

A Study on Investors Preferences in Investment Decision towards Trust line Securities Ltd

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Abstract- In our country investors have various alternatives of investment decisions; each and every investor must evaluate and select best alternatives. The investor dealing with the planning should know all the investment choices & how these can be selected for the purpose of meeting the overall objectives. Investment, it can be maintained and managed in various ways. This study finds out the people's choice of investment and avenues. Data collected from formal questionnaires. This study sample size is two hundred and fifty respondents.

Index Terms- Decisions of investor in investment choices; Dimension of investment choices.

INTRODUCTION

India is still developing country. In our country major problems are unemployment, poverty, low income, low saving, low investment and low production. This country needs very high rate of investment to make a forward step of developing and efforts to meets the high growth. Investment is the primary instrument of increase in national income and economic growth.

There is a single difference between savings and investment. Savings are comes from the deduction of expenditure and remains savings. Those savings become investment. Savings are fulfilling only the short term objectives and investment is fulfilling long term objectives. Every investor gets return from the respective securities.

$INCOME - EXPENSES = SAVINGS$

$SAVINGS = INVESTMENT$

$INVESTMENT = LONG TERM PURPOSE$

$LONG TERM PURPOSE = HIGH RETURNS$

$HIGH RETURNS = TAX BENEFITS$

$SECURITY = IT IS A CLAIM VALUE OF AN ASSET$

INVESTMENT ALTERNATIVES

In India investors having more number of investment alternatives. Investor investing decision varied based on investment risk and returns. Some of the investors are high risk takers, some of the investors are low risk takers and some of the investors are medium risk takers. Investor investment decision depends on their savings level. Majority of the investor investing their savings based on high returns and safer investment. Investment avenues are mainly divided into some category listed below.

INVESTMENT AVENUES

- Equity
- Bonds
- Debentures
- Mutual fund
- Bank deposits
- Post office deposits
- Public provident fund
- Insurance
- Gold / silver
- Real estate

EQUITY

Equity investment always high risk and investors get high return of the security. It is a long term investment. The maturity period is greater than a year. Majority of the risk taker invest their savings into equity instrument. After maturity period the investor will earn high income from respective investment. Here investor earn returns are dividend. Dividend is a part or proportion of the profit.

BONDS

Bonds are given by government bodies. It is a safer investment instrument. Investor principal amount will be protecting by this investment avenues. Majority of the risk adverse investor go for this investment. It is a low risk and low return investment avenue. It is also

called as fixed income security. Here investor earn returns is based on interest. Interest percentage is depends on investment schemes. Maturity period is less than a year.

DEBENTURES

Generally debentures are given by the corporate bodies. It is also similar to bond. Debenture is one type of company raising funds. It is also called as fixed income security. It is a low risk and low return investment avenue. Here investor earn returns is based on interest. Interest percentage is depends on investment schemes. Maturity period is less than a year.

MUTUAL FUND

The fund manager will collect pooled of funds from the group of individual and invest those funds in various securities and give some reasonable returns to their investors. Investors they don't know the fund manager where he invested their funds.

Mutual fund is a professionally managed investment scheme. It is run by the asset management company. All the mutual funds are registered under SEBI (Security Exchange Board of India). Regulatory body of mutual fund is AMFI (Association of Mutual Fund India). It is a combination of securities and also known as portfolio management. Risk can be eliminated in mutual fund and return will be high. Investor investing in mutual fund based on units. Mutual fund types can be classified into some category listed below.

- Equity funds
- Debt funds
- Money market funds
- Balanced funds
- Funds of funds
- Speciality funds
- Equity linked saving schemes

BANK DEPOSITS

Bank is a financial institution which offering fixed deposits schemes. Fixed deposits investment period is minimum thirty days. Fixed deposits investment is affordable to risk adverse investors. Fixed deposits return is always lower than the money market fund returns. Bank deposits are always safe because regulatory framework is RBI. It is a safer investment

instrument. Investor principal amount will be protecting by this investment avenues. Majority of the risk adverse investor go for this investment. It is a low risk and low return investment avenue.

POST OFFICE DEPOSITS

Post office deposit is a low risk and low return saving investment avenues. It generates 8% of the interest rate per annum. Post office deposits are minimum 1,000 Rs and maximum 3, 00,000 Rs for individuals. The maturity period of this investment is six years. Majority of the risk adverse investor go for this investment. It is a safer investment instrument.

