A STUDY FOR ATTITUDE OF INVESTORS TOWARDS VARIOUS INVESTMENT ALTERNATIVES

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ABSTRACT

BACKGROUND
Investing in various types of assets is an interesting activity that attracts people from all walks of life irrespective of their occupational status, education and family background. When a person has more money than he requires for current consumption, he would be coined as a potential investor. The investor who is having extra cash can invest it in securities or in any other assets like gold or real estate or could simply deposit it in his bank account. The companies that have extra income may like to invest their money in the extension of the existing firm or to start a new venture. All of these activities in a broader sense mean investment. Investment is the employment of funds on assets with the aim of earning income or capital appreciation. Investment has two attributes namely time and risk. The risk is undertaken with a view to reap some return from the investment. For a layman, investment means some monetary commitment. A person's commitment to buy a flat or a house for his personal use may be an investment from his point of view. This cannot be considered as an actual investment as it involves sacrifice but does not yield any financial return. Financial investment is the allocation of money to assets that are expected to yield some gain over a period of time. It is an exchange of financial claims such as stock and bond for money.

KEYWORDS
Investor Attitudes, Investment Alternatives, Sampling Method, Questionnaire Method.

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BACKGROUND
The companies that have extra income may like to invest their money in the extension of their existing firm or to start a new venture. All of these activities in a broader sense means investment. Investment is the employment of funds on assets with the aim of earning income or capital appreciation. Investment has two attributes namely time and risk present in it. The sacrifice that has to be borne is certain but the return in the future may be uncertain. This attribute of investment indicates the risk factor. The risk is undertaken with a view to reap some return from the investment. For a layman, investment means some monetary commitment. A person committed to buy a flat or a house for his personal use may be an investment from his point of view. This cannot be considered as an actual investment as it involves sacrifice but does not yield any financial return. Financial investment is the allocation of money to assets that are expected to yield some gain over a period of time. It is an exchange of financial claims such as stock and bond for money. They are expected to yield returns and experience capital growth over the years.

Investment Objectives
The main investment objectives are increasing the rate of return and reducing risk. Other objectives like safety, liquidity and hedge against inflation can be considered as subsidiary objectives.

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Return
Investor always expects a good rate of return from their investment. Rate of return could be defined as the total income the investor receives during the holding period stated as a percentage of the purchasing price at the beginning of the holding period.

Risk
Risk of holding securities is related with the probability of actual return becoming less than the expected return. The word risk is synonymous with the phrase variability of the return. Investment risk is just as important as measuring its expected rate of return because minimising risk and maximising the rate of return are interrelated objectives in the investment management.

Liquidity
Marketability of the investment provides liquidity for the investment. The liquidity depends upon the marketing and trading facility.

The Investment Process
The investment process involves a series of activities leading to the purchase of securities or other investment alternatives, the investment process can be divided into five stages-
1. Framing investment policy.
2. Investment analysis.
3. Valuation.
4. Portfolio construction.
5. Portfolio evaluation.

The Investment Information
In the investment process, the investor should have knowledge about the investment alternatives and the market. He has to analyse the economy, industry and the company. For all these, he needs adequate flow of information. The source of information varies with the type of information required.
International affairs
With increasing globalisation, international events affect the economy of the nation. Nations are economically and politically linked with each other. The economic crisis of one nation has a contagion effect on each other. The policies of the IMF and the World Bank also affect. Not only the economic events but also political events and wars affect the stock market.

National Affairs
The growth of the national economy and political events within the nation influence the investment decision. The political events are provided by the newspapers, magazines like India Today, Outlook, Fortune India, The Week, etc. The economic events and their implication on the security market are analysed in Financial Express, Economic Times and Business Line.

Industry Information
Financial newspapers regularly bring out industrial studies for the benefit of the investors.

Company Information
A source of company information must be developed to facilitate the company and The BSE, NSE and OTCEI provide details about the listed companies in the websites. Almost all the financial journals carry out the company analysis and even suggest enter, exit and stay hints for the particular company stock.

