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Financial Planning and Preferences of Investment Avenues towards Coastal Districts of East and West Godavari in Andhra Pradesh

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ABSTRACT
This research explores financial planning behaviors and investment preferences among individuals residing in the coastal districts of East Godavari and West Godavari in Andhra Pradesh, India. Using a sample of 170 respondents, the study employs statistical tools such as descriptive statistics, Chi-square tests, and ANOVA to understand the demographic influence and preference patterns for various investment avenues including fixed deposits, mutual funds, real estate, stocks, and insurance. The findings suggest significant demographic impacts on investment preferences, with a growing inclination towards mutual funds and insurance among younger investors.

Keywords: Financial planning, Investment Preferences, Mutual Funds, East Godavari, West Godavari, Financial Avenues, ANOVA, Chi-square.

INTRODUCTION:

Investment planning is a crucial aspect of personal finance, especially in growing economies like India. East Godavari and West Godavari districts, with their blend of urban and rural populations, provide a unique setting to examine financial behavior. This study aims to fill the gap in understanding regional investment trends and decision-making processes.

Financial planning is a crucial component of individual economic well-being, enabling people to allocate resources wisely, prepare for future needs, and achieve long-term financial security. It involves evaluating income, expenses, savings, and investments to meet personal and family goals. In today's dynamic financial environment, individuals are faced with a growing array of investment options ranging from traditional avenues like bank deposits and insurance policies to modern instruments like mutual funds, equities, real estate, and digital assets.

The Indian financial market has evolved significantly over the past two decades with increasing awareness, technology-driven platforms, and regulatory reforms. However, the investment behavior of individuals is not uniform across regions and is often influenced by socio-demographic factors such as age, gender, education level, income, and occupation. In less urbanized or semi-urban districts, such as East Godavari and West Godavari in Andhra Pradesh, traditional beliefs, limited access to financial education, and risk aversion often guide financial decisions.

These coastal districts, with their mix of urban, rural, and agricultural populations, offer a unique demographic and economic profile. Understanding how individuals in these areas plan their finances and make investment choices is essential for designing inclusive and effective financial strategies. Despite the importance of such insights, there is limited empirical research focused specifically on these regions.

This study aims to bridge this research gap by analyzing the financial planning behavior and investment preferences of individuals in East and West Godavari districts. It further investigates the impact of demographic variables on investment decisions using statistical tools such as descriptive statistics, Chi-square tests, and ANOVA. The findings of this research are expected to contribute valuable insights for policymakers, financial institutions, and educators to promote better financial inclusion and literacy.

Statement of the Problem:

Despite the growing availability of diverse financial products and services in India, many individuals, especially in semi-urban and rural regions like the coastal districts of East Godavari and West Godavari, continue to rely heavily on traditional and low-risk investment avenues such as bank deposits and insurance policies. This limited diversification may hinder long-term financial growth and wealth creation.

LITERATURE REVIEW:

