondents of Thanjavur District.

OBJECTIVES OF THE STUDY:

- To examine the demographic details of respondents
- To understand the awareness of people towards various asset avenues
- To analyze the investor's preference towards various asset avenues.

SAMPLING DESIGN:

The validity of any research is based on the systematic method of data collection and analysis of the data collected. The study is based on the data collected from individual stake holders in Thanjavur Districts of Tamilnadu. The stake holders are selected by convenient sampling technique. Accordingly the researcher has selected 160 respondents in the study area.

HYPOTHESES:

The following hypotheses have been framed for the study:

- There is a significant relationship between sex and awareness about the assets.
- There is a significant relationship between the educational qualification and level of awareness of the assets.
- There is a significant relationship between the income and awareness of the assets.

The data are analyzed by adopting the under mentioned techniques

- Chi- square test

PERIOD OF THE STUDY:

The data are collected for a period of Six Months (i.e.) from January 2015 to June 2015. The data collected are the opinion of stake holders and their expectations are also analyzed.

AREA OF THE STUDY:

The study is based on the data collected from individual stake holders in Thanjavur district of Tamilnadu. The following table

1 displays the demographic factors of stake holders.

TABLE 1: ANALYSIS OF DEMOGRAPHIC FACTORS OF STAKE HOLDERS

S.No	Investor's particulars	No of respondents	Percentage (%)
1	Gender	Male	58.75
		Female	41.25
2	Age	21 – 30	18.12
		31 – 40	38.12
		41 – 50	25.00
		51 – 60	11.88
		Above 60	6.88
3	Occupation	Business	20.63
		Professional	15.00
		Salaried	38.12
		Self employed	20.00
		Retired	6.25
4	Educational Qualification	SSLC	22.50
		HSC	18.12
		Graduate	25.63
		Post Graduate	20.00
		Professional	13.75

Source: Primary Data

The above table 1 shows that 58.75% of the respondents are male and the rest of them 41.25% are female. When it comes to age, it is found that 29 stake holders (18.12%) belong to the age group of less than 30. Hence it can be inferred that the younger generation think of savings and assets in their early phase of employment or business. Stake

holders in the age group of 31-40 are 61 in number constituting 38.12%, Stake holders of age group of 41 to 50 are 40 in number, and Stake holders of age group of 51 to 60 are 19 in number. An interesting finding is that 6.88% of stake holders are above the age of 60. Among the respondents, 36 respondents (22.50%) are with a High School or Matriculation, 29 respondents (18.12%) with Higher Secondary, 41 respondents (25.63%) are graduates, whereas the majority of the stake holders are graduates having the maximum number of respondents (25.63%). Post graduates constituting 20% and 22 respondents (13.75%) are professionals. As regards occupation, 20.63% of the stake holders are employed in business; 15% of the stake holders are professional, 38.12% of the stake holders are salaried; 20% are self-employed and the rest of the 6.25% are retired.

4. PREFERENCE OF ALTERNATIVE ASSETS

There are so many asset avenues available in the market, so the stake holders have to take asset decision very carefully. A study is made to identify their asset preference. The following table 2 displays the asset options.

TABLE 2: PREFERENCE OF ALTERNATIVE ASSETS

S.No	Options	No. of Respondents	Percentage (%)
1	Bank deposits	53	33.12
2	Stock market	12	7.50
3	Gold	22	13.75
4	Real Estate	18	11.25
5	Postal savings	17	10.63
6	Insurance	18	11.25
7	Others	20	12.50
Total		160	100

Source: Primary Data

The above table shows that out of 160 respondents 33.12 percentages of the stake holders prefer to invest their money in Bank deposits; 13.75 of the stake holders invest their money in gold; 12.50 percentages of stake holders invest their Money in others. 11.25 percentage of the stake holders invest their money in Real estate and insurance; 10.63 percentage of the respondents invest their money in postal savings and the remaining 7.50 percentage of the stake holders invest their money in stock market. Most of the stake holders invest their money in Bank Deposits, because they want only safety to their asset total.

Figure: 1 PREFERENCE OF ASSETS AVENUES

5. AWARENESS ABOUT THE ASSET AVENUES

A survey was made among the respondents about their knowledge on various asset avenues and the results of that have been presented in the following table.

TABLE: 3 AWARENESS ABOUT THE ASSET AVENUES

S.No	Awareness about the asset avenues	No. of respondents	Percentage
1	Yes	104	65
2	No	56	35
Total		160	100

Source: Primary Data

From the above table, we can know that out of 160 respondents 65 percentages had the knowledge on various asset avenues of asset and the remaining 35 percentages of them had no knowledge about various asset alternatives. Above table indicates that most of the respondents know about the various asset avenues of the assets.

6. TESTING OF HYPOTHESIS

“There is a significant relationship between sex and the asset awareness level”.

To test the above hypothesis the researcher has used the „chi square test“.