Research Methodology
Research Methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. The methodology adopted for the study is discussed with the help of followings points-
1. Statement of the problem.
2. Research Objective.
3. Scope of the study.
4. Data Collection.
5. Importance of the study.
6. Limitations of the study.

Statement of Problem
For getting the results of the problem it is essential to describe the problem. Market has many impertinent plans. The study analyses the influencing attributes of the investment plan which determines the priority.

Objective of Study
- To study the investor behaviour towards different investment plans.
- To know why the investment scenario is changing in the present era.
- To know the priority of investor towards different investment plans.
- To study the most important reasons for choosing a particular investment plan.

Focus on Problem
For getting the results of the problem it is very much essential to describe the problem. The study analyses the influencing attributes of the investment plan which determines the priority. And I analyse why some investment plans are more popular among investors and what are the reasons behind it. I also examined the problems faced by investors related to the investment plan. In this study, I have done a survey with the help of a questionnaire.

Scope of the Study
The study has been done about the investor behaviour towards different investment plans and to get knowledge which investment plan is most popular. I have done my survey with the help of investors. In the scope of my study, I also included research design and sample design. (The statements are personal instead of general).

Research Design
Research design is a systematic procedure for collection and analysis of data. It is a blue print that guides the study to be done. The research design is selected while keeping in mind the two objectives-
A. The study is relevant to the problem.
B. The study gets completed with the available resources.

The present research work is done with the descriptive research design method. Various data/information collected are analysed and tabulated thoroughly. At last the findings of the study are sorted out to present the result of the study in clear terms.

Sample Plan
After collecting the data, the next step is to select the sample, sample size and I have taken convenience sampling as sample design.
- The study is based on a sample unit of 60.
- Sample Size 60.

Data Collection
Once the research design is decided the next-setup is sources of data collection. Both Primary and secondary data are used for the present research work. The people are the primary sources to fill the questionnaire. Secondary data is collected from books, magazines, and websites.

Sources of Data Collection
Primary Data: Questionnaire.

Data Collection: Personal interviews with questionnaire.

Methods Used
Data is collected from investors by questionnaire method and investment company’s websites. I adopted mainly the questionnaire method as it is found suitable for getting information and that questionnaire was filled by 60 investors.

Importance of the Study
- This study tells about the investor’s attitudes for different investment plans.
- It helps in increasing my knowledge about investment plan, in interacting with different kind of persons and getting the information about their taste.
- It helps in examining the problems faced by investors related to various investment plans.
- To study the most important reasons for choosing a particular investment plan.

**DISCUSSION**

**Investment Alternatives in Market**

The problem of surplus gives rise to the question of where to invest. In the past, investment avenues were limited to real estate, schemes of the post office and banks. At present, a wide variety of investment avenues are open to the investors to suit their need and nature. Knowledge of different avenues enables the investors to choose investment intelligently. The required level of return and risk tolerance level decide the choice of the investor. The investment alternatives range from financial securities to traditional non-security investment. We can categorise the investment scheme in mainly four parts -

1. Negotiable security.
2. Non-negotiable security.
4. Real assets.

**Negotiable Security**

The negotiable securities are financial securities that are transferable. The negotiable securities may yield variable income or fixed income. Securities like equity shares are variable income securities. Bonds, debentures, Indira Vikas Patras, Kisan Vikas Patras, government securities and money market securities yield a fixed income.

**Non-negotiable security**

The non-negotiable financial investment as the name itself suggest is not transferable. This is also known as non-security financial investment. Deposit schemes offered by the post office, bank, companies and non-banking financial companies are of this category. The tax shelter schemes such as provident fund, national saving certificate and national savings schemes are also non-security financial investment.