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- SEBI Investor Survey Report (2015) highlighted limited penetration of equity investments in rural areas.
- A study by Chaturvedi and Khare (2012) revealed that younger investors show increasing interest in mutual funds and equities, contrasting with older generations who prefer traditional investment options.
- According to Bhushan and Medury (2014), financial literacy significantly improves the ability of individuals to plan and invest effectively. Their study highlights that individuals with better financial awareness tend to prefer a diversified portfolio and are more likely to invest in equity markets.
- Al-Tamimi and Kalli (2009) emphasized the role of financial knowledge and risk tolerance, identifying a positive relationship between financial education and sound investment decisions among investors in the UAE.
- Sultana and Pardhasaradhi (2012) examined investor behavior in India and found that demographic factors such as age, gender, and education strongly influence investment preferences. Young investors showed a growing interest in mutual funds, while older respondents preferred traditional avenues like fixed deposits and insurance.
- Rooij, Lusardi, and Alessie (2011) argued that low levels of financial literacy are associated with less participation in the stock market. This has implications for wealth accumulation and long-term financial security. Their study supports targeted educational programs to encourage risk-adjusted investments.
- Kumari and Devi (2019) explored investment behavior among working women and found that safety and liquidity were key decision-making criteria. Women were inclined toward low-risk investments like gold, fixed deposits, and insurance, contrasting with the more aggressive strategies observed among male investors.
- Goyal and Sharma (2014) studied the investment behavior of salaried individuals and concluded that income level, age, and job stability affect risk appetite and investment choices. Respondents with higher income and job security preferred long-term investments in mutual funds and real estate.
- Jain and Singh (2020) revealed that urban investors show more inclination toward equity and systematic investment plans (SIPs) due to increasing digitization and access to investment platforms. Their findings suggest a growing need for mobile-based financial tools, especially among younger demographics.
- Reddy and Rao (2015) have investigated investment behavior in Andhra Pradesh, concluding that despite increased awareness, a significant portion of the population still prefers conventional investment avenues due to perceived safety and lack of trust in market-linked instruments.
- Bhushan and Medury (2014) emphasized the role of financial literacy in shaping investment behavior, arguing that informed individuals are more likely to explore diverse investment options beyond traditional avenues. Similarly,
- Singh and Vanita (2017) highlighted that salaried individuals predominantly favor secure investment avenues such as fixed deposits and insurance due to a lower risk appetite.

Lusardi and Mitchell (2014) presented a broader perspective on how financial literacy affects saving and investment behavior globally. Their findings support the view that targeted financial education initiatives can lead to more effective financial planning and asset allocation. In regional studies, Mishra and Singh (2011) in Odisha and Somasundaram and Padmaja (2015) in Tamil Nadu found similar patterns of risk-averse behavior among salaried individuals, with a preference for bank deposits and insurance policies. These preferences were strongly influenced by cultural and regional values, suggesting that localized financial education strategies are essential. Desigan et al. (2006) explored the investment preferences of women investors and found that security, trust, and long-term value were primary decision factors. Their study resonates with this paper's findings on gender-based differences in financial preferences in East and West Godavari districts.

Further, Gambhir and Kapoor (2013) and Dangi and Kumar (2013) observed that while mutual funds and equity markets are gradually gaining popularity, there remains a trust deficit among conservative investors. This aligns with the findings of the current study where traditional instruments like bank deposits and insurance dominate the investment landscape.

Pandian and Savarimuthu (2012) added psychological insights to the field, suggesting that personality traits and behavioral biases often override rational financial planning. Their work underscores the need for behavioral finance frameworks in evaluating investor decisions.

Lastly, Rao (2012) in a study in Hyderabad found that urban investors are more open to financial innovation, such as SIPs, ULIPs, and online trading platforms, as compared to semi-urban or rural investors, indicating the influence of geography and technology penetration on investment preferences.

OBJECTIVES OF THE STUDY:

The main objectives of the present study are :

i) To study the financial planning habits of individuals in coastal districts.

ii) To analyze the investment preferences among different financial avenues.

iii) To examine the influence of demographic factors on investment choices.

RESEARCH METHODOLOGY:

Selection of Sample: The data needed for the study is collected from the select target respondents of in the Coastal Districts of East and West Godavari Andhra Pradesh. The target respondents are the rural households of age 18 or above. The data was collected from a total of 39 Mandals (East Godavari 19 and West Godavari 20) Coastal districts of East and West Godavari of Andhra Pradesh.

Data Collection: The data needed for the study is collected from both primary and secondary sources. The secondary sources include the reports published by the financial market regulators and other institutions in the primary market, websites of Government of Andhra Pradesh.

