

A STUDY ON INVESTMENT PATTERN AND PREFERENCE OF RETAIL INVESTORS

Submitted in partial fulfillment of the requirements for the award of

Master of Business Administration

by

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SCHOOL OF BUSINESS ADMINISTRATION

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

**Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by
AICTE**

Jeppiaar Nagar, RAJIV GANDHI SALAI, CHENNAI - 600 119

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of KANDANURU JEELAN BASHA 39410088 who have done the Project work entitled "**A study on investment pattern and preference of retail investors**" under my supervision from January 2021 to March 2021.

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DECLARATION

I **KANDANURU JEELAN BASHA 39410088** hereby declare that the Project Report entitled “**A study on investment pattern and preference of retail investors**” done by me under the guidance of **Dr. Y . AYSHA FATHIMA** at **SATHYABAMA INSTITUTE OF SCIENCE AND TECHNOLOGY, CHENNAI** is submitted in partial fulfilment of the requirements for the award of Master of Business Administration degree.

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ABSTRACT

Investment means putting your money to work for you. Essentially, it is different way to think about how to make money. Growing up, most of us taught that you can earn your income only by getting job & working. And that's exactly most of us do. This report is about study were to identify the preference of investors towards various investment avenues, public awareness & preference of mutual funds and find out the purpose and objectives of the investment. Also, the risk profile was accessed information pertaining to the factors affecting choice of mutual preferred mutual funds scheme's purpose of investment etc. The research design adopted was descriptive type. The sampling technique adopted was cluster simple random sampling. A total of 120 samples were interviewed and appropriate data were collected. All the data were compiled and analysed, using descriptive statistics as well as inferential statistics. Simple percentage analysis was used for descriptive analysis. Cross tabulation and chi-square were used for the inferential statistics. There are many different ways we can go about making an investment. This includes putting money into stocks, bonds, mutual funds, real estate & so on. Researchers has studied the different avenues of investments as well as the factors while selecting the investment with a sample size of 120 using a structured questionnaire. The present study identifies the preferred investment avenues among the individual investments using self-assessment test. T on primary sources of data which are collected by the distribution of a close ended questionnaire. The data has been analyzed using percentage, chi-square test using statistical software. This study deals with the behaviour of the investor to identify the better investment avenues available in India. The investment strategy is a plan, which is created to guide an investor to choose the most appropriate investment portfolio that will help them to achieve their financial goals within a particular period of time. By increasing personal wealth, investing can contribute to higher, overall economic growth and prosperity. The process of investing helps companies where they can raise their capital through financial markets. Specific types of investments provide other benefits for the investor, corporate as well as the society. The Indian investors are very much aware about the concept of portfolio allotments and risk and return of the investment. The mantra of the investment is „Prevention is better than Cure”

which is expected with more income but less risk. Financial markets are constantly becoming more efficient by providing more promising solutions to the investors. Being a part of financial markets although mutual funds industry is responding very fast by understanding the dynamics of investor's perception towards rewards, still they are continuously following this race in their endeavour to differentiate their products responding to sudden changes in the economy.

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CHAPTER-1

INTRODUCTION

1.1 INTRODUCTION

An investment is a sacrifice of current money or other resource for gaining benefits in future. Investment can be defined as the net addition to a nation's physical stock of capital and to own funds. In the present financial market scenario numerous avenues of investment are available. The two key factors of any investment are time and risk. Investment is the employment of funds with an aim to get additional income or growth in value. The essential quality of an investment is that it involves waiting for a reward. In simple terms, investment means conversion of cash or money into a monetary asset a claim on money for a future benefit or returns. Our economic well-being in the long run depends significantly on how wisely or foolishly we invest. "Investing is simple, but not so easy". Investing is also difficult because we must make lot of decisions-differentiating between needs and wants. It also creates confusion because there are a lot of alternatives available in market and they all have their own pros and cons.

According to Benjamin franklin "an investment is knowledge always pays the best interest".

There may be a lot of reasons to invest money like leave a lasting legacy. Medical emergencies, financial independence, secure family future, Tax benefits and capital growth etc.

Investment avenues: At present a wide variety of investing avenues are open to the investors to suit their need and nature. Knowledge about the different avenues enables the investors to choose investment intelligently. The required level of return and the risk tolerance level decide the choice of the investor. The investment alternatives range from high-risk financial instruments like equity, mutual funds, property etc. to low risk financial instruments like debt fixed deposits, KVP and NSC etc. India is experiencing a phase of saving and investment, especially with its working-class growth spurt. The goal of the study is to define the investment trend of retail investors with particular emphasis on the industry of mutual funds. It is interesting to see that while investment in physical assets is still the most attractive,

investment in equity and mutual funds is on the rise. The study findings indicate that the age of investors plays a vital role in the risk appetite difference. In addition, while both males and females are equally put on their factors for mutual fund choice, males position the brand images as least important, while females place investment volatility in the same class. Furthermore, a comparison of the age of 40 attach the greatest importance to a high return on investment, while those over the age of 60 prefer investments with a lower risk category, even if that means a lower return. The human resource requires more training and education so that they can perform well and increase the output which will ultimately increase the efficiency in the economy. There is need of regular investment in infrastructure facilities like roads, railways, factories etc. so the cost per unit of product can be minimized by maximizing the output. By improvising on these facilities labour will become more productive and eventually growth rate increases the natural resources also increase the growth rate and the economic development. These resources help in increasing the productivity which leads to economic growth. The term investment is used to convert the money or cash into the future return or claim the profit on future as return. Investment is an application which is used to claim the return and saving the future, Now I days stock exchange are the major attractions for investors to invest into shares, bonds etc. the investments decision have become more risky, more new entrants have entered into the capital markets with attractive screams of investments. As the size and volume of investors have increase and the capital markets have expanded rapidly, malpractices have increased tremendously; the investment in the stock market is very risky because the ultimate losers are always the household investor. Investments can range from simple bank savings accounts to complex stock and bond portfolios. After the introduction of Liberalization, Privatization and Globalization and robust growth in Indian economy, the general trend of Indian investors have moved away from fixed return avenues to more of other investment avenues due to extraordinary returns. The amount of information available for investing in various investment opportunities is continually growing. This has led to emergence of many new companies and also many existing public and private companies spreading their hands in providing new and innovative financial instruments to the investors. Investment benefits both economy and the society. It is an outgrowth of economic development and the maturation of modern capitalism.

For the economy as a whole, aggregate investment sanctioned in the current period is a major factor in determining aggregate demand and, hence, the level of employment. In the long term, current investment determines the economy's future productive capacity and, ultimately, a growth in the standard of living. By increasing personal wealth, investing can contribute to higher overall economic growth and prosperity. The process of investing helps to create financial markets where companies can raise capital. This too, contributes to greater economic growth and prosperity. Specific types of investments provide other benefits to society as well.

Individual savings and investment pattern plays important role in any economy since it is a major component of resource market. In the recent past the paradigm shift has been observed in the strategies of service sector in India. With the increase in purchasing power and the demand for a wide variety of products by the rural consumers, the rural markets offer new and greater opportunities to manufacturers of several consumer and industrial products in India. To tap this vast and expanding market, companies are developing effective marketing and advertising strategies based on their study and understanding of the rural consumer behaviour. There are certainly significant differences in the buying behaviour of the rural consumers from the stand point of product development, pricing policies, distribution, and after-sales service, which create differences in requirements for marketing strategies in rural India. Understanding consumer and their behaviour is at the heart of marketing. In recent times, there has been a preoccupation among financial institutions with customer retention and relationship marketing- essentially understanding the behaviour of consumers after the initial purchase made. To gain knowledge about the key factors that influences investment behaviour and where these factors impact on investment risk tolerance and decision-making process, primary data collection method has been used. The survey was conducted from rural and urban areas on the basis of their profession the data was analysed through SPSS software. The study concludes that the modern investors is a mature and adequately groomed person. In spite of the phenomenal growth in the security market and quality initial public offerings in the market the individual investors prefer investments according to their risk preference. The topic of fund selection behaviour of an individual investor with special reference to the different mutual fund schemes were studied. As per analysis of this study, 27% investors willing to invest their fund in the various

mutual funds. In this study most affecting factor for purchase the mutual fund was the portfolio diversification. Various statistical tools like principle component analysis were used to identify the investors financial behaviour related to fund selection. Most of the investors are unaware of the objectives & constraints about the mutual fund investment. The new era of marketing concepts and strategies place a special interest in the investors mind on needs in efforts to provide the high-level quality services. A negative correlation exists between advertisement and fund quality found by the Jones et al, during the period of 2007 with special reference from the specific sample. General investors expect that the mutual fund schemes are able to generate the moderate amount of return with a lower level of risk. The study revealed that good past performance, tax benefits, knowledge of the investors, rating of fund, advises given by brokers and agents market conditions all these factors influenced the investors to select mutual fund as their investment mode. The study revealed that inflation and deflation in the market, current political situations, family commitments, non-fulfilment of financial goals are the factors which influenced the investors to withdraw from the mutual funds hence to reduce the withdrawal of the loyal investors need to work on the factors that influences them to do and search for an alternative scheme which overcomes these negative aspects.

INVESTOR

An investor is who makes an investment into one or more categories of assets-equity, debt securities, real estate, currency, commodity, derivatives such as put and call options, etc. with the objective of making a profit.

INVESTMENT

Investment refers to the concept of deferred consumption, which involves purchasing an asset, giving a loan or keeping funds in a bank account with the aim of generating future returns. Various investment options are available, offering, differing risk-reward trade-offs. An understanding of the core concepts and a thorough analysis of the options can help an investor create a portfolio that maximizes returns while minimizing risk exposure.

Investment options available:

Today, there are large numbers of investments available. In India, people do savings to make their life better in the near future. There are many investment avenues, some of them are marketable whereas some are not and also some avenues are more risky & some of them are less risky, it depends on how much return will get in particular period of time. It depends on the investors who are risk lovers & who are not to invest in investment avenues.

Post office: Schemes specially designed for government employees; businessman & other salaried classes who are income tax assesses. In this scheme, there is no maximum limit for investment & also there is no tax deduction at source. Certificates can be kept as collateral to get loan from banks. The current rate in this scheme is 7.9%.

Real estate: This is an investment as old as the practice of land ownership. A person will buy a property and rent it out to a tenant. The owner, the landlord, is responsible for mortgage, taxes and maintenance of the property. Ideally, the landlord charges enough rent to cover all of the aforementioned costs. A landlord may also charge more in order to produce a monthly profit, but the most common strategy is to be patient and only charge enough rent to cover expenses until the mortgage has been paid, at which time the majority of the rent becomes profit. Furthermore, the property may also have appreciated in value over the course of the mortgage, leaving the landlord with a more valuable asset.

Mutual funds:

A mutual fund is a pool of money from numerous investors who wish to save or make money just like you. Investing in a mutual fund can be a lot easier than buying and selling individual stocks and bonds on your own. Investors can sell their shares when they want. As an investor, you own shares of the mutual fund, not the individual securities. Mutual funds permit you to invest small amounts of money, however much you would like, but even so, you can benefit from being involved in a large pool of cash invested by other people. All shareholders share in the fund's gains and losses on an equal basis, proportionately to the amount they've invested.

Bank fixed: A fixed deposit (FD): is a financial instrument provided by banks which provides investors with a higher rate of interest than a regular savings account, until the given maturity date. It may or may not require the creation of a separate account. The defining criteria for a fixed deposit is that the money cannot be withdrawn from the FD as compared to a recurring deposit or a demand deposit before maturity. Some banks may offer additional services to FD holders such as loans against FD certificates at competitive interest rates. It's important to note that banks may offer lesser interest rates under uncertain economic conditions. The interest rate varies between 4 and 11 percent. The tenure of an FD can vary from 7, 15 or 45 days to 1.5 years and can be as high as 10 years. These investments are safer than Post Office Schemes as they are covered by the Deposit Insurance and Credit Guarantee Corporation (DICGC). However, DICGC guarantees amount up to 1,00,000 (about) per depositor per bank. They also offer income tax and wealth tax benefits.

Equity: An equity investment generally refers to the buying and holding of shares of stock on a stock market by individuals and firms in anticipation of income from dividends and capital gains. Typically, equity holders receive voting rights, meaning that they can vote on candidates for the board of directors (shown on a diversification of the fund(s) and to obtain the skill of the professional fund managers in charge of the fund(s). An alternative, which is usually employed by large private investors and pension funds, is to hold shares directly in the institutional environment many clients who own portfolios have what are called segregated funds, as opposed to or in addition to the pooled mutual fund alternatives. A calculation can be made to assess whether an equity is over or under priced, compared with a long-term government bond. This is called the yield gap or Yield Ratio. It is the ratio of the dividend yield of an equity and that of the long-term bond.

Gold /Silver: The bullion offers investment opportunity in the form of gold, silver, art objects (paintings, antiques), precious stones and other metals (precious objects), specific categories of metals are traded in the metal exchange. The bullion market presents an opportunity for an investor by offering returns and the end value of future. It has been absurd that on several occasions, when stock market failed, the gold market provided a return on investments.

Types of investors:

1. Controlling shareholders/investors: This may comprise an individual a family, or group of corporations acting through a holding company or cross shareholders, by having a substantial shareholding, they can influence the working of the corporation.

2. Non-Institutional or individual shareholder/investors: They are widely scattered group of individuals holding small amounts of shares are known as minority shareholders.

3. Institutional shareholders: They represent an organized and highly motivated group; they are being dependent upon to improve the quality of governance in the corporation.

Flow chart draw shows the different categories of investors which includes the individuals and professional individual investors are those who invest their own savings while professional investors are those who manage the funds on behalf of others, like mutual funds provident funds etc. the individual were further divided into two categories. The first is the experienced investors who need to be properly advised about the intricacies of investment in industrial securities. The second one is experienced investor who understand the risks involved in investment and who need no advices.

Categories of investors

Individual investors

- a. Inexperienced
- b. Experienced
- c. Professional

The securities market occupies an important position in the national economy of a country. It facilitates the mobilization of the savings of individuals and pools them into reservoir of capital which can be deployed for the economic development of a country. Efficient stock markets are key to raising of capital by the corporate sector of the economy and the protection of interest of the investors. In the last decade, far reaching developments have taken place in the working of the stock market which has influenced the operations of all the players of the stock market.

Various Investment options in India

- 1) Savings Bank Account
- 2) Money Market Funds (also known as liquid funds)
- 3) Bank Fixed Deposit (Bank FDs)
- 4) Post Office Savings Schemes (POSS)
- 5) Public Provident Fund (PPF)
- 6) Company Fixed Deposits (FDs)
- 7) Bonds and Debentures
- 8) Mutual Funds
- 9) Life Insurance Policies
- 10) Equity Shares
- 11) Gold
- 12) New Pension Scheme
- 13) Real Estate
- 14) Government Securities

According to economics, investment is the utilization of resources in order to increase income or production output in the future. Investment means putting your money to work to earn more money. Done wisely, it can help you to meet your financial goals. You need not to be wealthy to be an investor. Investing even a small amount can produce considerable rewards over the long term, especially if you do it regularly. But you need to make decision about how much you want to invest and where to invest it. To choose wisely, you need to know the investment options thoroughly and their relative risk exposures. Financial planning is the process of meeting your life's goals through proper management of your finances. An amount deposited into a bank or machinery that is purchased in anticipation of earning income in the long run both are examples of investments. Although there is a general broad definition to the term investment, it carries slightly different meanings to different industrial sectors. When investing is done in Fixed Income Investments it means that the investment is done in term deposit in bank, post office deposit, insurance saving plan, pension funds, provident funds etc. Nevertheless, there are certain problems in investing this type of avenues. The major problem is that these types of the instruments are Low Returns, Risk of Repayment or Credit Risk and Non-transparency. These types of instruments yield very low returns, so you get

lower interest rates for the period you have invested it. Research design stands for advance planning of the methods to be adopted for collecting the relevant data and the techniques to be used in analysis, keeping in view the objectives of the research and availability of time. Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of this research is description of state of affairs as it exists at present. The research was conducted and insights were captured using both primary data, namely surveys, questionnaires and so on, and secondary data, that is, a thorough review of journals. The secondary data were collected through a literature review of articles, leading to the identification of the independent variables argued to affect investors' behaviour, their choice of the portfolio and its performance. The primary data were collected through an online questionnaire conducted with a sample population of individuals who hold an investment portfolio. The dependent and independent variables were identified and their relationship is shown in the diagram below.

Investors hold different perceptions on liquidity, profitability, collateral quality, statutory protection, etc., for various investment avenues. The formation of perceptions triggers the investment process in its own way. The personal as well as environmental factors influence investors in formulating their perceptions on investment avenues. An educated person perceiving an investment differs from an uneducated one. Similarly, the factors such as age, marital status, occupation, etc. have their influence on perceptual process. A young and unmarried person, for instance, prefers to invest in risky avenues, whereas an aged person with a family responsibility prefers less risky and steady income-generating avenues. Similarly, rural/urban background of individuals, availability of information, accessibility of avenues, etc. Influence individuals in developing their perception.

INVESTORS' AWARENESS AND PROTECTION:

Financial specialists have three destinations while contributing his surplus cash, to be specific wellbeing of contributed cash, liquidity position of contributed cash, and rate of profitability in chose securities. Ordinarily, a financial specialist craving to have security of his contributed reserves, liquidity of his ventures and a decent come back with least hazard. A financial specialist can be named individual or expert who deals with the assets for others. In the first place there are unpractised financial specialist who should be legitimately informed about the complexities with respect

to venture roads and openings in corporate securities. Besides, there are the accomplished financial specialists who comprehend the dangers required in the chose venture roads and who require no advices from others, his reaction or request just to be executed without much time. Thirdly, there are periodic speculators who look for guidance and help every so often with no craving to make a long-haul point of view. Financial specialist assurance is an exceptionally prominent expression which everybody worried with control of the capital markets utilizes nowadays, be they the Securities and Exchange Board of India, Stock Exchanges, Investor's affiliations or so far as that is concerned of truth the organizations themselves. The term Investor Protection is a wide term including different measures intended to shield the financial specialists from misbehaviours of organizations, dealer brokers, storehouse members and different middle people. Financial specialist Beware ought to be the watchword of all projects for preparation of reserve funds for venture. As all venture has some hazard component, this hazard figure ought to be borne mind by the financial specialists and they ought to play it safe to ensure their enthusiasm for the primary spot. On the off chance that alert is tossed to the winds and they put resources into any wander without an earlier evaluation of the hazard, they have just to censure themselves. Financial specialists are a heterogeneous gathering, they are vast or little, rich or poor, master or lay and not all speculators require level with level of assurance for their contributed sum from the corporate securities.