**Mutual Fund**

Mutual fund is another investment alternate. Within a short span of time, several financial institutions and banks have floated varieties of mutual funds. The investors with limited funds can invest in the mutual fund and can have the benefit of the stock market and money market investments as specified by the particular fund.

**UCO Bank Deposit Scheme**

**New Deposit Scheme Titled “UCO No-frills Savings Bank Account”**

In order to include a larger cross-section of the population who are at the bottom of the pyramid to avail the banking services who could not avail of the same on account of some restrictive clauses, namely, minimum initial deposit for opening of the account which is difficult to arrange by such population, maintenance of minimum balance falling which charges are levied etc., it has been felt expedient to introduce a new Savings Deposit Scheme titled “UCO No-frills Savings Bank Account”. The salient features of the scheme so designed are as follows:

**Title of the Scheme**

“UCO No-frills Savings Bank Account”.

**Initial deposit for opening the account and maintenance of minimum balance**

The account can be opened with a minimum initial deposit of Rs. 5/-. In case of cheque facility being availed by the account holder, the minimum initial balance should be Rs. 250/-. In case of need, the balance in the account may be allowed to go even below the minimum initial deposit and the account may continue even with “Zero” balance.

Opening of Account under the scheme - The scheme is introduced in all metro, urban, semi-urban and rural categories of branches without making any differentiation with regard to amounts of initial deposit and maintenance of minimum balance as prevailing at present for opening of Savings Bank Accounts.

**Eligibility for Opening "No-frills Savings Bank Account"**

The eligibility for opening "No-frills" Account will be the same as that for opening an ordinary Savings Bank Account. Persons above the age 10 and below 18 years who are able to read and write may also open a minor no-frills savings account in his own name or jointly with any other person.

**Restriction of Number of Withdrawals/Debit Entries in "No-frills" Account**

Up to 25 debit entries in a half-year are allowed free in those accounts. In case the debit entries exceed 25 during a half-year, charges will be levied @ Rs. 3/- per additional entry during a half-year.

**Charges to be levied**

1. For accounts opened with initial deposits of Rs. 250/- for having Cheque Book facility, in case the balance comes down below the initial deposit even up to zero balance, usual charge for non-maintenance of initial deposit shall be levied.
2. For standing instructions - no charge will be levied.
3. Collection of cheques and issuance of Demand Drafts/MTs are permitted in those accounts and normal charges are to be levied for those services.
4. For accounts with Cheque book facility, one cheque book of 20 leaves to be provided free of charge in each year. Any additional requirement of cheque leaves during a year will attract a charge of Rs. 2/- per Cheque leaf.
5. No incidental and folio charges will be levied in these accounts.
6. All other charges for services as presently applicable for normal Savings Bank Account are to be levied and recovered.

**Compliance of KYC Guidelines**

Simplified KYC procedures for opening of Accounts as advised through Bank's Circular No. CHO/SIIA/3/0/2005-06 dated 29.08.2005 may be adhered to. The salient features of the Circular are mentioned hereunder for ready reference:

In case, the person concerned who wants to open the account is not able to produce any of the specified documents required to be verified at the time of opening of account to establish the identity and address of the customer, the account may be opened for those persons by following methods:
a. Introduction from another account holder who has been subjected to full KYC procedure. The introducer's account with the bank should be at least six months old and should show satisfactory transactions. Photographs of the customer who proposes to open the account and also his address need to be certified by the introducer.

Or

a. Furnishing any other evidence as to the identity and address of the customer to the satisfaction of the bank. However, while opening such accounts the customer should be made aware that if at any point of time, the balance in all his/her account with the bank (Taken together) exceeds Rs. 50,000/- or total credit in the accounts exceed Rs. 100 lakh in a year, no further transaction will be permitted in the account until full KYC procedure in regard to verification of identity and address of the customer through the documents as specified are complied with.