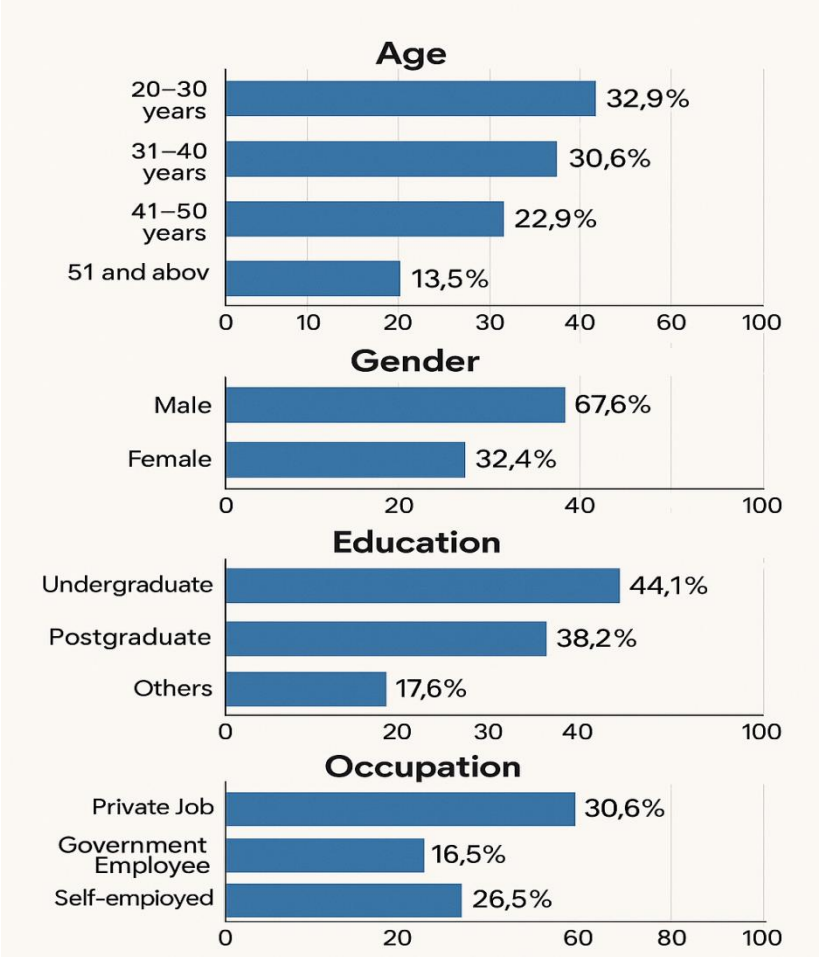
Sampling Design: The stratified random sampling technique is used to collect information from the target respondents. The population from which the sample is drawn is divided into different mandals based on population of the East and West Godavari Andhra Pradesh. Sample Size: The total sample size is 170 from East and West Godavari of Andhra Pradesh.

- Statistical Tools: The entire data collected will be coded and computerized in Excel sheets and Descriptive statistics, Chi-square test, One-way ANOVA

DATA ANALYSIS AND INTERPRETATION:

Table 1: Source from primary data Socio and economic factors

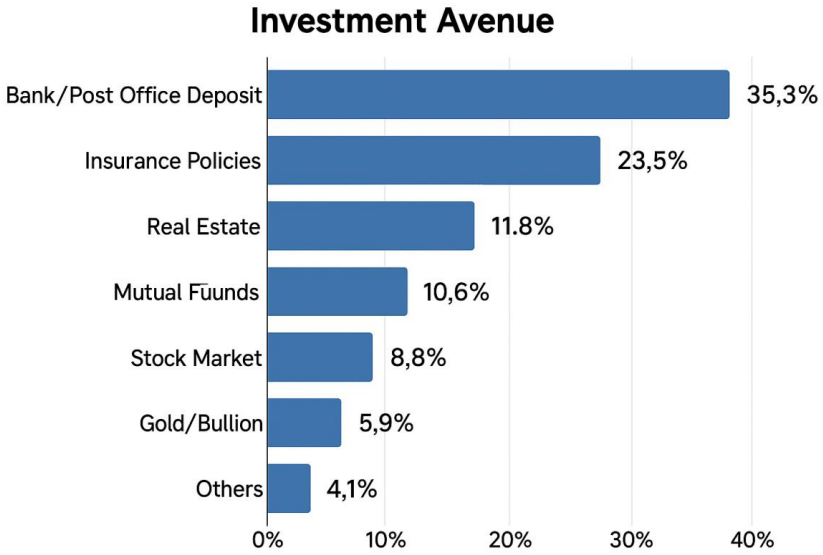
Demographic Variable	Category	Frequency	Percentage
Age	20–30 years	56	32.90%
	31–40 years	52	30.60%
	41–50 years	39	22.90%
	51 and above	23	13.50%
Gender	Male	115	67.60%
	Female	55	32.40%
Education	Undergraduate	75	44.10%
	Postgraduate	65	38.20%
	Others	30	17.60%
Occupation	Private Job	52	30.60%
	Government Employee	28	16.50%
	Self-employed	45	26.50%
	Student/Retired	45	26.50%