Summary of Studies on Investor Perception:

There are extensive studies, reports and books available on Investors' perception of financial markets. We have reviewed some literature pertaining to the topic under study. The relevant literature is reviewed on basis of reputed journals. Individuals invest their savings in different ways. The choice of investment is made by the family's set worth, family income, stage in life cycle, employment status of spouse, etc. Investment is a wisely function of our needs and goals. Every investor may have multiple numbers of investment objectives and requirements which they want to fulfil by their investment portfolio. Investors might be concerned with more than many reasonable factors such as risk and return. The general opinion is that women cannot bear more risk than men. But now the time has changed as women have great propensity to save and invest. Today, a great number of women are employed, having good career and are earning their livelihood. Now the women's attitude

towards investment avenues has been changing. Behavioural finance also plays an important role in the investment decision of women investors. Hence, the women's expectation and objective may be differs from person to person. Investment is the flow of capital which is used for productive purposes. There is a great emphasis on investment for being the primary instrument of economic growth and development for a country. Investment means an increase in capital spending and it helps in creating a robust economy. Investment is a component of aggregate demand. There are a large number of investment instruments available today. Some of them are marketable and liquid while others are non-marketable and illiquid. There are instruments which are highly risky while others are almost riskless. The investors choose avenues, depending upon their specific need, risk appetite, and return expected. Investment avenues can broadly be categorized into two spheres, namely, Economic Investment and Financial Investment. Purchasing of a physical asset such as a building or equipment is an economic investment. Economic investments contribute to the net additions to the capital stock of a society. Financial investments, on the other hand, refer to investment in financial instruments like shares, debentures, insurance policies, mutual fund units etc. Financial investments help in creating the capital stock of the country. In the long term, investment is important for improving productivity and increasing the competitiveness of an economy. Without investment, an economy could enjoy high levels of consumption, but this creates an unbalanced economy. The states having more commitments to investment are more progressive. In India, few states have created a niche for economic development, the main reason being that they attracted large Investments. As investments have a 'multiplier' effect, they generate income and employment and create demand and consumption. The study was conducted by using a structured questionnaire from a sample of 182 prospective retail equity investors residing twin cities of Hyderabad and Secunderabad cities. The results of the study revealed that behavioural factors such as Overconfidence, Disposition effect and Herd behaviour had significant and positive relationship with investment performance whereas market factors had negative relationship with investment performance. The findings of the study would be useful for the investors to have a better understanding of the common mistakes made in their decisions and to identify the behaviours which leads to better returns and also helpful to the financial planners and investment advisors to build suitable asset allocation policies for their

clients. There is an extensive research has been taken place in developed countries to understand the individual investor behaviour, but very few studies has been conducted in Asian countries especially in India. The results of the existing studies has revealed that apart from the fundamentals, there are numerous factors influencing the investor behaviour. Most of the studies on investor behaviour taken place on institutional investors and very few studies on individual investor behaviour. In this context, the present study mainly focused on retail equity investors who are residing twin cities of Hyderabad and Secunderabad cities. The present study has mainly focused on the most influencing behaviours such as Heuristic, Emotional, Herding and market behaviour on individual investors' decision-making process and how they impact the investment performance. Behavioural finance is focusing on individual investor behaviour at micro level and stock market behaviour at macro level by incorporating the psychology into financial theory. Studies on Behavioural finance shows how cognitive & emotional factors affect the rational behaviour in investment decision. An Understanding of how our emotions result in irrational behaviour is indispensable for any investor. The study of behavioural anomalies helps an investor to accomplish just that task. The study is quantitative in nature. Questionnaire method of collecting data is adopted. The questionnaire that has been put into study was developed by Loung and Thu Ha. A total of 200 questionnaires have been distributed and received 182 questionnaires which are fully completed and can be used for the research. It took 3 months to collect the responses. Simple random sampling technique was adopted to distribute the questionnaires. The respondents were from Hyderabad and Secunderabad cities. The study adopted the five-point Likert scale which seems appropriate and ideal for survey instrument. The respondents were furnished with scenario-based questions to which they were asked to mark their response in a range from 1. Capital Market is a one of the significant aspect of any financial market. Individual investors represent a vital element for the functioning of capital market. But In India, though the saving rate is high, barely two percent of these savings goes into financial markets. With the rise in income, consumption patterns have changed, and a new High class has emerged, which is growing at a fast pace. There are large numbers of investment opportunities available today. In this research work, it is going to briefly examine how the High-Income Group Individual Investor in Mumbai and Pune manage their investments- their investment behaviour, their perception on

investment and if there exists a trend in their investment decisions. The study has been done to find out the factors influencing their decisions on the Choice, Level and Size of investment in different financial instruments in Capital Market. The study is based on primary sources of data which are collected by distribution of a close ended questionnaire. The data has been analysed using percentage and chi-square test with the help of statistical software. The results highlight that certain factors like education level, awareness about the current financial system, age of investors etc... make significant impact while deciding the investment avenues and there exists a trend in the pattern of investment. Our descriptive analyses sheds new light on the links between income and investments. A well-organized and regulated capital market facilitates sustainable development of the economy by providing long-term funds in exchange of financial assets to investors. Investment is the employment of funds on assets with the aim of earning income or capital appreciation. Investment is the most important things today. In spite of such widespread interest of Indian investors in shares, investment knowledge is very much lacking in them. This is evident from the fact that most of them usually get attracted towards the stock exchanges like moths to a candle in periods of boom and rising prices in a bid to become rich quickly. A proper understanding of money, its value, the available avenues for investment, various financial institutions, the rate of return/risk etc., are essential to successfully manage one's finance for achieving life's goal. With the onset of globalization and the subsequent policy reforms, significant improvements have been made in the area of securities market in India. Dematerialization of shares was one of the revolutionary steps that the government implemented. This led to faster and cheaper transactions, and increased the volumes traded by many folds. The adoption of the market-oriented economic policies and online trading facility transformed Indian equity markets from a broker-regulated market to a mass market. This boosted the sentiment of investors in and outside India and elevated the Indian equity markets to the standards of the major global equity markets.

Concepts and Definitions:

Individual Investor: Any individual employing his funds for personal investment in the capital market with the objective of receiving future benefits and who takes the financial decisions of his own. It includes a person who owns any capital market instrument through inheritance.

Security: The term security means a capital market instrument, which may be a share, debentures or mutual fund scheme.

Capital Market Capital Market is a market for long term financial instruments consisting of shares, debentures and mutual fund schemes. It covers both primary market and secondary market.

Primary Market Primary market is that segment of capital market where new financial instruments like shares, debentures and mutual fund schemes are offered to investors for cash which are issued at par, at premium or at discount. It includes initial public offering, subsequent issues and private placement.

Secondary Market Secondary market is that segment of capital market where existing instruments are listed in the stock exchanges, which facilitate buying and selling of the securities. It includes any off-market transactions entered through a stockbroker.

Equity Market: The Indian Equity Market is more popularly known as the Indian Stock Market. The securities market is divided into two interdependent segments: The primary market provides the channel for creation of funds through issuance of new securities by companies, governments, or public institutions. In the case of new stock issue, the sale is known as Initial Public Offering (IPO). The secondary market is the financial market where previously issued securities and financial instruments such as stocks, bonds, options, and futures are traded. The Indian market has 22 stock exchanges. The larger companies are enlisted with BSE and NSE. The smaller and medium companies are listed with OTCEI (Over The counter Exchange of India).

Share: A share is a form of capital market instrument, which evidences fractional ownership of a corporate body and includes both equity shares and preference shares held in physical or electronic form.

Debenture: It is a credit instrument issued by a corporate body including a public sector undertaking whether convertible into shares or not and which carries a fixed rate of interest.

Derivative Markets: The emergence of the market for derivative products such as futures and forwards can be traced back to the willingness of risk adverse economic

agents to guard themselves against uncertainties arising out of price fluctuations in various asset classes. This instrument is used by all sections of businesses, such as corporate, SMEs, banks, financial institutions, retail investors, etc. According to the International Swaps and Derivatives Association, more than 90 percent of the global 500 corporations use derivatives for hedging risks in interest rates, foreign exchange, and equities. Three broad categories of participants—hedgers, speculators, and arbitrageurs—trade in the derivatives market.

Hedgers: They face risk associated with the price of an asset. They belong to the business community dealing with the underlying asset to a future instrument on a regular basis. They use futures or options markets to reduce or eliminate this risk.

Speculators: They have a particular mindset with regard to an asset and bet on future movements in the asset's price. Futures and options contracts can give them an extra leverage due to margining system. Arbitrageurs They are in business to take advantage of a discrepancy between prices in two different markets. For example, when they see the futures price of an asset getting out of line with the cash price, they will take offsetting positions in the two markets to lock in a profit.

1.2 INDUSTRY PROFILE

The nature of financial markets has changed drastically. Investing money has become a very complex task because of the huge number of savings and investment companies and products offered by them, terms and conditions of investments, and prevalent complex rules and regulations. Most of the investors, particularly rural investors, are found to be unaware about investment avenues and rules and regulations. In spite of remarkable growth of our economy and increasing income levels of people, the pace of savings mobilization is lower in India. Rural savings are not mobilized and invested properly. Investment is an economic activity which creates capital required for various sectors of the economy. So, every earning person should be motivated to save and invest his/her money. The study attempted to find out the awareness levels of rural investors about various investment avenues, their preferences, and considerations for investing money. A sample of 300 respondents was selected from four villages from Sillod block of Aurangabad district, Maharashtra. The major focus of the study was on investigating whether there was a difference between investment awareness levels and educational qualifications of male and female rural investors. The study disclosed that there was no significant difference in awareness levels of rural male and female investors and their educational qualifications. The investment preference order of the respondents indicated that they wished to park their investments in 'safe' options only. Bank deposits, gold and jewellery, real estate were popular investment avenues for a majority of the investors.

1.3 NEED FOR THE STUDY

- 1) Their projects is helpful in knowing the company's position of investment pattern and setting the standards for working capital inventory level current ratio level, quick ratio current amount turnover level & web torn turnover levels.
- 2) This project is helpful to the maintenance for expanding the dualism & the project viability & present availability of investors.
- 3) This project is also useful as it companies the present year data with previous year data and thereby it shows the trend analysis, increasing in investment.

- 4) The project is done entirely as a whole entirely. It will give overall view of the organization and it is useful in further expansion decision to be taken by management.
- 5) This study would help in explaining the investor's perception on Mutual fund through Systematic Investment Plan and their risk and returns of their investments. This study also to know the expectations of individual from their investment in systematic investment plan.
- 6) The research record around a general awareness on the Mutual fund and precautions towards Systematic Investment.

1.4 SCOPE AND SIGNIFICANCE OF STUDY

India is now one of the fastest economically growing nations. With its vast economy, Indians have a lot of options to invest their savings. This study undertaken for Way2wealth Securities Pvt Ltd aims to study the investors' attitude towards various investment alternatives and to study the customers' perception on investing in small and medium capitalization companies. The study would also analyze the awareness level of investors in small and medium capitalization companies. The study has been done by preparing a questionnaire which contains prospective questions put forth to the investors. The responses help in analysing the profile and investing habits of the investor and factors influencing the investors investing in small and medium capitalization companies.

1.5 OBJECTIVES OF STUDY

Primary Objective

- ❖ A study on investment pattern and preference of retail investors

Secondary objective

- ❖ To analyse the investing habits of the investor
- ❖ To determine investors risk and return preference of the investment.
- ❖ To identify the factors influencing the investor in choosing the types of investment.

1.6 LIMITATIONS OF STUDY

- Validity and Reliability of the data depends on the truthfulness of the responses from the public.
- The size of the sample compared to the population is very small and hence it may not represent the whole population.
- This study is conducted to analyze their pattern not all those factors that really matter while investing.
- An interpretation of this study is based on the assumption that the respondents have given correct information.
- The economy and industry are so wide and comprehensive that it is difficult to encompass all the likely factors influencing the investors investment in the given period of time.

CHAPTER-2

REVIEW OF LITERATURE

Rajarajen Vanjeko December (2010), Finance India on Indian investors' investment characteristics showed that the use of these characteristics for a better understanding of individual investors and their financial product needs. It also shows that investor's future preferences. The study reveals the increasing popularity of equity as an investment option among individual investors.

Singh et.al. (2010) gauged the investment preferences of share market investors of Gurgaon, India. The authors analysed the preferences for various investment options available in the market along with the factors like fundamentals of company, strong promoters, past records and quarterly results, goodwill dividends etc. that influence them to invest. Their awareness and satisfaction toward investments was also studied. A sample of 120 investors was selected with help of brokerage houses and data was collected with help of structured questionnaire consisting of 25 questions. Statistical techniques like frequencies, percentages, paired comparison test were used for data analysis. Mutual funds were found as highly preferred investment, followed by shares as second preferred investment and gold as third preference. Real estate was found as fourth preference while Insurance, Bank FD and Bank came as 5th, 6th and 7th preferred investment. Most of the investors were found to have ten high risk investments (stocks) in their portfolio. Most of the investors gave medium weightage to risk associated with shares before investing in share market.

Viktor Danielsson (2010) People who invest capital in promising project as a profession called venture capitalists. They are constantly looking for new investment opportunities Recently, media have observed a growing interest in forest land as capital investment.

Lonnie L. Bryant, Hao-Chen liu (2011) published a research paper "Mutual fund industry management structure, risk and the impacts to shareholders" published on Global finance journal investigates the effects of a multiple fund management structure on the risk volatility of the funds managed with the help of Sharpe ratio. They found out the impacts that mutual fund management structure has in fund risk

volatility using a sample of 1480 funds managed by 407 managers. They also found out that the multiple fund management structure appears to be motivated by the need to achieve economies of scale and reduce cost of the shareholders, fund managers which are driven by strategic reason.

Olsen and Cox (2011) have tried to find the impact of gender on the awareness and reaction to investment risk and discovered that women financial specialists weigh hazards traits for example, a probability of misfortune and uncertainty, more vigorously than their male associate.

Praba (2011) conducted a study aiming to understand how the saving objectives of individuals relate to the investment avenue. It is observed that investors' major saving objectives are wealth maximisation, contingency management and children's welfare. Different factors, like age, gender, profession and annual income, also determine the investment objective of individuals.

SEBI – NCAER Survey (2011) was carried out to estimate the number of households and the population of individual investors, their economic and demographic profile, portfolio size, and investment preference for equity as well as other savings instruments. This is a unique and comprehensive study of Indian Investors, for which data was collected from 3,0,00,000 geographically dispersed rural and urban households. Some of the relevant findings of the study are : Households preference for instruments match their risk perception; Bank Deposit has an appeal across all income class; 43% of the non-investor households equivalent to around 60 million households (estimated) apparently lack awareness about stock markets; and, compared with low income groups, the higher income. Le Phuoc and Doan (2011) investigated the behavioral factors influencing individual investment decisions at the Ho Chi Minh stock Exchange using factors analysis. These results show that five behavioral factors such as herding, market, prospect, overconfidence-gamble's fallacy and anchoring-ability bias affect the investment decisions of individual investors.

Selvam et.al (2011) identified the factors influencing the retail investor's attitude. A modified questionnaire was used. The respondents formed a sample size of 200 retail investors from Tamil Nadu were contacted using purposive sampling method

26 variables were retrieved from literature and responses were sought on these variables. Factor Analysis was applied to the data. Nine factors were formed influencing investor behaviour out of which, five top highly influential factors found were Investors' tolerance for risk, strength of the Indian economy, media focus on the stock market, political stability and finally government policy towards business. Other four factors had low influence on the attitude of the retail investors investing in equity high risk investments (stocks) including Stories of successful investors was considered to be the lowest influencing factors among the other variables i.e., get rich quick philosophy, information available on internet and cost cutting by companies.

Tarakpaul et al. (2011) found that understanding the level of awareness about equity market and the demographic profile of offered equity investors based on primary data, secondary data and the data analysed by using SPSS. The author concluded that the most of the investors' method rational level of awareness about equity market. Awareness programs should plan to help equity market as an investment opportunity and to make people aware of its long-term benefits. In this value, broking houses must play a vital role and show the investors in picked up the right shares at the correct time.

Cohen and Kudryavtsev (2012) indicated that past experiences in the capital market (such as a gain or loss in stocks) and knowledge about the past performance of selected market indices influence future investment decisions.

Dr. Varsha Virani (2012) propounded in her study on saving and investment model of school teachers in Gujarat in which data is collected from 100 school teachers and conducted that a large amount of the school teachers are saving funds as bank deposits and government securities as their investment preference.

Hibbert, Lawrence and Prakash (2012) stated that individuals who have more knowledge of finance are more likely to allocate the majority of their investments efficiently. Finance professors are significantly more likely to invest in foreign stock/bonds or foreign mutual funds and more likely to manage their retirement savings portfolios actively.

Jain and Mandot (2012) also studied the impact of demographic factors on the investment decision of investors in Rajasthan, concluding that various demographic factors, like age, marital status, gender, city, income level, market knowledge, occupation and qualifications, have a major impact on the investment decision of investors.

Nagy and Obenberger (2012) examined the factors influencing investor behaviour. A questionnaire that included 34 items represented in seven categories i.e., neutral information, accounting information, self-image/firm image coincidence, classic information, social relevance advocate recommendation and personal financial needs was developed to assess the behaviour of investors. The questionnaires were mailed to 500 experienced shareholders whose names were obtained from a proprietary source involved in financial marketing research and 137 usable responses were received. Classical wealth maximization criteria were found as most important to investors, even though investors employed diverse criteria while choosing stock. The firm's ethical posture and other concerns such as local or international operations, environmental track record was found to be given only cursory consideration. The recommendations of brokerage houses, individual stockbrokers, family members and co-workers did not influenced the investor's decisions.

PritiMane (2012) discussed the customer perception with regard to the mutual funds that the schemes they preferred, the plans they are opting, the reasons behind such selections. This research dealt with different investment options, which people prefer along with and apart from mutual funds, like postal saving schemes, recurring deposits, bonds, and shares. Conclude that mutual fund linked with share market and investors are not taking advice from authority advisor to lead them for their investment in mutual fund, so it creates the difficulty to select the mutual fund plan favourable for them.

Murithi Suriya, Narayanan and arivazhagan (2012), in their study reveal the female investors dominate the investment market in India. According to their survey, majority of the investors are founded to be considering two or more sources of information to make investment decisions. Most of the investors discuss with their family and friends before making an investment decision.

Selvakumar and others (2012) explained that awareness about investment avenues is very low among rural people compared to urban people. The research scholars suggested that educational status should be improved in the rural sector. low among rural people compared to urban people. The research scholars suggested that educational status should be improved in the rural sector.

Arora and Dhameja (2013), people tend to develop a strong liking for certain investments just because they are familiar with them. This makes them feel as if they have more knowledge or experience about such investment products and thus they gain a sense of comfort and security.

Barber and Odean (2013) carried out a test on the prediction that overconfident investors trade excessively by partitioning investors on gender. Their analysis showed that men tend to be more confident traders than women and thus trade more volumes than women. Consequently, their average returns are less than that of women.

Durand, Newby, Peggs and Siekierka (2013) argued that investors' personalities get associated with theory investment choices; some investors prefer tried and tested products while others opt for innovative investment products.

Kumar Rajesh and Arora R. S. (2013) suggested that investors need investment education and well informed about investment avenues through TV, internet, Newspapers and professional journals in order to enhance the awareness level.

Lindblom, Mavruk and Sjögren (2013) says that the average investor's proximity bias grows stronger as the longer the investor has lived within the same community. It gets stronger for investors who have never moved from their birthplace area. Local investors have neither access to superior information nor any advantage in interpreting the existing information.

Peteros and Maleyeff's (2013) study, it can be seen that investors' portfolios underperform due to irrational (biased) decision making. The action is taken based on behaviour that reflects recent investment returns is counterproductive in all cases.

Ramprasath. S and Dr. B. Karthikeyan (2013), on individual investors behaviour towards select investments states that the majority of the investors are given much importance for the factor “safety”. Similarly, investment avenues such as Bank deposits, LIC policies and Bullion has been preferred by the investors are periodically evaluating the performance of their investment avenues.