PUBLIC PROVIDENT FUND

Public Provident Fund is long term saving scheme and maturity period is fifteen years. The interest amount was compounded annually. Public Provident Fund account we can open in nationalized bank at anytime of a year. This investment schemes having tax exempt facility. Public Provident Fund is a scheme of getting investor benefit out of this one. The investment amount will get return based on maturity period and investor get return always boosting the principal amount. It is an investment scheme offered by bank to their investors.

INSURANCE

Insurance is a pooling of risk. So many people thought insurance is an investment but in fact that, insurance is only covering of risk (recovering of damages). In India LIC (Life Insurance Company) is the greater insurance company. Insurance can be classified into two types. First one is related to life and another one is related property.

- Endowment assurance policy
- Jeevan Saathi
- Convertible whole life assurance policy
- Unit linked plan
- Immediate annuity
- Money back policy
- Term assurance
- Deferred annuity

GOLD / SILVER AND OTHERS

This type investment instruments are art, gold, paintings, silver, antiques and metals are generally traded in metal exchange. When stock market gets

failed in returns that time gold market will give a reasonable return to investors. High Net worth Individual (HNWI) Investors are investing their majority of savings into gold and silver. Because it is easily convertible into liquid. These kind of investors are able to show their wealth.

REAL ESTATE

In real estate investment is investors expected return will be generated. This type of investment is purchasing of property in right location and right time. This kind of investment is used for long term purpose. Real estate investment deals with like land, commercial property, urban land, agricultural land.

OBJECTIVE OF THE STUDY

- This study is useful to find out what are the factors are influencing the investment decisions of the investors.
- Study helps to find the investors preferences in investment alternatives.

SCOPE OF THE STUDY

- The main scope of the study is to find the investors preferences, priorities, opinion & awareness towards different investment alternatives.
- Scope of this study is limited only covered in investors residing in Chennai. The data collected from a sample of 250 investors.

REVIEW OF LITERATURE

- Avinash Kumar Singh (2006), this person analyzed was investment patterns of the investors. This study helps to evaluate the investor and their investment pattern. He found that majority of the investors are aware of the various investment alternatives and risk associated with that investment. 50 above aged people was preferred insurance, tax saving schemes and fixed deposits. Remaining of the investors was preferred equity investment and these people are daily monitoring the performance of the equity funds.
- Sudalaimuthu & Senthil kumar (2008), these people analyzed most of the investors are

preferring mutual fund investment. Investors may aware of mutual fund units, schemes, types, risk associated with funds, units of market value and what are the factors influences to invest their savings into mutual fund. Mutual fund return was satisfied the investors expectation. This study helps to know the perception of the investors and mutual fund investment schemes.

- Sunil Gupta (2008), this study analyzed that most of the investors are not aware of the investment alternatives and not responded favourable. They only aware of post office deposits, bank deposits, savings account and fixed deposits. And their intention is those investments are safer investment & it generates monthly interest. Professional investors are aware about shares, debentures, equities and mutual funds.
- Manish Mittal and Vyas (2008), this study founded that the investors available certain set of cognitive & emotional weakness on their investment behaviour. Cognitive means an individual self thinking. This person founded that the investors are having self biases on investment options and also having systematic bugs in investment avenues. Demographic factor influences the individual investment behaviour such as age, gender, educational qualification, annual income and occupation. Finally this study said that the investor investment decisions are depends on personality & demographic factors.

RESEARCH METHODOLOGY

RESEARCH DESIGN

Descriptive research seeks to certain magnitude by making complete the study of the topic. It is used in this project to find out the investors preferences in various alternatives.

SAMPLE DESIGN

Sampling is a procedure to draw conclusion about the large group of respondents by studying a sample of the investor preferences in various alternatives. Sample is the segment of the investors.

PRIMARY DATA

The data is collected from through the questionnaire provided to the investors and get the respondents. It

is collected from the interactions with analysts in the company during the live interaction to the investors.

SECONDARY DATA

It is collected from the company websites, old records, magazines & textbooks and websites.

DATA ANALYSIS AND INTERPRETATION

The collected data is sorted out and analyzed to prepare the final report. The tools and techniques used in the analysis are.