Graph 1: Socio and economic factors

Table 2: Source from primary data Investment Preferences

Investment Avenue	Respondents	Percentage
Bank/Post Office Deposits	60	35.30%
Insurance Policies	40	23.50%
Real Estate	20	11.80%
Mutual Funds	18	10.60%
Stock Market	15	8.80%
Gold/Bullion	10	5.90%
Others	7	4.10%



Graph 2: Investment Preferences

Table 3: Distribution by Age Group and Investment Avenue

Age Group	Bank/PO Deposits	Insurance	Real Estate	Mutual Funds	Stock Market	Gold/Bullion	Others	Total
	n (%)	n (%)	n (%)	n (%)	n (%)	n (%)	n (%)	
20–30 years	15 (26.8%)	10 (17.9%)	5 (8.9%)	12 (21.4%)	9 (16.1%)	3 (5.4%)	2 (3.6%)	56
31–40 years	22 (42.3%)	12 (23.1%)	7 (13.5%)	6 (11.5%)	3 (5.8%)	2 (3.8%)	0 (0.0%)	52
41–50 years	14 (35.9%)	10 (25.6%)	6 (15.4%)	2 (5.1%)	2 (5.1%)	3 (7.7%)	2 (5.1%)	39
51 and above	9 (39.1%)	8 (34.8%)	2 (8.7%)	1 (4.3%)	1 (4.3%)	2 (8.7%)	0 (0.0%)	23
Total (n = 170)	60 (35.3%)	40 (23.5%)	20 (11.8%)	18 (10.6%)	15 (8.8%)	10 (5.9%)	7 (4.1%)	170

Interpretation: Younger respondents (20–30 years) show higher interest in market-based investments like Mutual Funds (21.4%) and Stock Market (16.1%), suggesting greater risk tolerance and return expectation. Middle-aged groups (31–50 years) prefer Bank Deposits (35–42%) and Insurance, indicating a balanced approach between risk and safety. Older respondents (51+) overwhelmingly choose safe avenues like Bank/PO Deposits (39.1%) and Insurance (34.8%), reflecting a conservative financial strategy aimed at capital preservation.

Investment in Real Estate peaks among those aged 31–50 years, a typical phase for asset-building in life.

Table 4: Distribution of selection of investment avenues and Education

Financial Avenue	Undergraduate (Freq./%)	Postgraduate (Freq./%)	Others (Freq./%)	Total
Bank/PO Deposits	28 / 37.3%	20 / 30.8%	12 / 40.0%	60
Insurance Policies	18 / 24.0%	15 / 23.1%	7 / 23.3%	40
Real Estate	8 / 10.7%	6 / 9.2%	6 / 20.0%	20
Mutual Funds	7 / 9.3%	8 / 12.3%	3 / 10.0%	18
Stock Market	5 / 6.7%	8 / 12.3%	2 / 6.7%	15
Gold/Bullion	5 / 6.7%	5 / 7.7%	0 / 0.0%	10
Others	4 / 5.3%	3 / 4.6%	0 / 0.0%	7
Total	75 / 100%	65 / 100%	30 / 100%	170

Interpretation:
Undergraduates most frequently choose Bank/PO Deposits, followed by Insurance Policies.
Postgraduates are more diversified, showing relatively higher interest in Stock Market and Mutual Funds. Others (those with less formal education) overwhelmingly prefer Bank Deposits and Real Estate, with negligible participation in higher-risk avenues like Stock Market or Mutual Funds. This suggests education level positively correlates with diversification and willingness to take financial risks.