Suresh Chandra Bihari & Apoorv Raj (2013) on investment behaviour of the customers towards mutual fund and other products assessed in their research, commercial sources are attaching and helping more consumers to take decision. At the same time personal sources are also adding value to their decision-making process. Magazines, newspapers, film, colleagues play a vital role in searching meaningful information.

V.R Palanivelu & K. Chandrakumar (2013) highlighted that certain factors of salaried employees like education level, awareness about the current financial systems, age of investors etc. Make significant impact while deciding the investment avenues.

V.R. Palanivelu & Chandrekumar (2013) studied the investment preference of salaried class in Namakkal Taluk, Tamil Nadu. It highlight's that certain factors like age, education level, knowledge about financial systems affect the decision regarding the choice of investment avenues.

V. Rathnamani (2013) concluded that many investors are preferred to invest in mutual fund in order to have high return at low level of risk, safety liquidity. It can be said that the Mutual Fund as an investment vehicle is capturing the attention of various segments of the society, like academicians, industrialists, financial intermediaries, investors and regulators for varied reasons and deserves an in-depth study. In this paper, an attempt is made mainly to study the investment mode preferred by the investors in Mathura and to check the preference given to investment in mutual funds amidst availability of other traditional investment avenues.

J. Lilly and DrAnasuya (2014) published a research paper “An empirical study of performance evaluation of selected ELSS mutual fund schemes” published on

International journal of scientific research which examined the performance of 49 selected tax saving elss schemes by applying Sharpe ratio, Treynor ratio, Sortino ratio and Jensen's alpha measure and found out LIC NOMURA MF GROWTH and dividend schemes has the highest return and are risk borne when compared to other schemes.

Merikas and Vozikis (2014) examined the factors that influenced the investment decisions of Greek investors in the Athens Stock Exchange. The authors made survey with the use of questionnaire that included 26 variables represented in 5 categories i.e. accounting information, personal information, neutral information, advocate recommendations and personal financial needs. Factor analysis was used to identify similarities among variables and group them into identifiable categories. The authors analyzed not only those variables investigated in previous studies but also those generated through personal interviews that had been found to have influence on Greek investors. The results revealed that there existed certain degree of correlation between the factors that behavioural finance theory and previous studies identified as influencing factors for average investor and the investors in the Athens Stock Exchange. Expected corporate earnings, condition of financial statements and firm status in the industry were found as the most influencing factors.

P.C. Rajan (2014), demonstrated in his research study about the derivatives. The research study constituted in Mumbai city on 300 retail investors to know about their preferences as well as worries and satisfaction level of the retail investors and growth of the Indian Derivatives markets.

Paramashivaiah, Puttaswamy and Ramya (2014) in "Chaining Risk Perception of Women Investors: An Empirical Study" presents a negative relationship between investment objective and occupation. Only age and education had a positive influence on the risk appetite of women.

Rahnuma Akhter et al. (2014) attempted this study Individual Investors for Investment in Bangladesh Stock Market this study also aims helpful the recent situation and the recent trend of stock market. The analytical areas that must

emphasized more by the investors to make more profit and safe the investment. It suggested that investors were often reading the articles published in the daily newspaper, collected information from internet, TV talk show. Money market situation also influenced investor's result. Individual investor's choice was strongly affected by advice of brokers, friends and family, reasonable price, positive movement, ease of obtaining borrowed fund, past performance could also influence investment decision.

Thulasipriya (2014) shows that majority of the respondents are saving money as bank Deposits for the safety of an unpredictable future. The main avenues of investment are banks Deposits and the main purpose of investment is for children education, marriage and security after retirement.

Saranya et al. (2014) explored this study is to estimate that the most positive option in which people like to invested their savings and which factors do usually measured by people while making investments in offered avenues. The returns and risk concerned in investment in currency market should obviously intimate to the investors during various channels of statement to avoid the story and loss to the investors. Conclude that the high-income group is ready to get more risk in investment, but the middle and lower-income group considered the risk involved in investment and safety of investment as the main aspect.

Vasagadekar Priya (2014) examined that women working in various industrial sector in pune. The investment habits, the role in investment decision making, preferable investment avenues and risk bearing capacity are studied. It is clear from this study; women generally prefer to invest in safe investment avenues like post Office saving scheme and fixed deposits in banks.

C.K. Osondu et al. (2015) studied that household's reserves play an significant part in the economic progress of both developed and developing nations, owing to its noteworthy influence on the globular flow of earnings in the financial systems.

Joseph et. Al (2016) found that mutual fund retail investors in Kerala as a result sense to find the perceptual and to find out whether there is any significant relationship between demographic and perceptual factors towards mutual fund

investments. It analyzed the performance that investors perception is dependent on the demographic profile and accesses that the investor's age and annual savings has direct impact on the investors choice of investment and mostly the small investors have positive approach towards investing in mutual funds.

Kapil Kapoor (2016) research conducted to find out the investing pattern of rural and urban investors regarding various investment alternatives. Researcher examined the attitude of rural and urban investors towards different investment avenues. Investors irrespective to the area to which they belong are very much inclined towards the investment in real estate. Investors believe that there may be fluctuations or ups and downs in the investment amount due to change in economic scenario, but the real estate always show an upwards trend.

Mehta and Sharma (2015) in the study "Individual Investor's Behaviour: In Demographical Backdrop" concluded that the Primary motive of investment by a common investor in India is tax- saving and majority of the common investors have awareness regarding the derivative instruments but they do not prefer to invest in these instruments. groups have higher share of investments in Mutual Funds (MFs) signifying that MFs have still not become truly the investment vehicle for small investors.

Pandey and Kathavarayan (2015) in the study titled "Investor's Perception towards Alternativeness and Preferences" show the insignificant relationship among age, education, occupation and income towards investment preferences whereas gender is significant at 1% level of significance.

Claudia Nicoleta Borsan (2016) explored controversial results when we analyzed stock market behaviour the same day the environmental information publicly released. This is, for this correct publication date high polluter companies have major negative abnormal returns while low polluter companies have a typical return that are not statistically different from zero. Concluded that the investors have been slow to properly evaluated future increases in firm value associated with current good firm environmental performance, the on the other hand investors have properly low-cost future negative financial effects matching to high-polluter companies.

Lekshmi et al. (2017) indicated that there is an important variation between socio-economic profile of Government employees and attitude towards investments. In addition, the outcome exposed that there is an important difference between socio-economic profile of Government employees and investment decision. Author suggested that the Government employees must alter investment plan if the market is very explosive based on their risk way skill and estimated returns and it is important that Government employees should keep up to date on the investment information.

Ravichandran (2017) examined this study intends to find out the preference level of the investors on various Capital Market instruments, it find out the type of risk which are considered by the investors, and the ways through which the investors on various minimizes their risk. Conclude that derivatives acts as a major tool for reducing the risk involved in investing in stock markets for getting the best results out of it. The investors should aware of the various hedging and speculation strategies, which can use for reducing their risk.

Rajasekar (2017) stated that the empowerment happens then employees would work to deliver under all circumstances and loyalty becomes a natural choice thereby avoiding problems of employee turnover and employee invest their own company's shares.

Selvi (2017) discussed some studies that are available on the investors attitude towards investment avenues failed to offer a lot of information the conventional investment avenues bank deposits and gold are the most preferred avenues, while insurance schemes and post office instruments are getting increased attention. She concluded most of the respondents have not preferred to invest their savings in UTI and mutual funds.

Bodla B. S., Bishnoi Sunita (2018) has concluded in their study that the mutual fund investors in India at present have as many as 609 schemes with variety of features such as dividend, growth, cumulative interest income, monthly income plans, sectoral plans, equity linked schemes, money market schemes, etc. Though both open-end and close-end schemes have registered excellent growth in fund mobilization, but currently the former category of schemes is more popular among

the investors. Portfolio-wise analysis has brought that income schemes have an edge over growth schemes in terms of assets under management. Moreover UTI's share in total assets under management has come down to 11.8 percent in 2006 from 82.5.

Bhuvaneswari (2018) interested in identifying the major factors that contributed towards investor's perception in area of equity/ tax saving mutual funds. To find out the consistency of performance confined to selective Equity /Tax saving mutual funds investors point of view. Conclude that the organization should be careful in making investment towards the various financial instruments, which defend the interest of the investors.

Jothilingam et al. (2018) carried out examination available literature on the investors' attitude towards investment avenues. This based on primary data and secondary data. It proposed that woman investors should be enthusiastic to make investment in avenues other than gold, like mutual funds, shares and securities, currency. Conclude that investors favoured less risky investment avenues like gold, mutual funds and bank deposits. This could probably sense of their leaning to avoid high risks.

Kavita Shah and Dr. Mamta Brahmabhatt (2018) has conducted research on Investment pattern of individual investor and noticed that investment decision irrespective of what is the amount, does require a definite amount of knowledge, information and acumen. There are several factors that direct the investment decision spread across avenue chosen ranging from gender and income to investor's personality and risk appetite. Investors, before making investment, need to collect investment related information from the internet and consult with friends, peers and investment experts before making investments.

M.R. Shollapur and A.B. Kuchanur (April 2018), on a study on individual investors in selected investment avenues. assessed in their research investors strongly agree on the perceptions in the case of bank deposits (80%) life insurance policies (65%) on the other hand (54%) disagree on in the case of corporate securities. The perceptual gaps analysis presents certain revelations – corporate securities are less

preferred; government securities do not provide regular and steady income; investment in insurance policies appreciate in values; bank deposits require more transaction costs etc. there is a need to help investors develop a right perspective of the investment schemes and their attributes.

S.A. Chintaman (2018) conducted a research study based on investor protection in India with reference to Ahmadabad, Vadodara, and Rajkot city. The researcher collected sample of 150 respondents through interview method by preparing structured questionnaire to represent the whole population & the duration of study from April 1992 to March 2005 as equating to 13 years. The findings of the research were mostly as 38.67% population from 31 to 45 age group, 26% from 46 & above, 23.33% belonged to 26 to 30 and only 12% were less than 25 age group considered for the study. As seen in all other study only 8% sample belongs to female ratio. If we analyzed Income wisely very less percentage of annual income invested in market as half of the respondents' lied between 0 to 40% and 41% to 81% & above. Only handful of investors invested for long term purpose i.e., 11.33% and all other interested to invest in the market less than 1 year. Combinable, Only 59 number of respondents taken information from TV channels, newspaper, magazines, internet and 91 went with some other reason which concluded that there was no optimum used of reliable information. Reading habit is not effective in most of the investors as one-third of the investors were not updated with the daily updates. Investors monitored the market trend before indulging in the trading activities besides few of total sample but still didn't go in depth of the company information. Only 8.67% investors interested in Depth Company reports to make sure about the investment decision which shows lightsome attitude of the participated investors.

Geetha & Ramesh (2019) have studied the significance of demographic factors on the elements considered while making investment decisions. They conclude that there is no relationship between demographic factors and the elements which are considered during investment decision. However, some demographic factors have a relationship with period of investment.

Iqbal, A. (2019) aimed at analysing the behaviour of in shareholders/ individual investors who purchase and sell high risk investments (stocks) in the Karachi Stock

Exchange. Convenience sampling was used in which respondents were selected based on convenience. A list of 33 variables was prepared with the help of previous researches and respondents rated variables on a 3-point scale of "Act On", "Consider" and "No Influence". Data was collected through a questionnaire and 153 questionnaires were distributed to individual investors who invested in Karachi stock exchange and the response rate achieved was 100%. The study found seven factors influencing investor decisions i.e., Social relevance & Image, Accounting Information, Stock Performance, Friend/Co-worker Influence, Evaluation, Classic and Stock Broker Influence. The authors concluded that the recommendations of family members, friends and co-workers go largely unheeded, recommendations of Stock Brokers are considered, but 86% of the sample investors are self-reliant and make purchase decisions on their own without any one's influence.

Ramakrishna Reddy & Ch. Krishnudu Dec (2019) on investment behaviour of rural investors in their study states that the investment culture among the people of a country is an essential prerequisite for capital formation and the faster growth of an economy. Investment culture refers to the attitudes, perceptions, and willingness of the individuals and institutions in placing their savings in various financial assets, more popularly known as securities. A study on the investors' perceptions and preferences, thus, assumes a greater significance in the formulation of policies for the development and regulation of security markets in general and protection and promotion of small and house-hold investors in particular.

Sellappan et al. (2019) attempted to show the key demand of investment attitude of women towards different sources of securities. This study based on descriptive method and primary data and ages a martial variety happened in the conducted of selecting the investment sources. Youngster and unmarried are usually risk takers. Older and married avoided to taking risk. Among this factor concluded that married women are more involved in making investment than the unmarried. As well as the youngster are usually like to invest in shares mutual funds, insurance and fixed deposits than the elder women. The focused age people favoured to invest in valid domain basis of asset for that government non-government and finial comings up new lot plan.

Sushant Nagpal and B. S. Bodla June (2019) on impact of investors' lifestyle on their investment pattern: an empirical study states that the modern investor is a mature and adequately groomed person. Occasions of blind investments are scarce, as a majority of investors are found to be using some source and reference groups for taking decisions.

CHAPTER 3

RESEARCH METHODOLOGY

3. Research Design

A research design is considered as the framework or plan for a study that guides as well as helps the data collection and analysis of data. The study design selected for this learning for both open research design and premise testing research design.

3.1 Descriptive Research Design

The reason taking descriptive research design is to get the features of individual an objective or the variable of attention in a situation. A descriptive research design is one that simply describes something such as descriptive something such as demographic characteristics of group or customers of products.

3.2 Sampling Technique

3.2.1 Convenience sampling method

A Convenience sample is one of the main types of non-probability sampling methods. A convenience sample is made up of people who are easy to reach.

3.3 SOURCES OF DATA

3.3.1 Primary data

Primary data, by contrast, are collected by the investigator conducting the research. Primary data refer to demographic and socio-economic characteristics of the investors, behaviour and opinion of investors, their awareness and knowledge.

3.3.2 Secondary data

Secondary data has collected been collected from journals, Books, Websites and magazines.

3.3.3 Questionnaire

The questionnaire tried to capture the responses of the customers mainly from the Investment pattern and preference of retail investors and their key deliverables,

derived from the survey conducted, and a few questions have been included to gauge the level of satisfaction and to gain insight into customer expectations.

3.4 STRUCTURE OF QUESTIONNAIRE:

There are three broad types of questions are used in this study are open ended or open questions, closed ended or closed questions and Likert scale method. Open questions enable respondents to answer as they wish. Closed questions provide respondents with a list of options from which they choose. Likert scale provide respondents agree to particular statement.

3.5 SAMPLE SIZE:

A sample size is a component of population which is cautiously selected to signify the population. The study was conducted with the sample size of 120 investors.

3.6 PERIOD OF STUDY:

The period of study from January 2021 To March 2021 which is three months of study.

3.7 HYPOTHESIS/ANALYTICAL TOOLS:

The analytical tools used are SPSS for testing the One-way ANOVA test, chi-square test in SPSS tool and correlation in SPSS tool.

Chi-square test is used to test whether dissimilarity between observed and expected frequency are re-current.

ANOVA- in this research one-way ANOVA (Analysis of variance). ANOVA consist in splitting the variance of analytical purpose.

Correlation studies the jointly dissimilarity of two or more available for variables for formative the amount of association between two or more variables.

Hypothesis

H₀=There is no significance relationship between educational qualification and annual income among the investors.

H₀= There is no correlation between respondent's opinion on factors influencing investment decisions and typical attitude while making important decisions

CHAPTER-4

4.1 DATA ANALYSIS AND INTERPRETATION

Table 4.1 Respondents based on age

PATICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
20-30 years	100	83.3 %
31-40 years	13	10.8 %
41-50 years	6	5 %
50 & above	1	0.9 %
Total	120	100 %

Source: primary Data

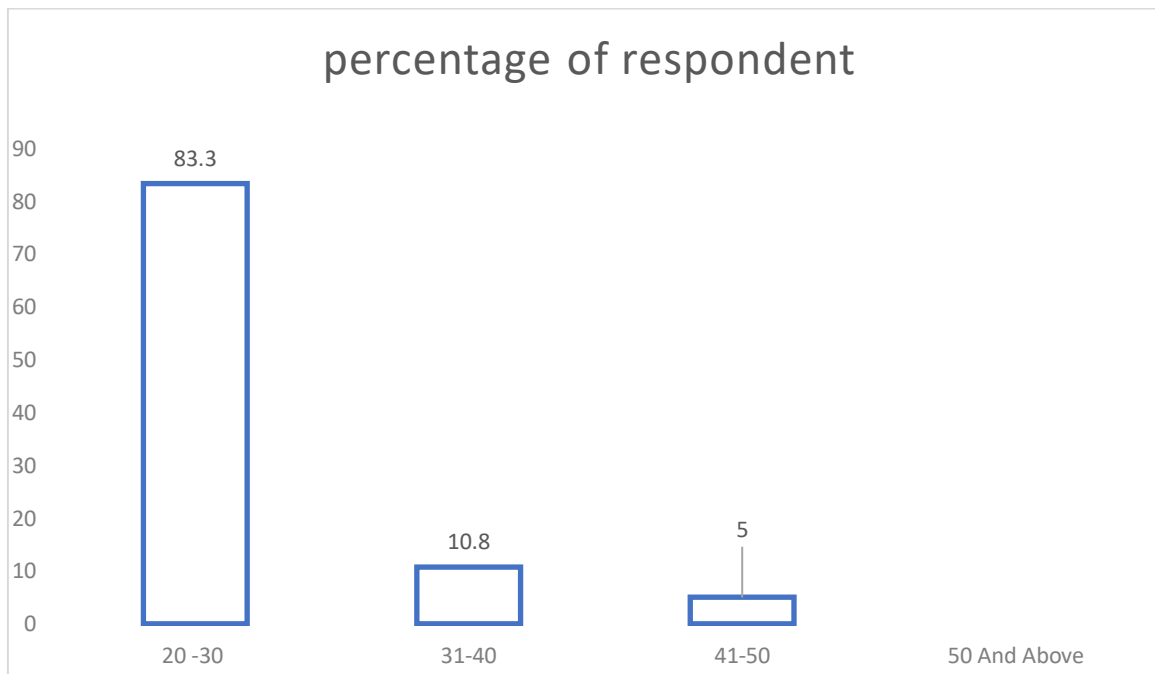


Chart 4.1 shows age of the respondents

INTERPRETATION: From the bove table it is interpreted that 83.3% of the respondents are in the age group of 20-30. 10.8% of the respondents are in the age group of 31-40. 5% of the repondents are in the age group of 41-50. 0.9% of the respondents are in the age group of 50 and Above.