UCO Bank's Attractive Deposit Schemes
Promise you High Growth and Easy Liquidity

Besides the facilities of opening Current Deposit/Savings Bank Deposit/regular Recurring Deposit and Fixed Deposit accounts, customers in UCO Bank are provided with a number of well thought out deposit schemes, tailor made to suit different needs of different people - each in its own way maximising the benefits for the depositor.

Money Back Recurring Deposits
(Makes Your Dreams Come True)

It is a long-term Recurring Deposit scheme with intermediate withdrawal facility. Deposits are to be made every month, and the maturity period is after 120 months. You will be having two options:

- You may opt to have one intermediate withdrawal at the end of 60 months and get the final payment at the end of 120 months.
- You may withdraw immediately at the end of 36 months and 72 months, and get the maturity amount at the end of 120 months.

The scheme meets your long-term monetary requirements.

Friend-In-Need Scheme
(A Fixed Deposit with Cheque Facility)

This Term Deposit earns high interest and simultaneously offers overdraft facility through a Current Account. Cheque facility is available for withdrawal of money limited to 90% of the deposit. The withdrawals together with interest can be paid back in instalments, without affecting the growth of the deposit. This unique combination of fixed deposit with cheque facility comes as your true friend in meeting your emergency needs.

Two-Way Deposit Scheme
(Makes Your Idle Money Grow)

This deposit scheme is devised to invest the surplus fund that you may keep in your Savings Bank or Current Account. Under the scheme, the surplus fund is invested in short-term deposits for 46 days, and then is either paid back or renewed, as desired by you. The deposit earns a high interest while retaining its liquidity. The periodical transactions can be automatic as per your instructions. By making use of your idle money, the scheme provides you an option to meet both your short-term and long-term requirements.

Lakshmi Yojana
(A Hope for Your Future)

It is a long-term Recurring Deposit scheme with variable monthly deposits. The interest on deposit is calculated as the minimum monthly balance between the 10th and the last day of a month, and is credited to the account every half year. The amount deposited will attract interest as applicable to Term Deposits. Up to 90% loan facility on deposit amount is available at a nominal interest. The Yojana is best suited to shaping a bright future for your child.

Kuber Yojana
(A Safe Deposit to Increase Your Wealth)

A long-term fixed deposit scheme. Interest is compounded every quarter by way of reinvestment. Thus, the scheme generates a large sum of money at the time of maturity.

Flexible Fixed Deposit Scheme
(A Fixed Deposit Wholly at Your Benefit)

Deposits are accepted under reinvestment plan with the difference that a part of the deposit can be prematurely encashed without affecting the remaining portion that continues to earn interest at the agreed rate. Withdrawal is allowed in multiples of Rs. 5000/- . It is indeed a matchless scheme to take care of your emergency needs.

Special Deposit Scheme for Senior Citizens
1. For all term deposits (domestic/NRE), from Senior Citizens of age 60 years and above, regardless of size of deposits, an additional interest of 0.5 percent over the normal rate of interest will be payable on maturity periods of one year and above. This will be applicable for fresh term deposits and renewals.

2. Verification of Age: For the purpose of verification of age, at the time of opening a new term deposit account of a Senior Citizen, the branches should satisfy about the age by verifying any of the following documents:
   a. Secondary School Leaving Certificate indicating date of birth-
   b. LIC Policy,
   c. Voters Identity Card,
   d. Pension Payment Order,
   e. Birth Certificate issued by the competent authority,
   f. Passport, or Any other document acceptable to the branches.

3. Renewal of Accounts of Senior Citizens: Once the age of a Senior Citizen is verified for accepting a term deposit under this special scheme, bank shall not seek proof of age for renewal of the deposit or for accepting subsequent term deposits from the same depositor under this special scheme.

4. Treatment of Joint Depositors: For term deposits from Senior Citizens jointly, with other person below the age of sixty years, under this special scheme, it has to be ensured that the name of the Senior...
Citizen is noted as the first name in the application for such deposits.

5. Automatic Transfer to Nominee:
For this special deposit scheme for Senior Citizens, there will be automatic transfer of deposits to the nominees in the event of death of the depositor.