TABLE 4: OBSERVED FREQUENCY

Gender	Awareness	Not awareness	Total
Male	70	24	94
Female	34	32	66
Total	104	56	160

Source: Primary data

CHI- SQUARE TEST:

O	E	(O-E)	(O-E) ²	(O-E) ² /E
70	61.10	8.90	79.21	1.29
24	32.90	-8.90	79.21	2.40
34	42.90	-8.90	79.21	1.84
32	23.10	8.90	79.21	3.42
Total				8.95

The calculate value (8.95) is more than the table value. So hypothesis is rejected

Conclusion:

Hence it is concluded that “there is no significant relationship between the sex and the investor’s awareness level”

Testing Hypothesis:

“There is a significant relationship between income level and awareness of the stake holders”.

To test the above hypothesis the researcher has used the “chi square tes”t.

TABLE 5: OBSERVED FREQUENCY

S.No	Income level	Awareness	Not awareness	Total
1	Up to Rs.10,000	12	15	27
2	Rs.10,001 –Rs. 20,000	29	14	43
3	Rs.20,001 –Rs.30,000	26	10	36
4	Rs.30,001 –Rs.40000	22	11	33
5	Above Rs.40,000	15	06	21
Total		104	56	160

Source: Primary data

CHI- SQUARE TEST:

O	E	(O-E)	(O-E) ²	(O-E) ² /E
12	17.55	-5.55	30.80	1.75
15	9.45	5.55	30.80	3.26
29	27.95	1.05	1.10	0.04
14	15.05	-1.05	1.10	0.07
26	23.40	2.60	6.76	0.29
10	12.60	-2.60	6.76	0.54
22	21.45	0.55	0.30	0.01
11	11.55	-0.55	0.30	0,02
15	13.65	1.35	1.82	0.13
16	7.35	-1.35	1.82	0.24
Total				6.35

Degrees of Freedom

$$V = (r - 1)(c - 1)$$

$$V = (5 - 1)(2 - 1)$$

$$V = 4$$

4 degrees of freedom 5% level of significance is 9.488

The calculated value (6.35) is less than the table value. So hypothesis is accepted.

Conclusion:

Hence it is concluded that, "There is no significant relationship between educational qualification and awareness of the investors".

To test the above hypothesis the researcher has used the „chi square test“.

TABLE 6: OBSERVED FREQUENCY

Education	Awareness	Not awareness	Total
SSLC	13	23	36
HSC	16	13	29
Graduate	31	10	41
Post Graduate	25	07	32
Professional	19	03	22
Total	104	56	160

Source: Primary data

CHI-SQUARE TEST:

O	E	(O-E)	(O-E) ²	(O-E) ² /E
13	23.40	-10.40	108.16	4.62
23	12.60	10.40	108.16	8.58
16	18.85	-2.85	8.12	0.43
13	10.15	2.85	8.12	0.80
31	26.65	4.35	18.92	0.71
10	14.35	-4.35	18.92	1.32
25	20.80	4.20	17.64	0.84
7	11.20	-4.20	17.64	1.57
19	14.30	4.70	22.09	1.54
3	7.70	-4.70	22.09	2.86
Total				23.27

Degrees of Freedom

$$V = (r - 1)(c - 1)$$

$$V = (5 - 1)(2 - 1)$$

$$V = 4$$

4 degrees of freedom 5% level of significance is 9.488

The calculated value (23.27) is more than the table value. So hypothesis is rejected.

Conclusion:

Hence it is concluded that, “There is a significant relationship between income level and awareness of the investors”

Testing Hypothesis:

“There is a significant relationship between educational qualification and awareness of the investors”.

7. FINDINGS

1. In the study the researcher has investigated 160 respondents of Thanjavur district and it reveals that 65 percentages of respondents are aware about the asset avenues whereas 35 percentages are unaware.

2. Most of the respondents are in the age group between 31 to 40 years

3. Among the sample stake holders, majority 25.63 percentage of them educated up to graduation level.

4. The study reveals that most of the stake holders belong to salaried employees.

5. It is understood that most of the stake holders have a monthly income of Rs.10, 000 to Rs.20, 000.

6. Most of the stake holders have made their asset in banks followed by gold in the study area.

7 The researcher has used “chi-square test” to test the hypothesis that there is a significant relationship between the sex and the awareness level”. The hypothesis has been rejected. There is no relationship between sex and level of awareness.

8. The investigator has applied “chi-square test” to test the hypothesis that there is a significant relationship between income level and the awareness level of the stake holders. The hypothesis has been accepted. There is a relationship between level of incomes and the level of awareness.

9. The researcher has used “chi-square test” to test the hypothesis that there is a significant relationship between educational level and awareness level. The hypothesis has been rejected. There is no relationship between educational level and level of awareness.

8. CONCLUSION

It is concluded that among the various asset alternatives the stake holders in rural and urban area still prefer bank deposits. The major reason for selecting this asset is owing to safety and security. Only a few stake holders preferred the asset on stock market but they are not aware of the market value of their holdings. "No pain no gain" it is the golden principle of asset management. In this fast moving world, we can earn more and more money. More risk leads to more profit. Stake holders cannot avoid risk but they can minimize the risk by investing their money in various forms of assets so that they can get a moderate profit. The results of the study indicate that the stake holders prefer to invest only in safer avenues. Among the various asset avenues, bank deposits and gold are the most preferred avenues, while insurance schemes and post office instruments are getting increased attention. Hence the researcher has concluded that most of the stake holders prefer bank deposits followed by gold asset in the study Area.

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