Table 4.2 Respondents based on Gender

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
male	110	91.7 %
female	10	8.3 %
total	120	100 %

Source: primary Data

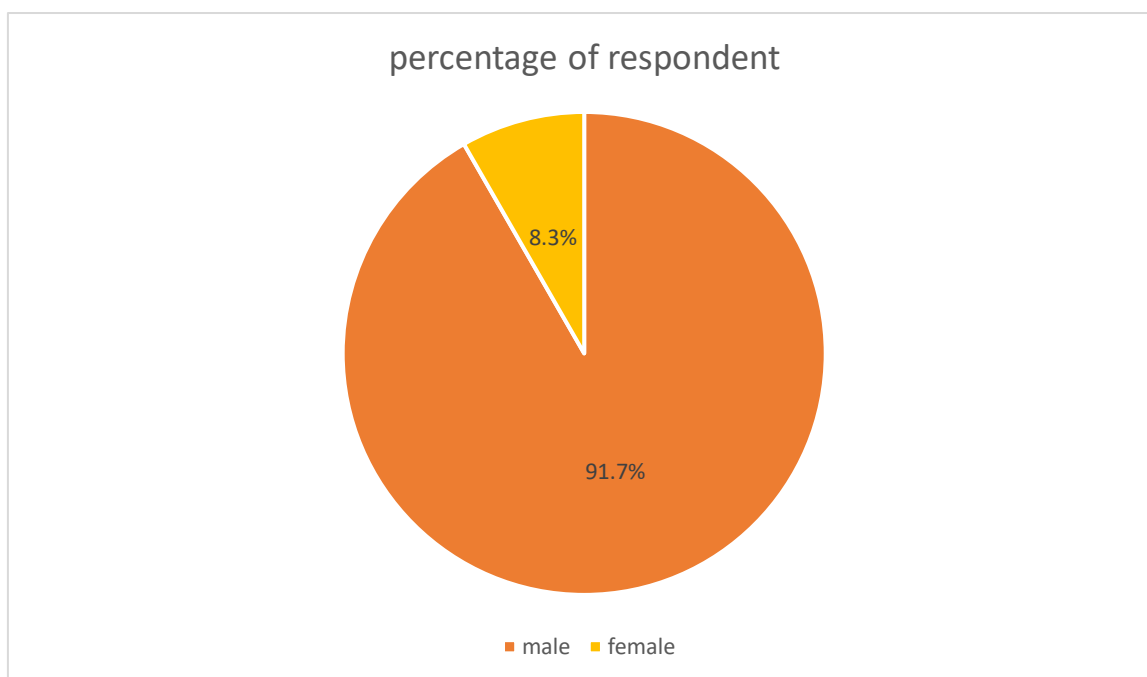


Chart 4.2 shows gender of the respondent

INTERPRETATION: From the above table it is interpreted that 91.7 %of the respondents are Male. 8.3 % of the respondents are female.

Table 4.3 Respondents based on educational Qualification

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
postgraduate	30	25 %
graduate	66	55 %
non-graduate	2	1.7 %
others	22	18.3 %
total	120	100 %

Source: Primary Data

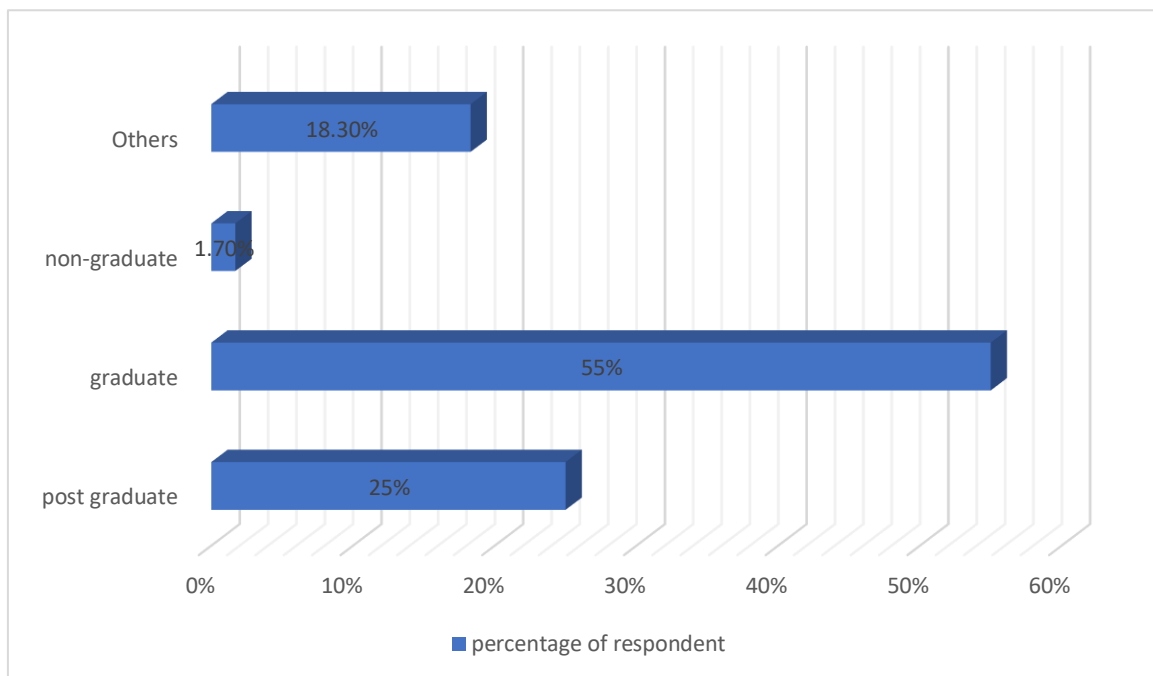


Chart 4.3 shows Education Qualification of the respondent

INTERETATION: From the above table it is interpreted that 25% of the respondents are post-Graduate. 55% of the respondents are Graduate. 1.70% are Non-graduate. 18.3% of the respondents are Others.

Table 4.4 Respondents based on Occupation

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
salaried	19	15.8 %
self-employed professional	10	8.3 %
business	11	9.2 %
retired	1	0.8 %
others	79	65.9 %
total	120	100 %

Source: Primary Data

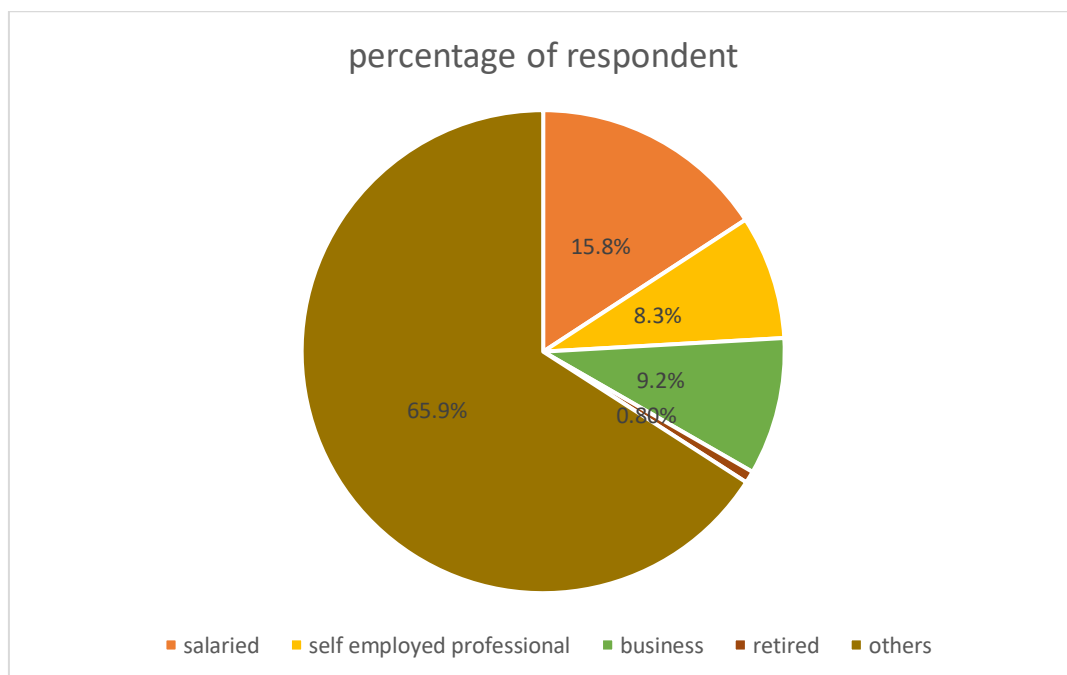


Chart 4.4 shows Occupation of the respondent

INTERPRETATION: From the above table it is interpreted that 15.8% of the respondents are Salaried. 8.3% of the respondents are self Employed professional. 9.2% of the respondents are Business. 0.8% of the respondents are Retired. 65.9% of the respondents are Others.

Table 4.5 Respondents based on Annual income

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
below rs2,00,000	54	45 %
Rs 2,00,000-4,00,000	32	26.7 %
Rs4,00,000-6,00,000	28	23.3%
above 6,00,000	6	5 %
total	120	100 %

Source: Primary Data

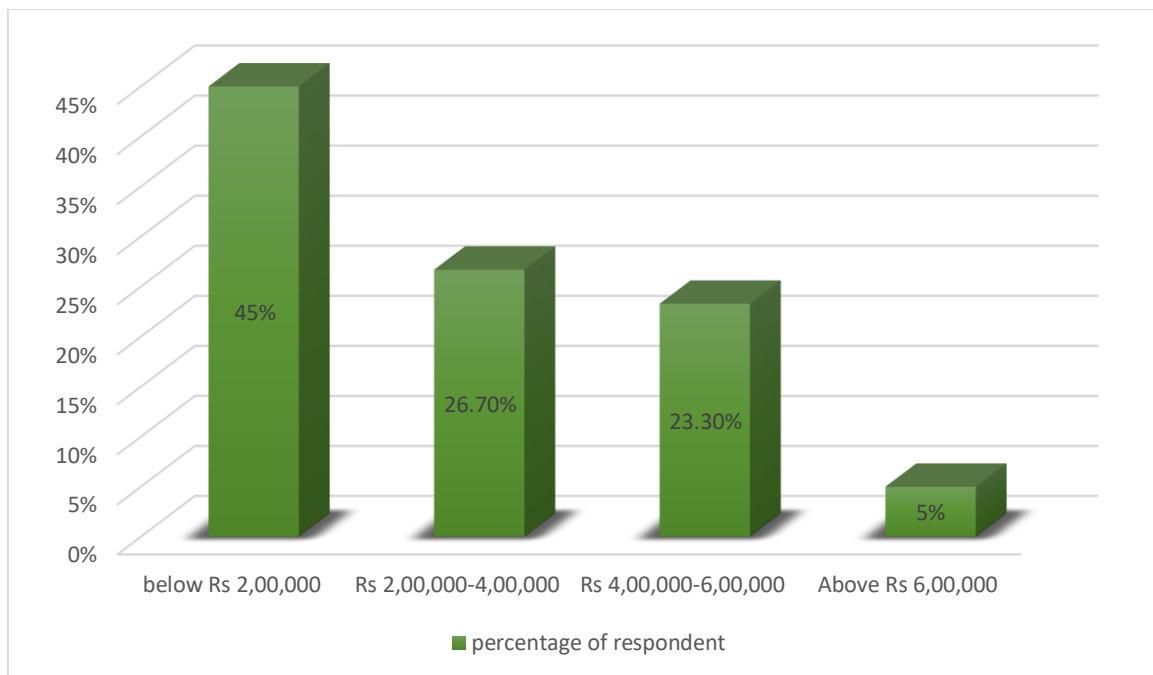


Chart 4.5 shows Annual Income of the respondent

INTERPRETATION: From the above table it is interpreted that 45% of the respondents are below Rs2,00,000. 26.70% of the respondents are Rs2,00,000-4,00,000. 23.3% of the respondents are Rs 4,00,000-6,00,000. 5% of the respondents are Above Rs6,00,000.

Table 4.6 Respondents based on Best options for investing Money.

PARTICULARS	NO. OF THE RESPONDENT	PERCENTAGE OF RESPONDENT
safe low risk investment	66	55 %
moderate risk investment	45	37.5 %
high risk investment	7	5.8 %
traditional investment	0	0 %
emerging investment	2	1.7 %
total	120	100 %

Source: Primary Data

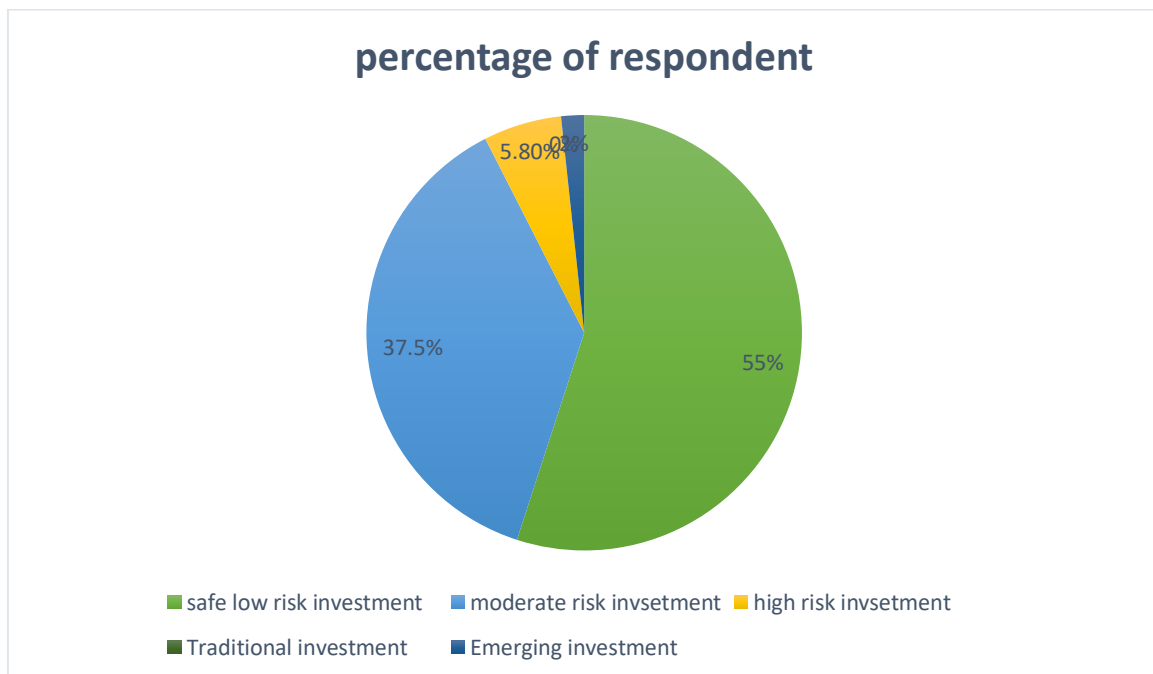


Chart 4.6 shows the Best options for investing money of the respondents.

INTREPRETATION: From the above table it is interpreted that 55% of the respondents are safe low risk investment. 37.5% of the respondents are moderate risk investment. 5.8% of the respondents are high risk investment. 0% of the respondents are traditional investment. 1.7% of the respondents are Emerging investment.

Table 4.7 Respondents based on formal budget for family expenditure.

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
Always	54	45 %
often	39	32.5 %
sometimes	13	10.8 %
rarely	13	10.8 %
never	1	0.8 %
total	120	100 %

Source: Primary data

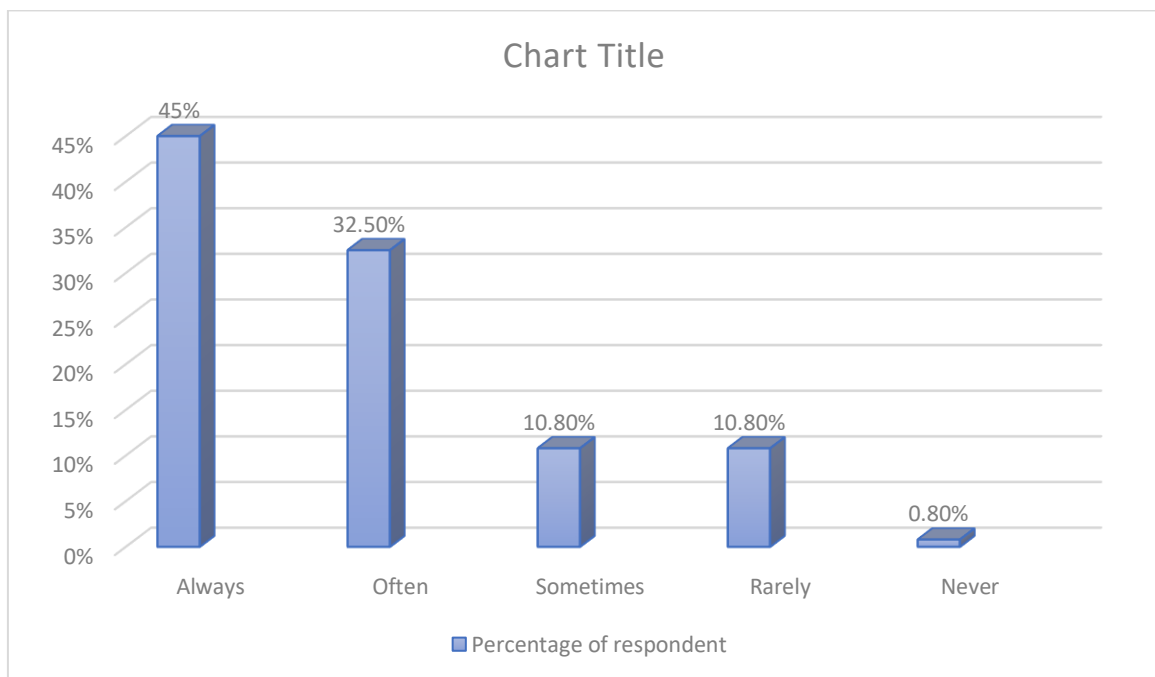


Chart 4.7 shows budget for family expenditure of the respondent

INTERPRETATION: From the above table it is interpreted that 45% of the respondents are Always. 32.5% of the respondents are Often. 10.80% of the respondents are sometimes. 10.80% of the respondents are Rarely. 0.8% of the respondents are Never.

Table 4.8 Respondents based on savings and investment target for each year.

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
strongly agree	41	34.2 %
agree	68	56.7 %
neither agree nor disagree	8	6.7 %
disagree	2	1.6 %
strongly agree	1	0.8 %
total	120	100 %

Source: Primary Data

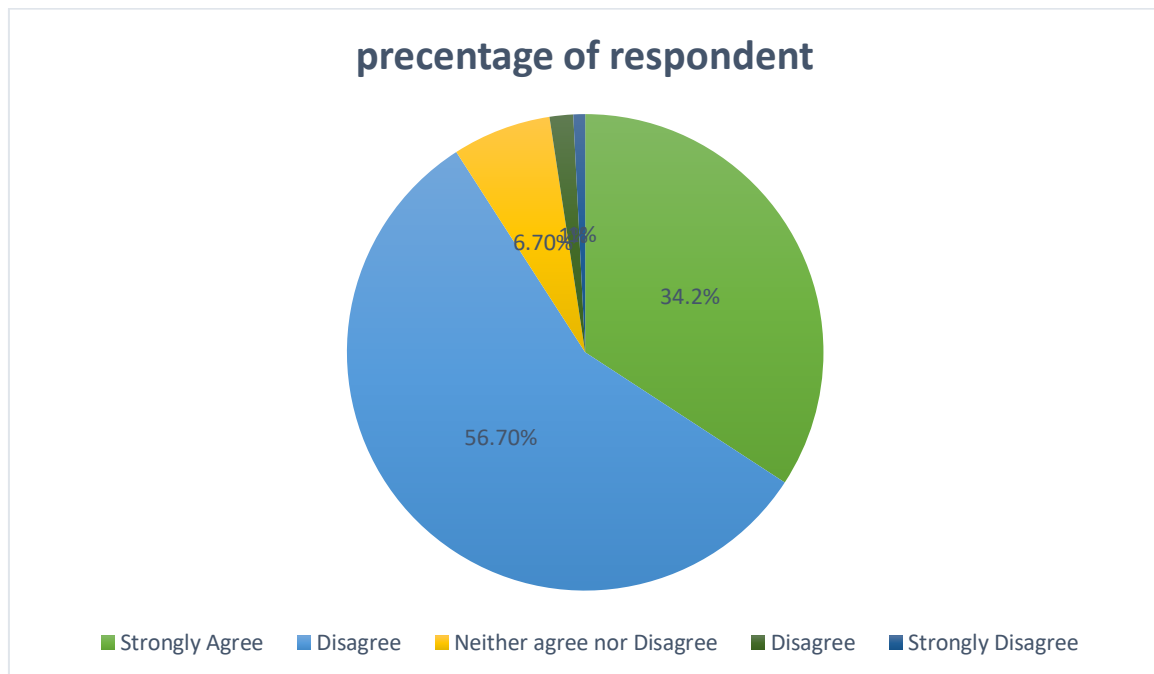


Chart 4.8 Shows savings and Investment target for each year

INTERPRETATION: From the above table it is interpreted that 34.2% of the respondents are strongly agree. 56.7% of the respondents are Disagree. 6.7% of the respondents are Neither Agree nor Disagree. 1.6% of the respondents are disagree. 0.8% of the respondents are Strongly Disagree.