Table 5: Distribution Investment Avenue Selection and Occupation (in %)

Investment Avenue	Private Job (%)	Government Employee (%)	Self-Employed (%)	Student/Retired (%)
Bank/PO Deposits	32.7	35.7	37.8	36.4
Insurance Policies	25	28.6	22.2	20.5
Real Estate	11.5	10.7	13.3	13.6
Mutual Funds	11.5	14.3	8.9	6.8
Stock Market	7.7	3.6	6.7	6.8
Gold/Bullion	5.8	3.6	6.7	9.1
Others	5.8	3.6	4.4	6.8

Interpretation: Preferred by 37.8% of Self-Employed, followed closely by Government Employees (35.7%) and Student/Retired (36.4%). The second most preferred option, especially by Government Employees (28.6%) and Private Job holders (25.0%).Gaining moderate interest among Self-Employed (13.3%) and Student/Retired (13.6%).More popular among Government Employees (14.3%) and Private Job holders (11.5%). Least favored across the board, particularly low among Government Employees (3.6%).Slightly more favored by Student/Retired (9.1%), possibly due to traditional preferences or as a hedge against inflation.

Chi-square Analysis:

Chi-square Test: Chi-square tests were conducted to determine the association between demographic variables (Age, Gender, Education, Occupation) and investment preferences. The table below summarizes the Chi-square values and significance levels:

Table 6: Chi-square Test Results by Demographic Variable

Demographic Variable	Investment Avenue	Chi-square Value	Degrees of Freedom	p-value	Result
Age	All Categories	21.76	18	0.24	Not Significant
Gender	All Categories	13.45	6	0.037	Significant
Education	All Categories	22.18	12	0.035	Significant
Occupation	All Categories	19.62	15	0.186	Not Significant

The Chi-square test indicates a significant association between Gender and Education with investment preferences ($p < 0.05$).

ANOVA TEST:

Analysis of variance (ANOVA) was conducted to examine the effect of education level on investment preference scores. The results are presented below:

Table 7: Chi-square Test Results by Demographic Variable

Source of Variation	Sum of Squares (SS)	Degrees of Freedom (df)	Mean Square (MS)	F-value	p-value	Result
Between Groups	18.76	2	9.38	4.21	0.017	Significant
Within Groups	369.12	167	2.21			
Total	387.88	169				

The ANOVA test indicates a statistically significant difference in investment preferences based on education level ($F = 4.21$, $p < 0.05$). This suggests that education influences the choice of investment avenues.

FINDINGS:

i. Traditional avenues like FDs Bank, postal savings and insurance dominate investment choices.

ii. Education and age significantly influence investment preferences.

iii. Female investors tend to prefer secure options like insurance.

iv. Private employees and self-employed individuals show varied investment behavior.

v. Younger age groups show growing interest in mutual funds and SIPs.
vi. Higher income groups diversify across stocks and real estate.
Vii. Awareness and accessibility significantly affect investment choices.

SUGGESTIONS:

i. financial literacy programs should target different age groups and rural and semi-urban regions.
ii. Promote diversified investment portfolios based on demographic needs.
iii. Encourage digital and tech-driven investment tools for younger investors.

CONCLUSION:

The study reveals a gradual shift from traditional to modern investment avenues in East and West Godavari districts of Andhra Pradesh state, influenced heavily by demographic factors. There is a pressing need to improve financial awareness and infrastructure to foster better financial inclusion. And also this study provides insights that can help financial planners and institutions create targeted financial products and awareness campaigns.

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