Tools for analysis

- Simple percentage Analysis
- Independent sample t-Test
- One Way ANOVA

Table for Analysis of annual income of the investors

annual income		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 120000	24	24.0	24.0	24.0
	120000 - 300000	41	41.0	41.0	65.0
	300000 - 500000	22	22.0	22.0	87.0
	above 500000	13	13.0	13.0	100.0
	Total	100	100.0	100.0	

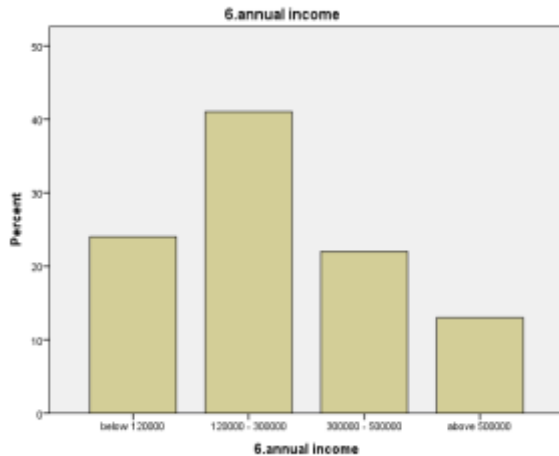


Figure for Analysis of annual income of the investors

INTERPRETATION

The above table and chart shows that below 120000 annual income of the investors are 24%, 120000-300000 annual income of the investors are 41%, 300000-500000 annual income of the investors are

22%, above 500000 annual income of the investors 13%. So, it can be concluded that majority of the investors are 120000-300000, annual income people.

Table for Analysis of investor's investment percentage of their income

9.what percentage of your income do you invest					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 - 15%	9	9.0	9.0	9.0
	15 - 30%	60	60.0	60.0	69.0
	30 - 50%	31	31.0	31.0	100.0
	Total	100	100.0	100.0	

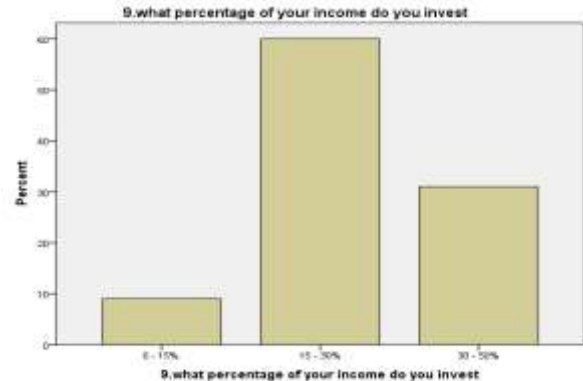


Figure for Analysis of investor's investment percentage of their income

INTERPRETATION

The above table and chart shows that 9% of the investors 0-15% invested of their income, 60% of the investors 15-30% invested of their income, and remaining 31% of the investors 30-50% invested of their income. So, it can be concluded that majority of the investors 15-30% invested of their income.

Difference between gender and investment option

Null Hypothesis: There is no significant difference between gender and investment option.

Alternate Hypothesis: There is a significant difference between gender and investment option.

Table for Anova for gender and investment option

ANOVA					
investment option					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	81.727	4	20.432	2.457	.051
Within Groups	790.113	95	8.317		
Total	871.840	99			

INTERPRETATION

The significant values is 0.051 which is greater than 0.05. Hence, null hypothesis is accepted, Alternative hypothesis is rejected. Hence, there is no significant difference between gender and investment option.

FINDINGS

PERCENTAGE ANALYSIS

- The majority of the investors are aware of the investment alternatives.
- Majority of the investors are preferring mutual fund and equity fund.
- 36-40 aged peoples are preferring, bank deposits and post office deposits.
- Business peoples preferring mutual fund has professionally managed investment options.
- Investors are 15-30% invested of their income & monitor monthly.
- 67% of the investors are accepted that high returns in equity market.

T-TEST

- There is no significant difference between Gender and stock market.
- There is no significant difference between Gender and investment option.
- There is a significant difference between Gender and invest on stock market.

ANOVA

- There is a significant difference between gender and equity market.
- There is a significant difference between gender and investment decision.
- There is no significant difference between gender and selling the shares.
- There is no significant difference between gender and purchasing the shares.

SUGGESTION

- Investors always prefer the high return in short term .Hence some amount of interest must be paid regularly.
- All the investment avenues and their risk & return association with instruments to know all the investors.

- The investment alternatives should communicate to all the investors.
- New investment alternatives introducing in the market people to know minimum knowledge.

CONCLUSION

This study helps to know the investor preferences in investment alternatives. Finally successfully completed survey & get accurate result from the investors. Majority of the investors is preferred high returns with low risk. Large number of investor, are preferred mutual fund, equity funds, bank deposits. Where the place people getting high return is mutual fund and risk can be diversified. In equity fund risk are closely associated with that investment. Bank & post office deposits are safer investment and return will become low. Gold, silver are easily liquid investment. Real estate is one of the long term investments and it is useful in future events. Where in bonds and debentures are safer investment avenue and return also low.

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