Table 4.9 Respondents based on percentage of income the investors invest

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
0-10%	41	34.2 %
10-20%	59	49.1 %
20-30%	12	10 %
30-40%	8	6.7 %
TOTAL	120	100 %

Source: Primary Data

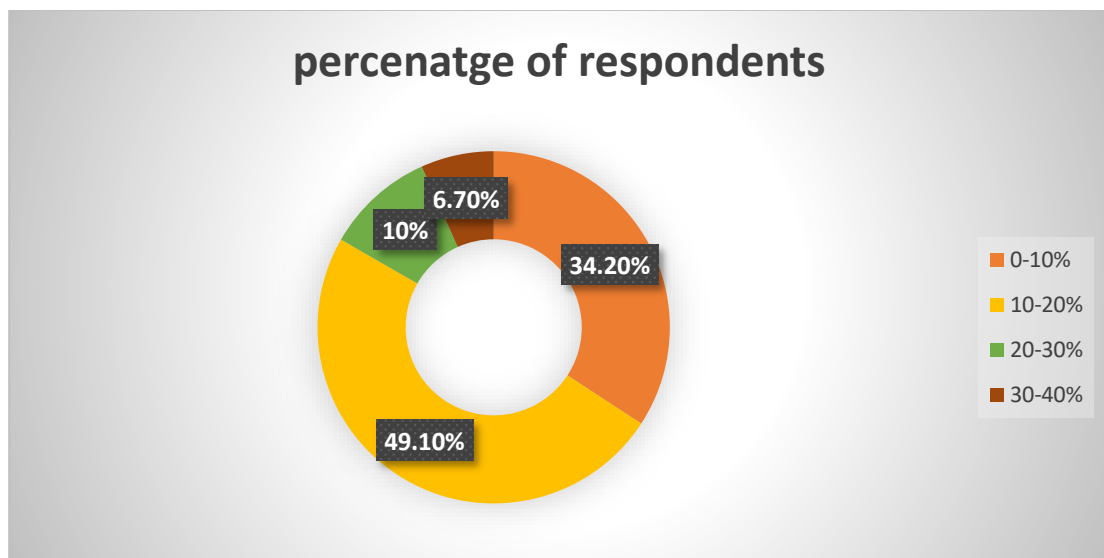


Chart 4.9 Shows Percentage of income the investors invest.

INTERPRETATION: From the above table it is interpreted that 34.2% of the respondents are 0-10%. 49.1% of the respondents are 10-20%. 10% of the respondents are 20-30%. 6.7% of the respondents are 30-40%.

Table 4.10 Respondents based on avenues opted for investment

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
Insurance	9	7.5 %
Banks	63	52.5 %
Post office	3	2.5 %
Equities	5	4.2 %
Real estate	6	5 %
Mutual funds	26	21.7
Government securities	4	3.3 %
Gold	3	2.5 %
others	1	0.8 %
total	120	100 %

Source: Primary Data

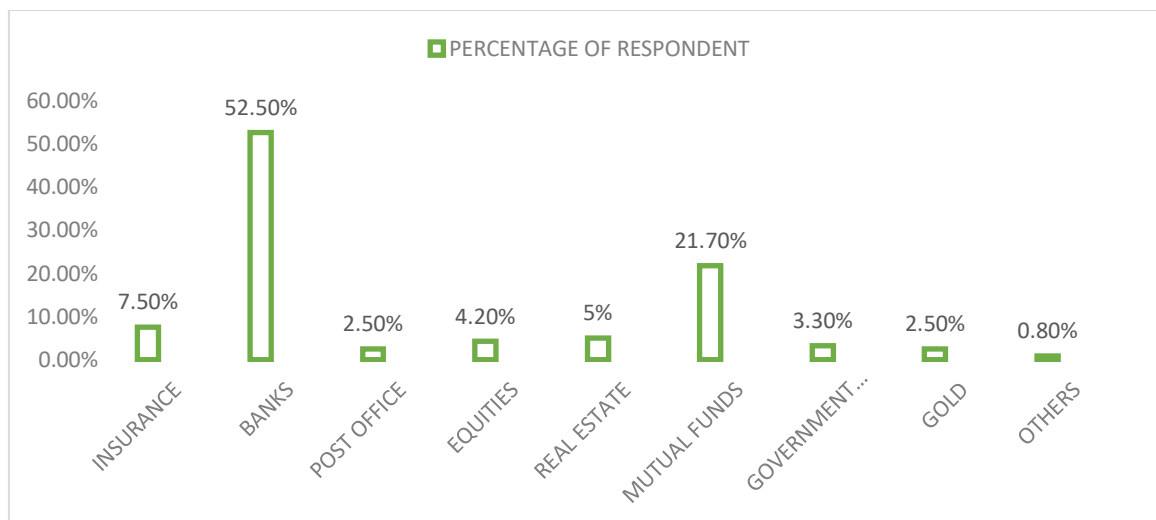


Chart 4.10 shows the Avenues opted for investment.

INTERPRETATION: From the above table it is interpreted that 7.5% of the respondents are Insurance. 52.5% of the respondents are Banks. 2.5% of the respondents are Post Office. 4.2% of the respondents are Equities. 5% of the respondents are Real Estate. 21.7% of the respondents are Mutual funds. 3.3% of the respondents are Governments Securities. 2.5% of the respondents are Gold. 0.8% of the respondents are Others.

Table 4.11 Respondents based on advice seek on investment decision

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
local brokers	31	25.9%
magazines & newspapers	35	29.2%
chartered accountants	6	5%
bank	16	13.3%
family & friends	31	25.8%
others	1	0.8%
total	120	100%

Source: primary Data

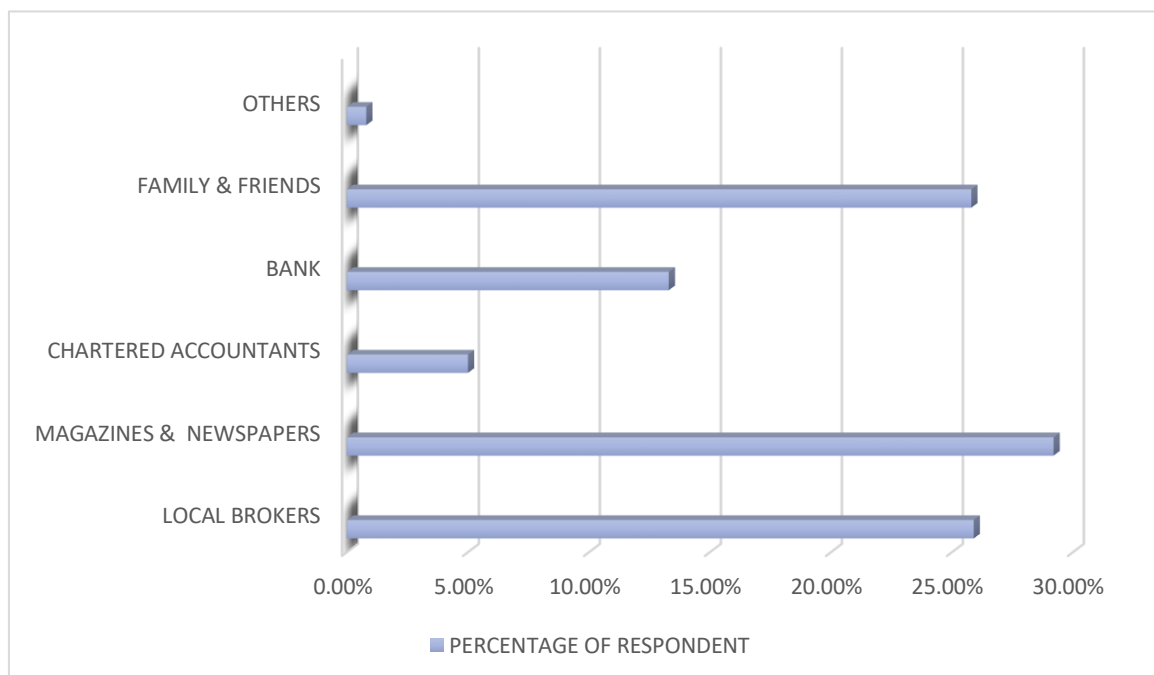


Chart 4.11 shows Advice seek on investment decision

INTERPRETATION: From the above table it is interpreted that 25.9% of the respondents are local brokers. 29.2% of the respondents are magazines & newspapers. 5% of the respondents are chartered accountants. 13.3% of the respondents are Bank. 25.8% of the respondents are family & friends. 0.8% of the respondents are Others.

Table 4.12 Respondents based on investment horizon of the investors

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
<1 year	35	29.2%
1-2 years	69	57.5%
2-5 years	14	11.7%
>5 years	2	1.6%
total	120	100%

Source: primary Data

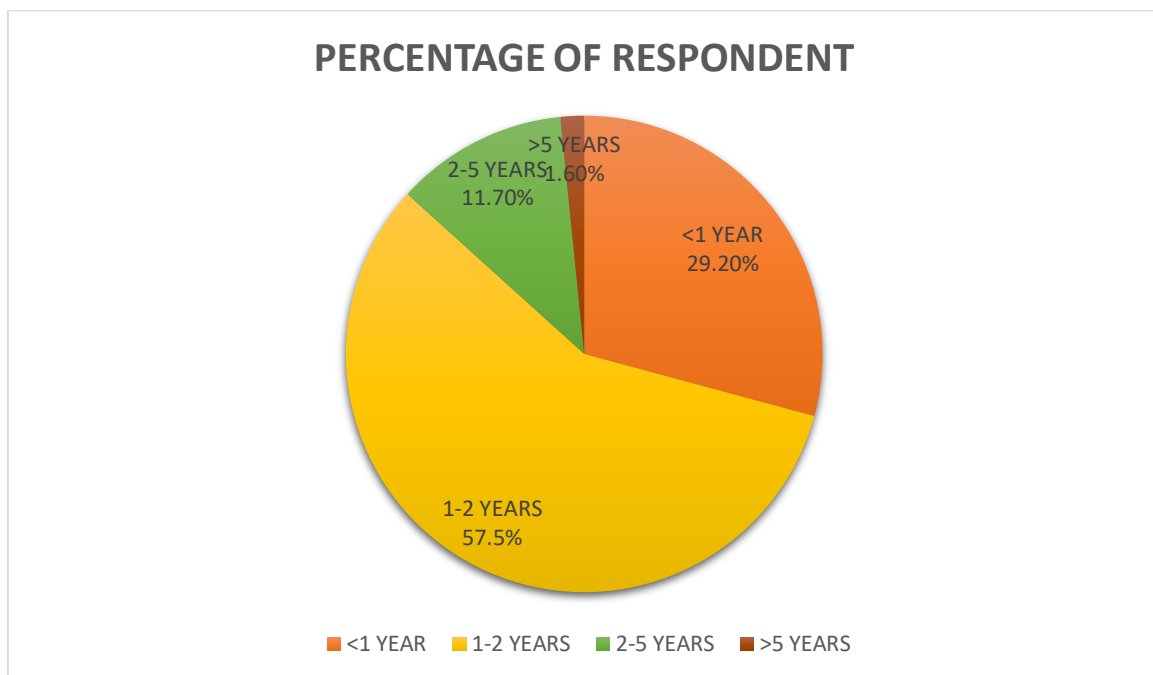


Chart 4.12 shows investment horizon of the investors.

INTERPRETATION: From the above table it is interpreted that 29.2% of the respondents are <1year. 57.5% of the respondents are 1-2 years.11.7% of the respondents are 2-5 years. 1.6% of the respondents are >5 years.

Table 4.13 Respondents based on expected rate of return (%) from investment

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
below 7%	17	14.2%
8-12%	36	30%
13-18%	44	36.6%
above 18%	23	19.2%
total	120	100%

Source: primary Data

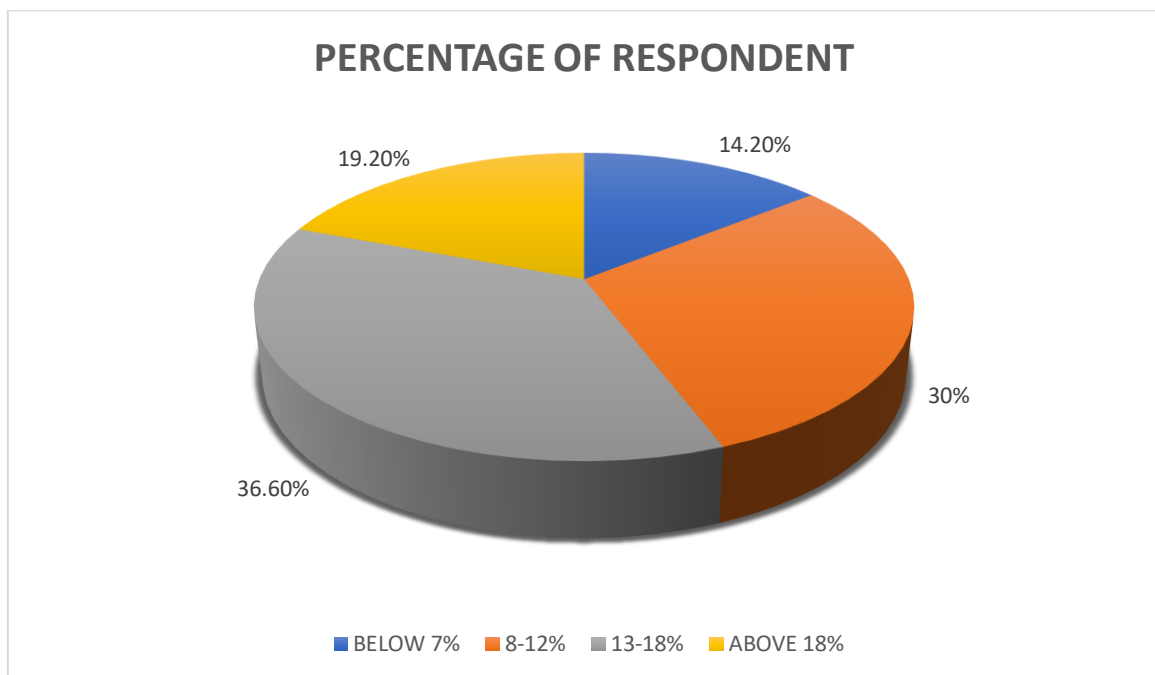


Chart 4.13 shows expected rate of return (%) from investment.

INTERPRETATION: From the above table it is interpreted that 14.2% of the respondents are Below 7%. 30% of the respondents are 8-12%. 36.6% of the respondents are 13-18%. 19.25 of the respondents are above 18%.

Table 4.14 Respondents based on short-term goal of investment of the investors

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
return	50	41.7%
liquidity	67	55.8%
risk	3	2.5%
total	120	100%

Source: primary Data

18

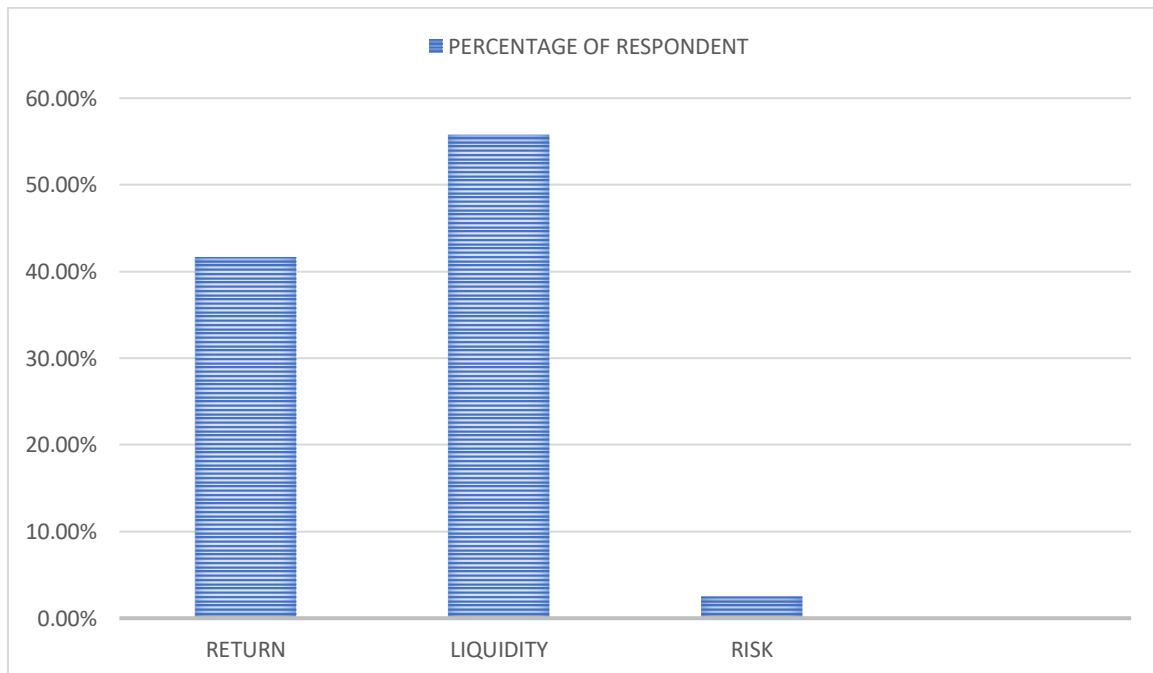


Chart 4.14 shows the short-term goal of investment of investors

INTERPRETATION: From the above table it is interpreted that 41.7% of the respondents are Return. 55.8% of the respondents are Liquidity. 2.5% of the respondents are Risk.

Table 4.15 Respondents based on long-term goal of investment of the investors

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
retirement corpus	13	10.8%
children's future	34	28.3%
dream house	70	58.3%
others	3	2.6%
total	120	100%

Source: Primary Data

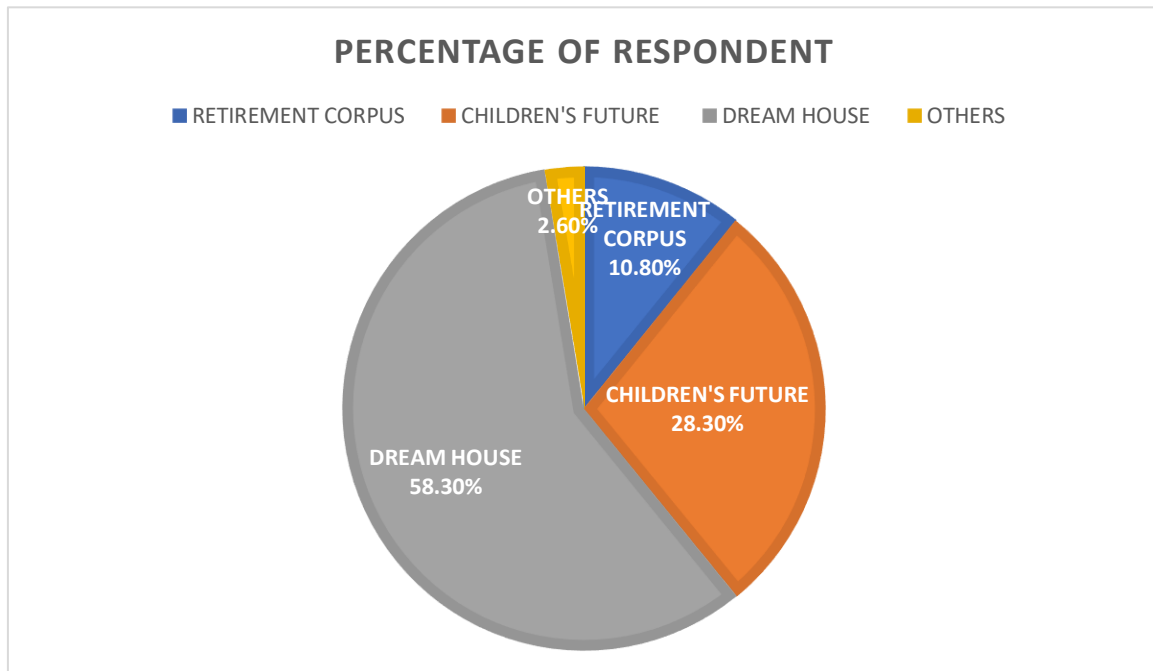


Chart 4.15 shows the long-term goal of investment of the investors

INTERPRETATION: From the above table it is interpreted that 10.8% of the respondents are Retirement corpus. 28.3% of the respondents are Children's Future. 58.3% of the respondents are Dream house. 2.6% of the respondents are Others.

Table 4.16 Respondents based on investors decision to invest depends upon

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
past performance	36	30%
economic scenario	26	21.6%
industry analysis	30	25%
company analysis	23	19.2%
credit analysis	5	4.2%
others	0	0%
total	120	100%

Source: primary Data

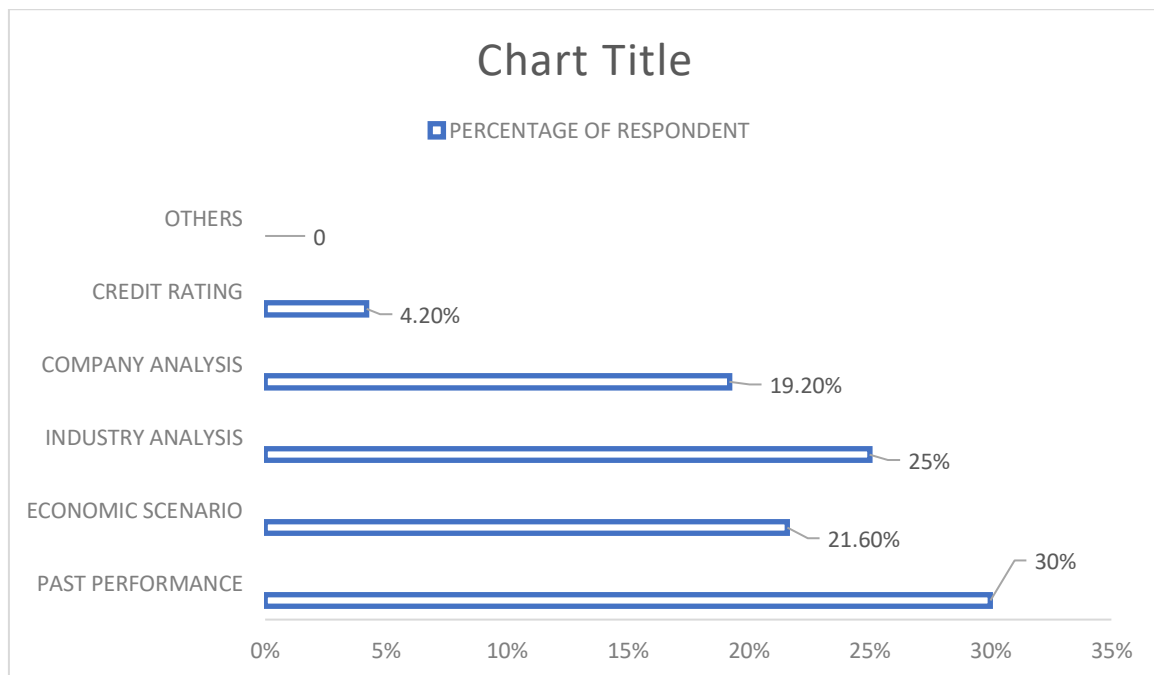
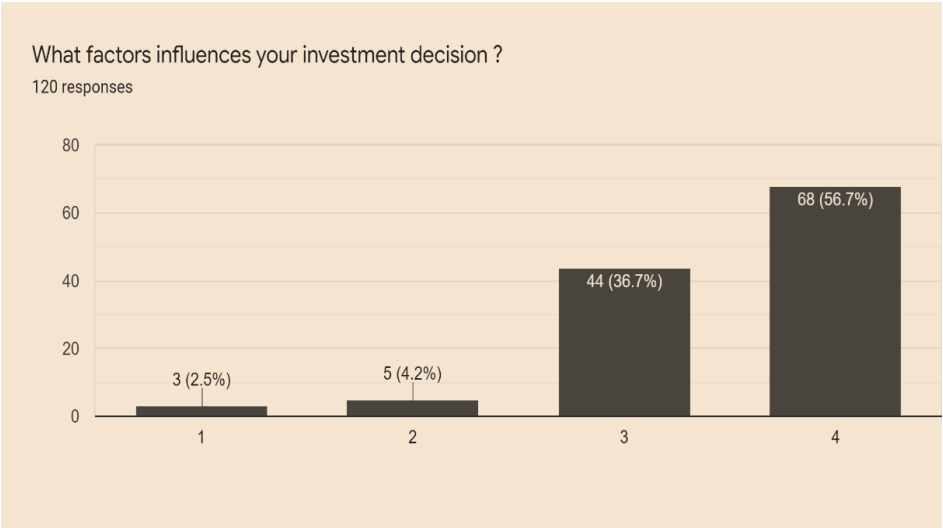


Chart 4.16 shows investors decision to invest depends upon

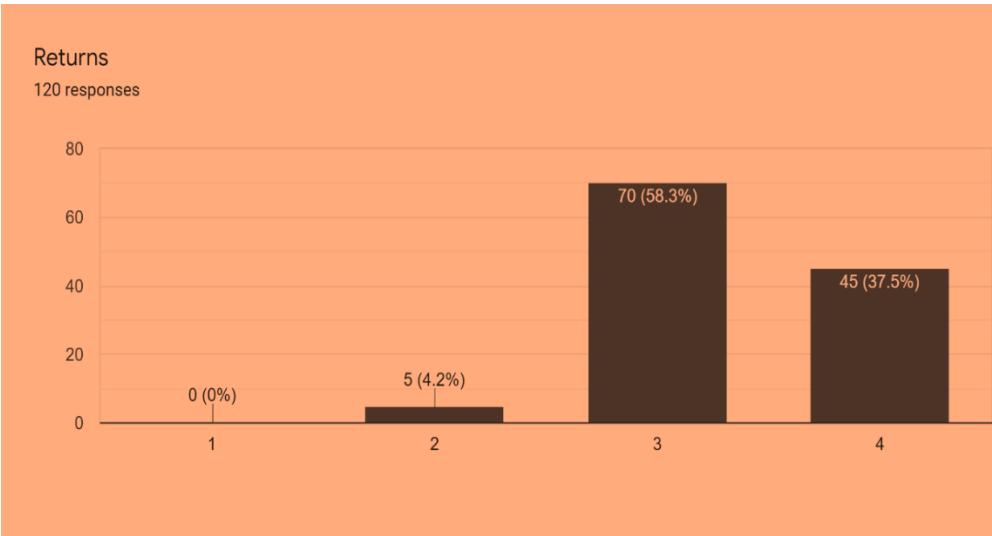
INTERPRETATION: From the above table it is interpreted that 30% of the respondents are past performance. 21.6% of the respondents are Economic scenario. 25% of the respondents are Industry analysis. 19.2% of the respondents are Company analysis. 4.2% of the respondents are Credit rating. 0% of the respondents are Others.

Table 4.17 Respondents based on factors influencing investment decision rank

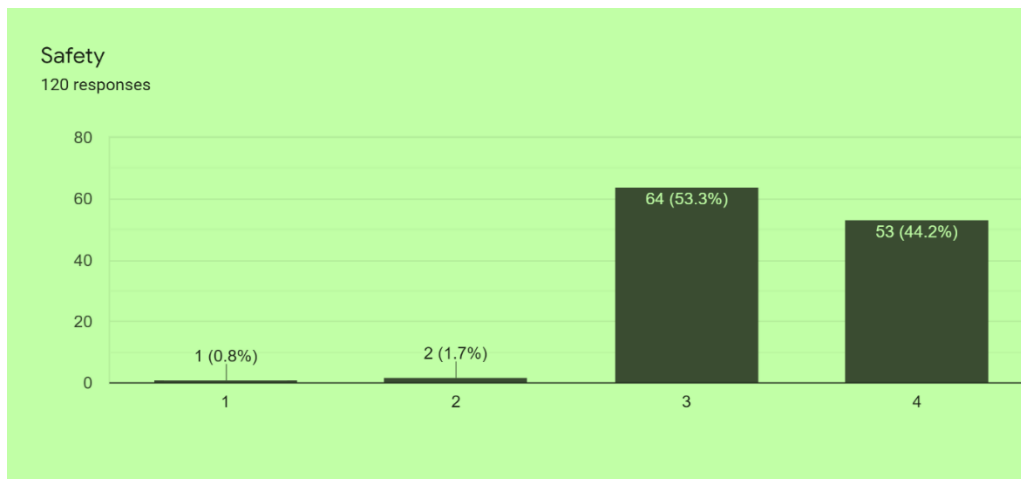
1) LIQUIDITY



2) RETURNS



3) SAFETY



4) TAX SAVINGS

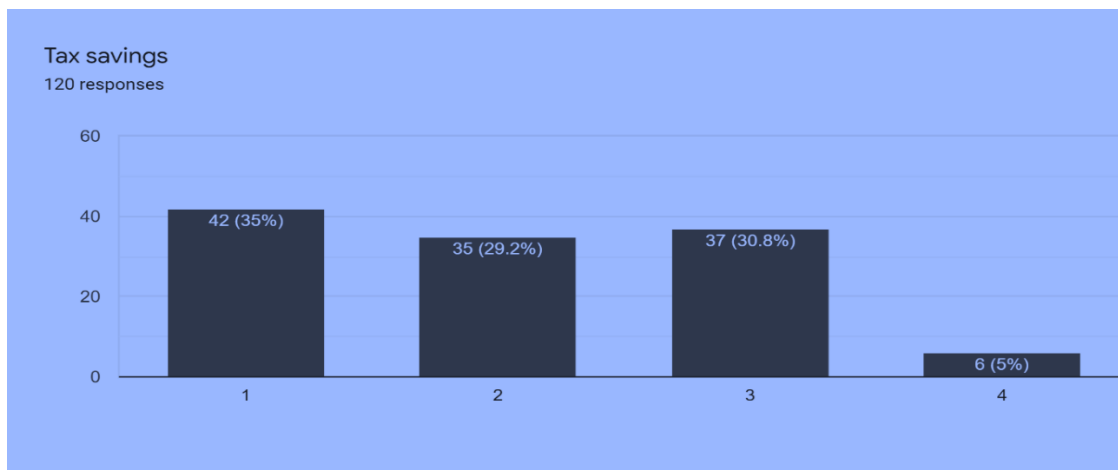


Chart 4.17 shows the factors influencing investment decision rank.

INTERPRETATION: From the above table it is interpreted that in liquidity 2.5% of the respondents are given 1 rating. 4.2% of the respondents are given 2 rating. 36.7% of the respondents are given 3 rating. 56.7% of the respondents are given 4 rating. In Returns 0% of the respondents are given 1 rating. 4.2% of the respondents are given 2 rating. 58.3% of the respondents are given 3 rating. 37.5% of the respondents are given 4 rating. In Safety 0.8% of the respondents are given 1 rating. 1.7% of the respondents are given 2 rating 53.3% of the respondents are given 3 rating. 44.2% of the respondents are given 4 rating. In Tax savings 35% of the respondents are given 1 rating. 29.2% of the respondents are given 2 rating. 30.8% of the respondents are given 3 rating. 5% of the respondents are given 4 rating.

Table 4.18 Respondents based on factors consider before investing

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
safety of principal	44	36.7%
low risk	49	40.8%
high return	26	21.7%
maturity period	1	0.8%
total	120	100%

Source: Primary Data

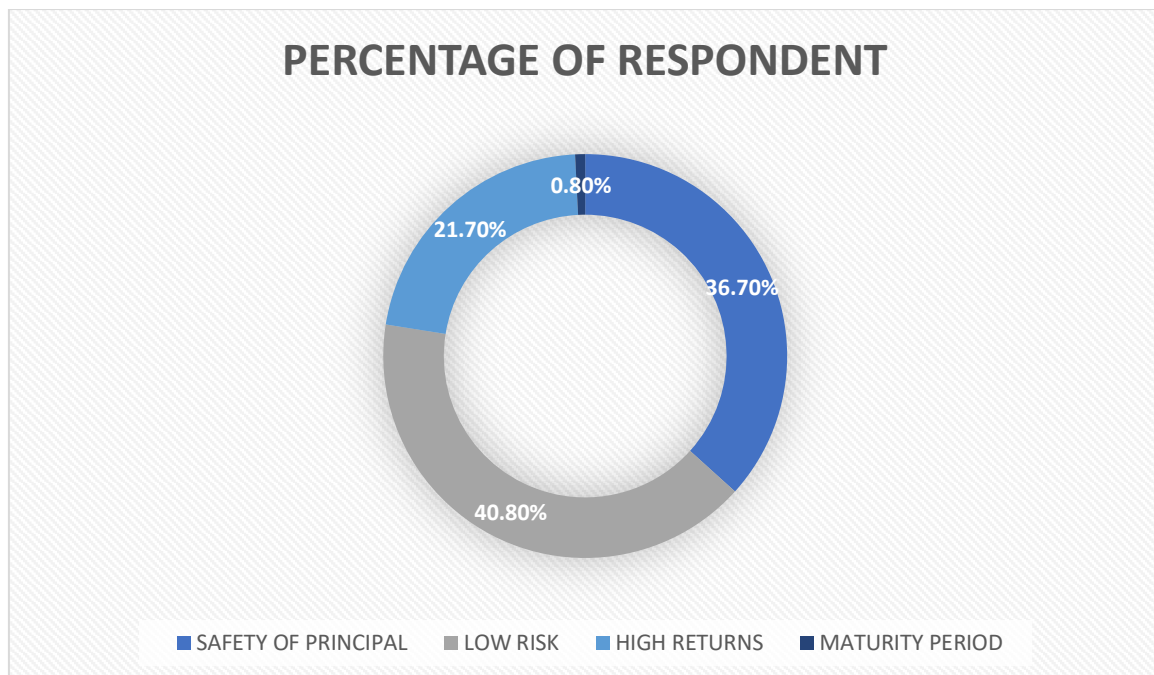


Chart 4.18 shows the factors consider before investing.

INTERPRETATION: From the above table it is interpreted that 36.7% of the respondents are safety principal. 40.8% of the respondents are low risk. 21.7% of the respondents are High returns. 0.8% of the respondents are Maturity period.

Table 4.19 Respondents based on investors often monitoring investment

PARTICULARS	NO. OF RESPONDENT	PERCENTAG OF RESPONDENT
daily	32	26.7%
weekly	53	44.2%
monthly	22	18.3%
occasionally	13	10.8%
total	120	100%

Source: Primary Data

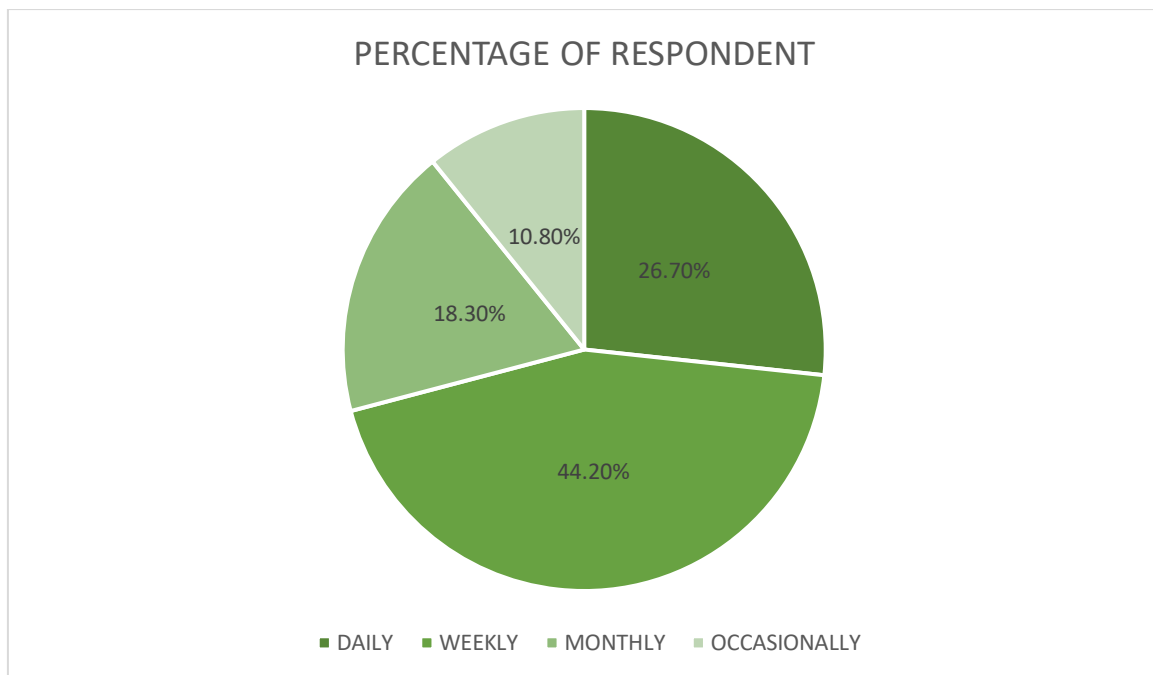


Chart 4.19 shows the Investors often monitoring the investment.

INTERPRETATION: From the above table it is interpreted that 26.7% of the respondents are Daily. 44.2% of the respondents are Weekly. 18.3% of the respondents are Monthly. 10.8% of the respondents are Occasionally.

Table 4.20 Respondents based on typical attitude making important financial decision

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
very adventurous	28	23.3%
fairly adventurous	43	35.9%
average	41	34.2%
fairly cautious	7	5.8%
very cautious	1	0.8%
total	120	100%

Source: primary Data

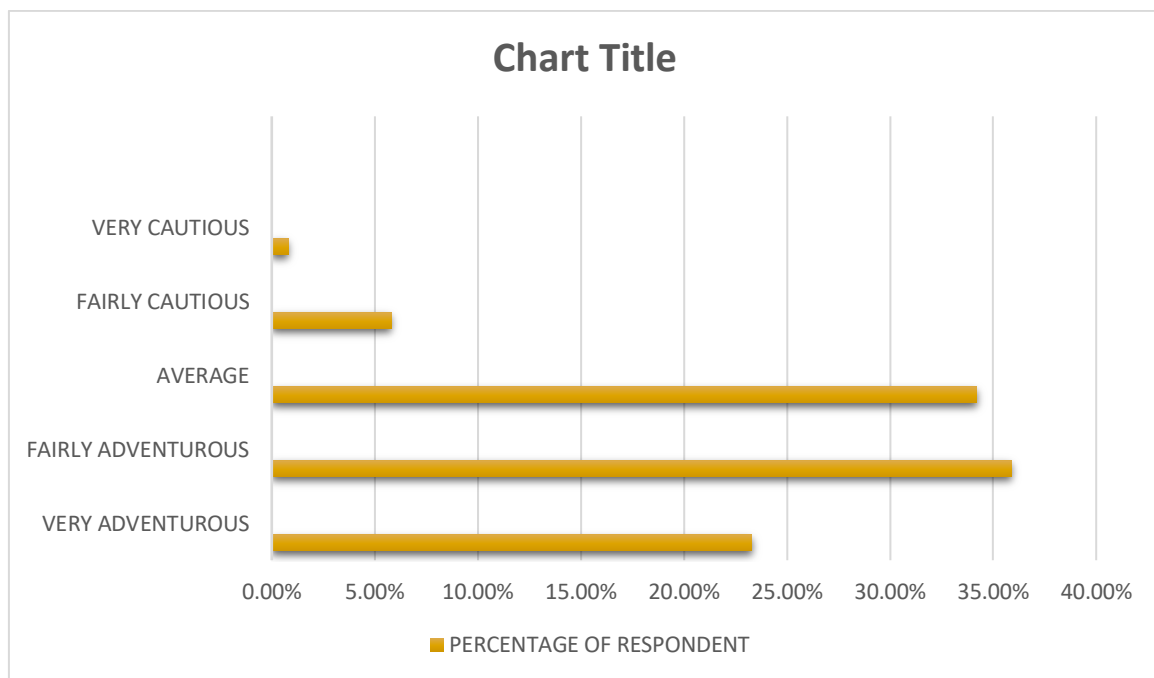


Chart 4.20 shows the typical attitude making important financial decision.

INTERPRETATION: From the above table it is interpreted that 23.3% of the respondents are very adventurous. 35.9% of the respondents are fairly adventurous. 34.2% of the respondents are average. 5.8% of the respondents are fairly cautious. 0.8% of the respondents are very cautious.

Table 4.21 Respondents based on level of risk to undertake for investment avenue

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
less risk	60	50%
moderate risk	59	49.2%
high risk	1	0.8%
total	120	100%

Source: primary Data

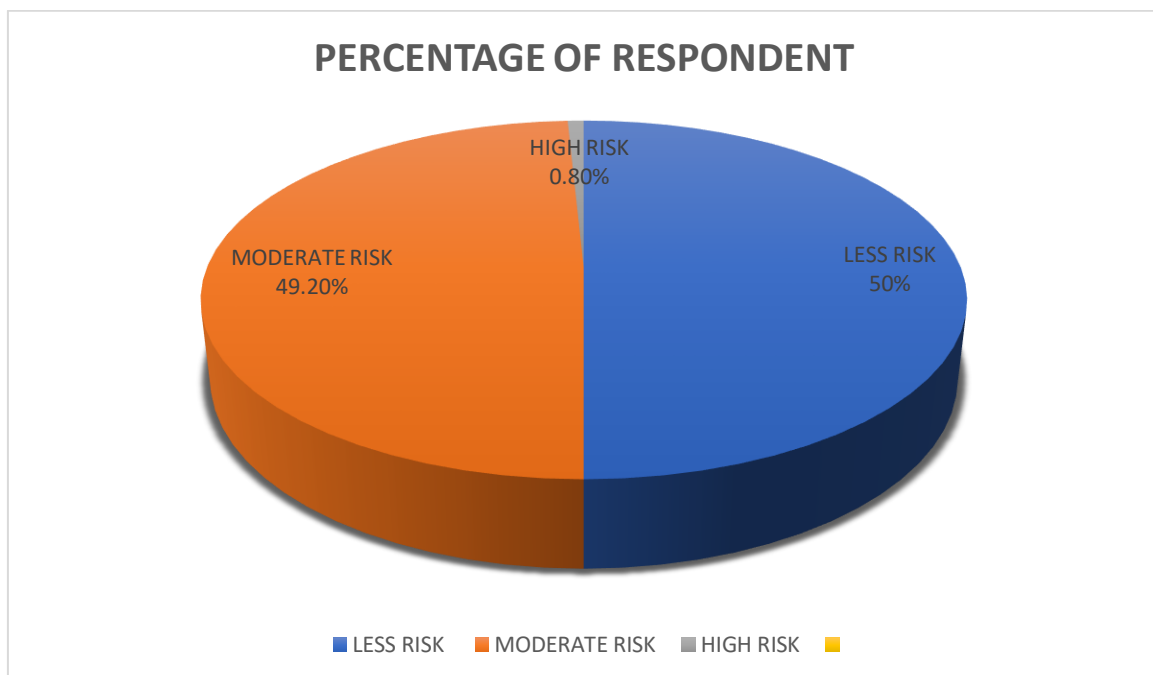


Chart 4.21 shows level of risk to undertake for investment avenue.

INTERPRETATION: From the above table it is interpreted that 50% of the respondents are less risk. 49.2% of the respondents are moderate risk. 0.8% of the respondents are High risk.

TABLE 4.22 Respondents based on investment is safe and grows slowly but steadily even if it means lower growth all.

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
strongly agree	39	32.5%
agree	62	51.7%
neither agree nor disagree	16	13.3%
disagree	2	1.7%
strongly disagree	1	0.8%
total	120	100%

Source: Primary Data

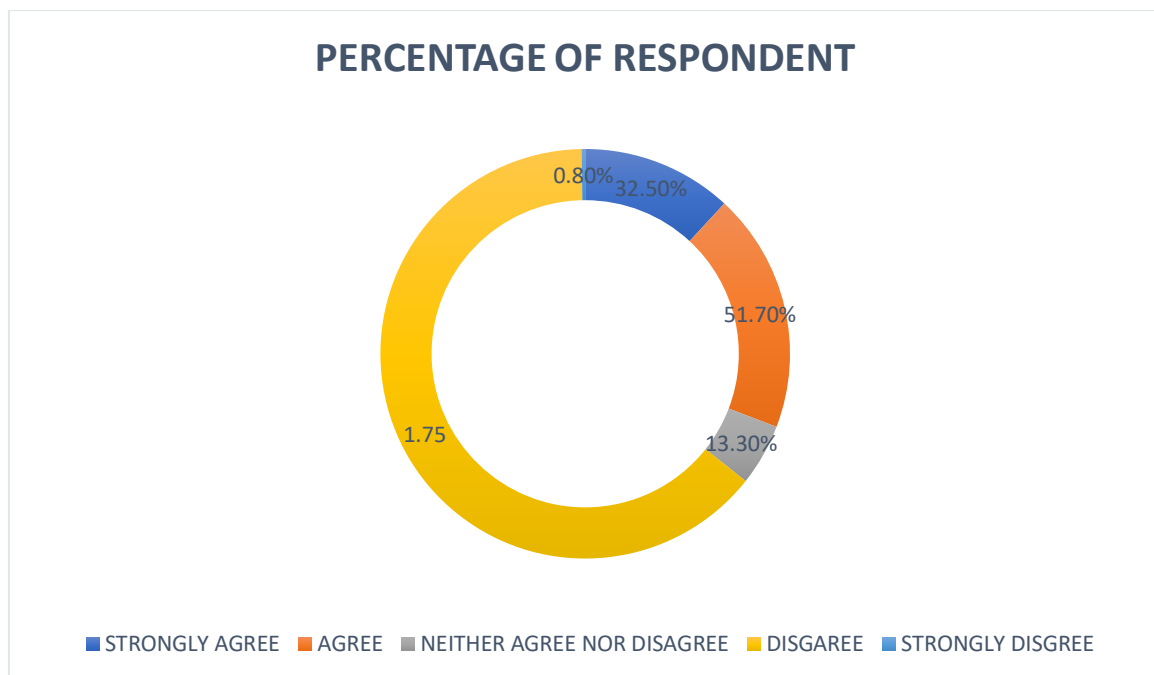


Chart 4.22 investment is safe and grows slowly but steadily even if it means lower growth overall.

INTERPRETATION: From the above table it is interpreted that 32.5% of the respondents are Strongly agree. 51.7% of the respondents are Agree.13.3% of the respondents are Neither Agree nor Disagree. 1.7% of the respondents are Disagree. 0.8% of the respondents are Strongly Disagree.

Table 4.23 Respondents based on best return even if there were risk involved.

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
always	36	30%
usually	62	51.7%
sometimes	22	18.3%
rarely	0	0%
never	0	0%
total	120	100%

Source: primary Data

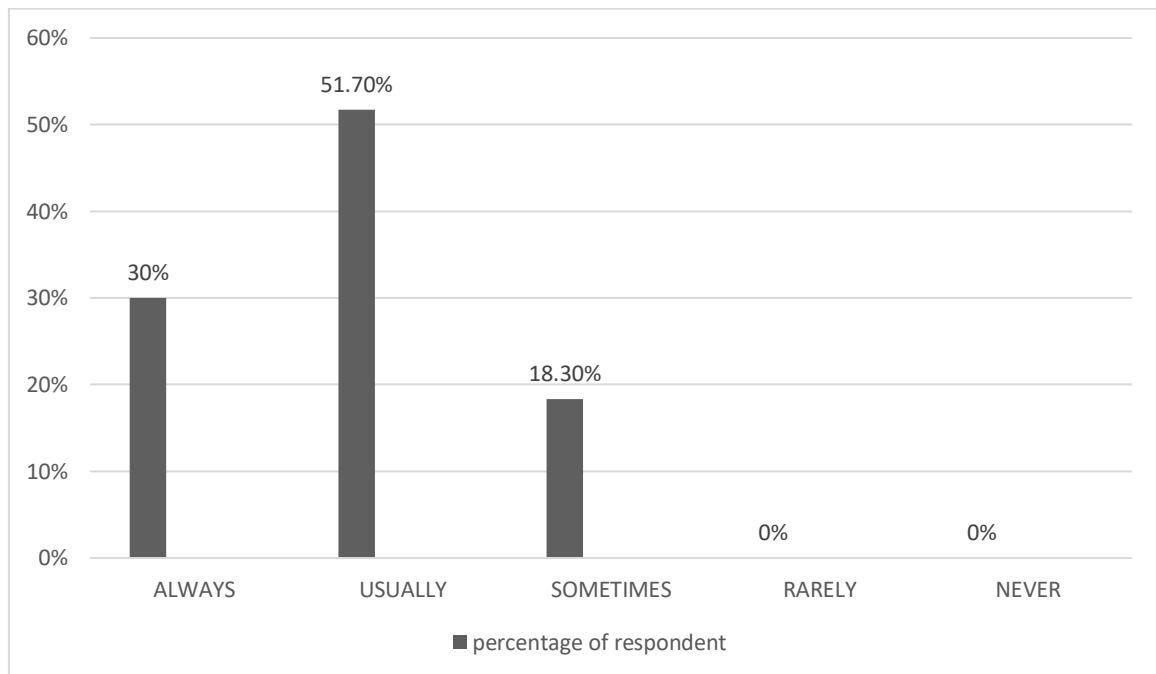


Chart 4.23 shows best possible return even if there were risk involved.

INTERPRETATION: From the above table it is interpreted that 30% of the respondents are Always. 51.7% of the respondents are Usually. 18.3% of the respondents are Sometimes. 0% of the respondents are Rarely. 0% of the respondents are Never.

Table 4.24 Respondents based on investors investment money to be sale even if it means lower return.

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
strongly agree	22	18.4%
agree	58	48.3%
neither agree nor disagree	28	23.3%
disagree	11	9.2%
strongly disagree	1	0.8%
total	120	100%

Source: primary Data

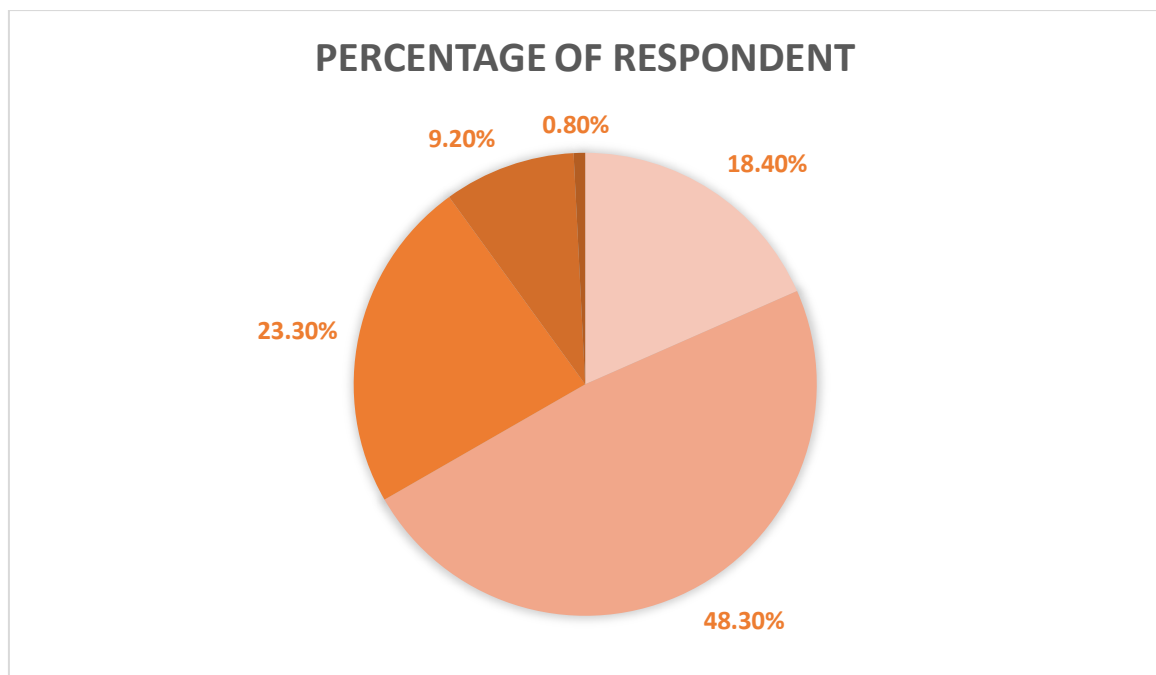


Chart 4.24 Shows the investors investment money to be sale even if it means lower return.

INTERPRETATION: From the above table it is interpreted that 18.4% of the respondents are Strongly Agree. 48.3% of the respondents are Agree. 23.3% of the respondents are Neither Agree nor Disagree. 9.2% of the respondents are Disagree. 0.8% of the respondents are Strongly disagree.

Table 4.25 Respondents based on investors picked investment for large gain but also the risk of large losses

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
panicked and very uncomfortable	40	33.3%
quite concerned	26	21.7%
a little concerned	6	5%
accepting of the possible high and lows	39	32.5%
excited by the potential for gain	9	7.5%
total	120	100%

Source: Primary Data

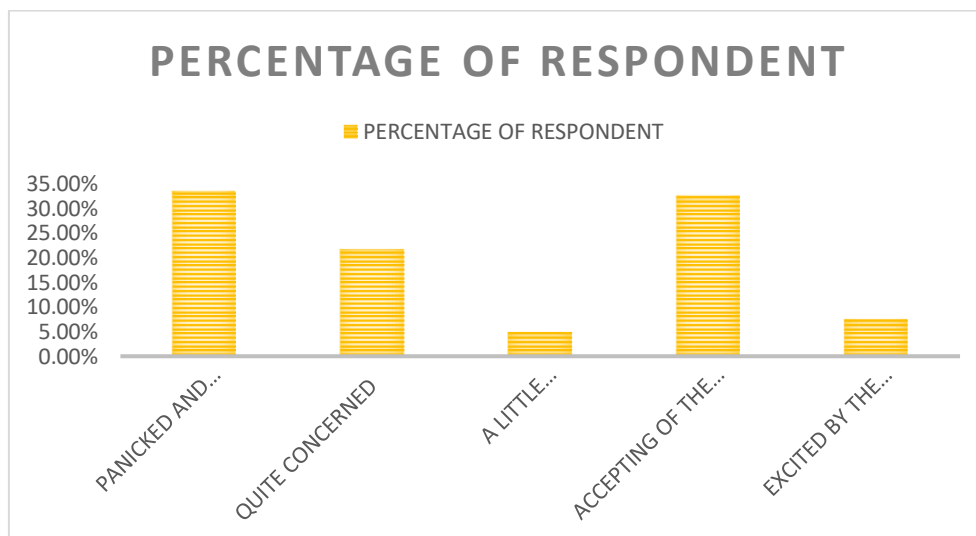


Chart 4.25 shows the investors picked an investment with potential for large gain but also the risk of large losses.

INTERPRETATION: From the above table it is interpreted that 33.3% of the respondents are Panicked and Very Uncomfortable. 21.7% of the respondents are Quite concerned. 5% of the respondents are A little concerned. 32.5% of the respondents are Accepting of the possible high and lows. 7.5% of the respondents are Excited by the potential for gain.

4.2 CHI-SQUARE TEST

Table 4.2.1 Showing the relationship between investment horizon and investment period of investors..

Null Hypothesis (H0):

There is no association between investment horizon & investment period.

Alternate Hypothesis (H1):

There is an association between investment horizon & investment period.

Cases Processing Summary

	Cases					
	Valid		Missing		Total	
	N	percent	N	percent	N	percent
Investment Horizon Investment period	120	99.2%	1	0.8%	120	100%

Investment Horizon		Investment period				Total
		<1 year	1-2 years	2-5 years	>5years	
Safety principal	count	10	0	0	0	
Better return & safety	count	34	32	0	0	
Regular income	count	2	0	23	4	
Tax savings	count	0	0	0	15	
Total	count	46	32	23	19	120

Chi-square Test

	value	df	Asymp. Sig. (2-sided)
Pearson Chi-square	286.689 ^a	12	.000
Likelihood ratio	251.619	12	.000
Linear-by-Linear Association	103.013	1	.000
N of valid Cases	120		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is 1.66.

RESULTS: A Chi-square test of independent was performed to examine the association between investment horizon period.

Result of the Chi-square test of independent showed that the calculated value is greater than the tabulated value, we accept the alternate hypothesis and hence there is a significant association between investment horizon and investment period. Hence, the Alternative hypothesis [H1] is accepted.

4.2.2 The tables showing the relationship between education qualification and investment decisions of investors.

Null Hypothesis (H0): There is no significant difference between education qualification and investment decisions of investors.

Alternate Hypothesis (H1): There is significant difference between education qualification and investment decisions of investors.

Descriptives								
EDUCATIONAL QUALIFICATION								
	N	Mean	std Deviation	Std Error	95% Confidence interval For mean		Max	Min
					Lower Bound	Upper Bound		
Agree	48	3.48	1.185	.171	3.14	3.82	1	5
Disagree	15	3.53	1.246		2.84	4.22	1	5
Neither agree nor disagree	19	1.57	1.351	.169	1.31	2.51	1	5
Strongly agree	31	3.53	1.473		2.81	3.90	1	5
Strongly disagree	7	3.57	1.618				1	5
total	120	3.35	1.345	.118	3.11	3.58	1	5

ANOVA					
EDUCATIONAL QUALIFICATION					
	Sum of Squares	df	Mean Square	F	Sig
Between groups	5.934	4	1.483	.815	.518
Within Groups	227.489	125	1.820		
Total	233.423	129			

RESULTS:

ANOVA was performed to examine the difference among education qualification and opinion mutual funds best return for its investors. Results of ANOVA shows that significant value is less than 0.05, we accept null hypothesis and reject alternate hypothesis. Therefore, there is no significant difference between education qualification and investment decisions of investors. Hence, the null hypothesis is accepted (H0).

Table 4.3 The table showing the relationship between annual-income and investment target:

Null Hypothesis (H0): There is no significant difference between annual-income and investment target.

Alternate Hypothesis (H1): There is significant difference between annual income and investment target.

Descriptives**								
ANNUAL INCOME								
	N	Mean	std Deviation	Std Error	95% Confidence interval For mean		Max	Min
					Lower Bound	Upper Bound		
Agree	38	1.22	1.083	.156	1.97	2.47	1	3
Disagree	25	2.80	1.156	.327	1.10	2.50	1	3
Neither agree nor disagree	19	2.55	1.299	.277	1.97	3.12	1	3
Strongly agree	31	2.38	1.326	.227	1.92	3.85	1	3
Strongly disagree	7	2.50	1.378	.563	1.05	3.95	1	3
total	120	2.32	1.295	.114	2.10	2.55	1	3

ANOVA					
ANNUAL INCOME					
	Sum of Squares	df	Mean Square	F	Sig
Between groups	5.500	4	1.375	.815	.518
Within Groups	210.931	125	1.687		
Total	216.431	129			

RESULTS:

Results of ANOVA shows that significant value is less than 0.05, we accept the null hypothesis(H_0) and reject alternate hypothesis (H_1). Therefore, there is no significant difference between annual-income and investment target. Hence, the null hypothesis is accepted.

Table 4.4 The table showing relationship between respondent's opinion on factors influencing investment decisions and typical attitude while making important decisions .

Null Hypothesis(H0): There is no correlation between respondent's opinion on factors influencing investment decisions and typical attitude while making important decisions

Alternate Hypothesis (H1): There is correlation between respondent's opinion on factors influencing investment decisions and typical attitude while making important decisions.

Correlations

Correlations			
		Respondents opinion on investment decisions	Whether typical attitude while making important decisions
money invested in fund is very secure	Pearson Correlation	1	.107
	Sig.(2-tailed)		.212
	N	120	120
Investment depends on relevant information to its investor from time to time	Pearson Correlation	.104	1
	Sig. (2-tailed)	.217	
	N	120	120

RESULTS:

The results from table 4.34 indicates that respondent's opinion on investors are positively and significantly correlated with each other. The correlation value is 0.109. hence the two variables are low correlation.

CHAPTER-5

5.1 FINDINGS

- 1) Majority (83.3%) of the investors are in the age group of 20-30.
- 2) Majority (91.7%) of the investors are Male.
- 3) Majority (55%) of the investors are Postgraduate.
- 4) Most (15.8%) of the investors are Salaried
- 5) Most (45%) of the investors are invested in Annual income Below Rs2,00,000
- 6) Majority (55%) of the investors are invested in Safe low risk investment.
- 7) Majority (45%) of the investors are Always allocated formal budget for family expenditure.
- 8) Majority (56.7%) of the investors are Disagree in savings and investment target aim for each year.
- 9) Most (49.1%) of the investors are in between 10-20% of the investors invest.
- 10) Majority (52.5%) of the investors are opted for investment in Banks.
- 11) Most (29.2%) of the are investors are advice seek on investment decision in Magazines & Newspapers.
- 12) Majority (57.5%) of the investors are invested in 1-2 years of investment Horizon.
- 13) Most (36.6%) of the investors are in between 13-18% expected rate of return (%) from investment.
- 14) Majority (55.8%) of the investors are in Liquidity short-term goal of investment.
- 15) Majority (58.3%) of the investors are in Dream House long-term goal of investment.
- 16) Most (30%) of the investors are taken past performance decision to invest depends upon.

17) Majority (56.7%) of the investors given Rating 4 in Liquidity.

Majority (58.3%) of the investors are given rating 3 in Returns.

Majority (53.3%) of the investors are given rating 3 rating in safety.

Most (35%) of the investors are given 1 rating in Tax savings.

18) Most (40.8%) of the investors are invested in low risk consider before investing.

19) Most (44.2%) of the investors are Often monitoring Weekly in investment.

20) Most (35.9%) of the investors are fairly adventurous when making important financial decision.

21) Most (50%) of the investors are undertaken less risk for investment avenue

22) Majority (51.7%) of the investors are Agree for financial goal investors prefer an investment is safe and grows slowly but steadily even if it means lower growth overall.

23) Majority (51.7%) of the investors are Usually that the best possible return even there were risk involved.

24) Most (48.3%) of the investors are Agree that investors investment money to be sale even if it means lower return.

25) Most (33.3%) of the investors are Panicked and very uncomfortable that investors picked an investment with potential for large gain but also the risk of large losses.

26) Result of the Chi-square test of independent showed that the calculated value is greater than the tabulated value, we accept the alternate hypothesis and hence there is a significant association between investment horizon and investment period. Hence, the Alternative hypothesis [H1] is accepted.

27) ANOVA was performed to examine the difference among education qualification and opinion mutual funds best return for its investors. Results of ANOVA shows that significant value is less than 0.05, we accept null hypothesis and reject alternate hypothesis. Therefore, there is no significant difference between education qualification and investment decisions of investors. Hence, the null hypothesis is accepted (H0).

5.2 SUGGESTION

- Better analysis tools should be used to make predictions.
- It is recommended that investors' decision should be based on their broker's advice.
- Risk and return should be evaluated before making an investment decision.
- There should be a regular SMS updates to the investors regarding their investment.
- Those investors who want to avoid risk should invest in treasury notes or high-rated municipal bonds and debentures etc.
- Client awareness program has to be conducted by using the internet and web-based communication.

5.3 CONCLUSION:

It is imperative to understand the positives and negatives of the different types of investment avenues to maximize the return. With the help of these kind of studies different sections of society understand the merits and demerits of the investment. The participants in the Indian capital market are unable to understand the investor investment objective due to the dramatic change in the attitude of the investor. The investor can make the trading in securities as a beneficial area of investment. It is purely based upon the investor's awareness towards investment objectives. When the investor gets more and more accurate information on the right time, then they can enjoy the taste of success from investment in securities. The capital market authorities should implement more training and awareness programs for the investors. The present study is confined to Guntur District only and there is a scope for further survey in other districts in Andhra Pradesh and different areas of the country to formulate the policies and to attract the investors to invest their savings for the industrial development of the nation.

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APPENDENDIX -1 (QUESTIONNAIRE)

Demographical

1) Age group

- a) 20-30 b) 31- 40 c) 41-50 d) 50 and above

2) Gender

- a) Male b) Female

3) Education qualification

- a) Postgraduate b) Graduate c) Non graduate d) Others

4) Occupation

- a) Salaried b) Self Employed professional
c) Business d) Retired e) Others

5) Annual Income:

- a) Below Rs2,00,000
b) Rs2,00,000-4,00,000
c) Rs4,00,000-6,00,000
d) Above6,00,000

Variables

6) what do you think are the best options for investing your money?

- a) safe low risk investment
b) moderate risk investment
c) High risk investment
d) Traditional investment

e) Emerging investment

7) Do you have a formal budget for family expenditure?

a) Always

b) Often

c) Sometimes

d) Rarely

e) Never

8) I have a savings and investment target amount you aim for each year.

a) Strongly Agree

b) Agree

c) Neither Agree nor disagree

d) Disagree

e) Strongly disagree.

9) What percentage of your income do you invest?

a) 0-10% b) 10-20% c) 20-30% d) 30-40%

10) Which of the following avenues have you opted for Investment?

a) Insurance b) Banks c) Post office d) Equities

e) Real Estate

f) Mutual g) Government securities h) Gold

i) others_____

11) Whose advice do you seek on your investment decisions?

a) Local brokers b) Magazines & newspapers c) Chartered accountants

d) Bank e) Family & friends f) other_____

12) What is your investment horizon?

a) <1 year b) 1–2-year c) 2–5-year d) >5 years

13) What is your Expected rate of return (%) from investments?

a) Below 7%

b) 8-12%

c) 13-18%

d) Above 18%

14) What is your short-term goal of investment?

a) Return b) Liquidity c) Risk

15) What is your long-term goal of investment?

a) Retirement corpus

b) Children's future

c) Dream House

d) Others (please specify) _____

16) Your decision to invest depends upon?

a) Past performance

b) Economic scenario

c) Industry analysis

d) Company analysis

e) Credit rating

f) others _____

17) What factors influences your investment decision?

Rank in order of priority (1 to 4)

a) Liquidity

b) Returns

c) Safety

d) Tax Savings

18) Which factors do you consider before investing?

- a) Safety of Principal
- b) Low Risk
- c) High Returns
- d) Maturity Period

19) How often do you monitor your investment?

- a) Daily
- b) weekly
- c) Monthly
- d) Occasionally

20) How would you describe your typical attitude when making important financial decisions?

- a) Very adventurous
- b) Fairly adventurous
- c) Average
- d) Fairly cautious
- e) Very cautious

21) What level of risk are you ready to undertake for your investment avenue?

- a) Less risk b) Moderate risk c) High risk

22) To reach my financial goal I prefer an investment which is safe and grows slowly but steadily, even if it means lower growth overall.

- a) Strongly Agree
- b) Agree
- c) Neither Agree nor disagree
- d) Disagree

e) Strongly disagree

23) I would go for the best possible return even if there were risk involved.

a) Always

b) Usually

c) Sometimes

d) Rarely

e) Never

24) I want my investment money to be safe even if it means lower returns.

a) Strongly Agree

b) Agree

c) Neither Agree nor disagree

d) Disagree

e) Strongly disagree

25) If you had picked an investment with potential for large gains but also the risk of large losses how would you feel:

a) Panicked and very uncomfortable

b) Quite uneasy

c) A little concerned

d) Accepting of the possible highs and lows

e) Excited by the potential for gain



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A study on investment pattern and preference of retail investors

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ABSTRACT

Investment means putting your money to work for you. It is a different way to think about how to make money. Growing up, most of us taught that you could earn your income only by getting job & working. And that's exactly most of us do. This report is about study were to identify the preference of investors towards various investment avenues, public awareness & preference of mutual funds and find out the purpose and objectives of the investment. Also, the risk profile was accessed information pertaining to the factors affecting choice of mutual preferred mutual funds scheme's purpose of investment etc. The research design adopted was descriptive type. The sampling technique which adopted was cluster simple random sampling. A total of 120 samples were interviewed and appropriate data were collected. All the data were compiled and analysed, using descriptive statistics as well as inferential statistics. Simple percentage analysis was used for descriptive analysis. Cross tabulation and chi-square were used for the inferential statistics. There are many different ways we can go through making an investment.

Keywords:

Investment Pattern, Investors, Return and Investment Period

1. INTRODUCTION

An investment is a sacrifice of current money or other resource for gaining benefits in future. Investment can be defined as the net addition to a nation's physical stock of capital and to own funds. In the present financial market scenario there are numerous avenues of investments are available. The two key factors of any investment are time and risk. Investment is the employment of funds with an aim to get additional income or growth in value. The essential quality of an investment that involves waiting for a reward. In simple terms, investment means conversion of cash or money into a monetary asset a claim on money for a future benefit or

returns. Our economic well-being in the long run depends significantly on how wisely or foolishly we invest. "Investing is simple, but not so easy". Investing is also difficult because we must make a lot of decisions-differentiating between needs and wants. It also creates confusion because there are a lot of alternatives available in the market and they all have their own pros and cons.

2.OBJECTIVES OF STUDY

Primary Objective

- ❖ A study on investment pattern and preference of retail investors

Secondary objective

- ❖ To analyse the investing habits of the investor
- ❖ To determine investors risk and return preference of the investment.
- ❖ To identify the factors influencing the investor in choosing the types of investment.

3. REVIEW OF LITERATURE

Viktor Danielsson (2010) People who invest capital in promising projects as a profession called venture capitalists. They are constantly looking for new investment opportunities. Recently, media have observed a growing interest in forest land as capital investment.

Olsen and Cox (2011) have tried to find the impact of gender on the awareness and reaction to investment risk and discovered that women financial specialists weigh hazards traits for example, a probability of misfortune and uncertainty, more vigorously than their male associate.

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Le Phuoc and Doan (2011) investigated the behavioral factors influencing individual investment decisions at the Ho Chi Minh stock Exchange using factors analysis. These results show that five behavioral factors such as herding, market, prospect, overconfidence gamble's fallacy and anchoring-ability bias affect the investment decisions of individual investors.

Dr. Varsha Virani (2012) propounded in her study on saving and investment model of school teachers in Gujarat in which data is collected from 100 school teachers and conducted that a large amount of the school teachers are saving funds as bank deposits and government securities as their investment preference.

Murithi Suriya, Narayanan and Arivazhagan (2012), in their study reveal the female investors dominate the investment market in India. According to their survey, majority of the investors are found to be considering two or more sources of information to make investment decisions. Most of the investors discuss with their family and friends before making an investment decision.

V.R Palanivelu & K. Chandra Kumar (2013) highlighted that certain factors of salaried employees like education level, awareness about the current financial

systems, age of investors etc. Make significant impact while deciding the investment avenues.

Barber and Odean (2013) carried out a test on the prediction that overconfident investors trade excessively by partitioning investors on gender. Their analysis showed that men tend to be more confident traders than women and thus trade more volumes than women. Consequently, their average returns are less than that of women.

Suresh Chandra Bihari & Apoorv Raj (2013) on investment behavior of the customers towards mutual fund and other products assessed in their research, commercial sources are attaching and helping more consumers to take decision. At the same time personal sources are also adding value to their decision-making process. Magazines, newspapers, film, colleagues play a vital role in searching meaningful information.

Ramprasath. S and Dr. B. Karthikeyan (2013), on individual investors behavior towards select investments states that the majority of the investors are given much importance for the factor "safety". Similarly, investment avenues such as Bank deposits, LIC policies and Bullion has been preferred by the investors are periodically evaluating the performance of their investment avenues.

V.R. Palanivelu & Chandrekumar (2013) studied the investment preference of salaried class in Namakkal Taluk, Tamil Nadu. It highlight's that certain factors like age, education level, knowledge about financial systems affect the decision regarding the choice of investment avenues.

4. RESEARCH METHODOLOGY

Research design stands for advance planning of methods to be adopted for collecting the relevant data and the techniques to be used in analysis, keeping in objectives of the research and availability of time. Descriptive research includes surveys and facts finding enquiries of different kinds. The major purpose of this research is description of state affairs as it exists at present. The research was conducted and insights were captured using both primary data, namely surveys, questionnaires and so on, and secondary data, that is, a thorough review of journals. The secondary data was collected through a literature review of articles, leading to the identification of independent variables argued to affect investors behaviour and their choice of portfolio and its performance. The primary data were collected through an online questionnaire conducted with a sample population of individuals who hold an investment portfolio. The dependent and independent variables were identified and their relationship is shown in the diagram below.

4.1 Descriptive Research Design

The reason taking descriptive research design is to get the features of individual an objective or the variable of attention in a situation. A descriptive research design is one that simply describes something such as descriptive something such as demographic characteristics of group or customers of products.

4.2 Sampling Technique

4.2.1 Convenience sampling method: A Convenience sample is one of the main types of non-probability sampling methods. A convenience sample is made up of people who are easy to reach.

4.3 Sources of data

4.3.1 Primary data: Primary data, by contrast, are collected by the investigator conducting the research. Primary data refer to demographic and socio-economic characteristics of the investors, behaviour and opinion of investors, their awareness and knowledge.

4.3.2 Secondary data: Secondary data has collected been collected from journals, Books, Websites and magazines.

4.4 Sample Size

A sample size is a component of population in which its cautiously selected to signify the population. The study was conducted with the sample size of 120 investors.

4.5 Period of Study

The period of study from January 2021 To March 2021 which is three months of study.

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5. CHI-SQUARE TEST

Table 5.1 Showing the relationship between investment horizon and investment period of investors..

Null Hypothesis (H0):

There is no association between investment horizon & investment period.

Alternate Hypothesis (H1):

There is an association between investment horizon & investment period.

Cases Processing Summary

	Cases					
	Valid		Missing		Total	
	N	percent	N	percent	N	percent
Investment Horizon Investment period	120	99.2%	1	0.8%	120	100%

Investment Horizon		Investment period				Total
		<1 year	1-2 years	2-5 years	>5years	
Safety principal	count	10	0	0	0	
Better return & safety	count	34	32	0	0	
Regular income	count	2	0	23	4	
Tax savings	count	0	0	0	15	
Total	count	46	32	23	19	120

Chi-square Test

	value	df	Asymp. Sig. (2-sided)
Pearson Chi-square	286.689 ^a	12	.000
Likelihood ratio	251.619	12	.000
Linear-by-Linear Association	103.013	1	.000
N of valid Cases	120		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is 1.66.

RESULTS: A Chi-square test of independent was performed to examine the association between investment horizon period.

Result of the Chi-square test of independent showed that the calculated value is greater than the tabulated value, we accept the alternate hypothesis and hence there is a significant association between investment horizon and investment period. Hence, the Alternative hypothesis [H1] is accepted.

Table 5.2 The table showing relationship between respondent's opinion on factors influencing investment decisions and typical attitude while making important decisions .

Null Hypothesis(H0): There is no correlation between respondent's opinion on factors influencing investment decisions and typical attitude while making important decisions

Alternate Hypothesis (H1): There is correlation between respondent's opinion on factors influencing investment decisions and typical attitude while making important decisions.

Correlations

Correlations			
		Respondents opinion on investment decisions	Whether typical attitude while making important decisions
money invested in fund is very secure	Pearson Correlation	1	.107
	Sig.(2-tailed)		.212
	N	120	120
Investment depends on relevant information to its investor from time to time	Pearson Correlation	.104	1
	Sig. (2-tailed)	.217	
	N	120	120

RESULTS:

The results from table 4.34 indicates that respondent's opinion on investors are positively and significantly correlated with each other. The correlation value is 0.109. hence the two variables are low correlation.

Results

The results from table 4.34 indicates that respondent's opinion on investors are positively and significantly correlated with each other. The correlation value is 0.109. hence the two variables are low correlation.

6. DISCUSSION

On completing the project "a study on quality of work life among the employees working in dairy industries" the correlation test was done to find out the correlation between comfortable with job and maintain a good balance between the work life and the family life. The chi square was done to find out the between gender and relationship with management and employees in workplace.

7. CONCLUSION

It is imperative to understand the positives and negatives of different types of investment avenues to maximize the return. With the help of these studies different sections of society understand the merits and demerits of the investment. The participants in Indian capital market are unable to understand the investor investment, objectives due to the dramatic change in the attitude of the investor. The investor can make the trading in securities as a beneficial area of investment. It is purely based upon the investor's awareness towards investment objectives. When the investors get accurate information on the right time, they can enjoy the taste of success from investment in securities. The capital market authorities should implement more and more training and awareness programs for the investors.

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