6. Eligibility for Members of Staff:
Branches may pay additional interest to our retired staff members, who are senior citizens on their fresh term deposits and on renewals of existing term deposits as follows:

<table>
<thead>
<tr>
<th>Period of Deposit</th>
<th>Normal Staff Privilege</th>
<th>As a Senior Citizen</th>
<th>Total Extra Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>180 days to less than 3 years</td>
<td>1%</td>
<td>0.25%</td>
<td>1.25%</td>
</tr>
<tr>
<td>3 Years and above</td>
<td>1%</td>
<td>0.50%</td>
<td>1.50%</td>
</tr>
</tbody>
</table>

There is no restriction in regard to the minimum amount. However, the amount of maximum deposit shall not exceed Rs. 25 lakhs per ex-staff member.

Senior Citizens also enjoy the following Facilities:

a. **Waiver of Penalty for Premature Withdrawal:** For all fresh term deposits and renewals under the Special Deposit Scheme for Senior Citizens, there will be a penalty rate for premature withdrawal of term deposits. However, interest rate applicable in case or premature withdrawal of deposit will be the rate as prevailing at the time of opening the deposit account and as applicable for the period for which the deposit was actually kept with the bank.

b. **Free Remittance Facility:** All deposit holders under the special deposit scheme for senior citizens will be offered free remittance facility up to Rs. 5000/- (Rupees five thousand only) per month i.e. without payment of any commission. However, to avail this free service, requisite funds to be remitted must be routed through the depositors Current or Savings Account.

c. **Loan Facility:** Depositors under that scheme will be eligible for loans under the UCO Pension Scheme. For all these attractive deposit schemes, please contact your nearest UCO Bank branch.

**HDFC Children’s Gift Fund Investment Plan**

**Investment Objective**
The primary objective of the scheme is to generate long-term capital appreciation. However, there can be no assurance that the investment objective of the Scheme/Plans will be achieved.

**Basic Scheme Information**

<table>
<thead>
<tr>
<th>Type of Scheme</th>
<th>Open Ended Balanced Scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inception Date</td>
<td>March 02, 2001</td>
</tr>
<tr>
<td>Option/Plan</td>
<td>Growth Plan (Equity Oriented)</td>
</tr>
<tr>
<td>Entry Load (as a % of the Applicable NAV)</td>
<td>2.255%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exit Load (as a % of the Applicable NAV)</th>
<th>For existing investors: Rs. 1000 and in multiples or Rs. 100 therein after. For new investors: Rs. 5000 and in multiples or Rs. 100 therein after.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Application Amount</td>
<td>If opted: Until the Unit Holder (being the beneficiary child) attains the age of 18 years or until completion of 3 years from date of allotment, whichever is later.</td>
</tr>
<tr>
<td>Lock-In Period</td>
<td>Every Business Day.</td>
</tr>
<tr>
<td>Net Asset Value Periodicity</td>
<td>Normally dispatched within 3 Business days.</td>
</tr>
<tr>
<td>Redemption Proceeds</td>
<td>Tax Benefits (as per present laws)</td>
</tr>
</tbody>
</table>

**Investment Pattern**
The corpus of the Scheme will be invested primarily in equity and equity-related instruments. The scheme may invest a part of its corpus in debt and money market instruments, in order to manage its liquidity requirements from time to time, and under certain circumstances, to protect the interest of the unit holders. The assets allocation under the respective Plans will be as follows:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Type of Instruments</th>
<th>Normal Allocation (% of Net Asset)</th>
<th>Risk Profile of the Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Equities and Equity Related Instruments</td>
<td>40-75%</td>
<td>Medium to High</td>
</tr>
<tr>
<td>2</td>
<td>Debt &amp; Money Market Instruments</td>
<td>25-60%</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

(Investment in Securitised debt, if undertaken, would not exceed 20% of the net assets of the Scheme)

**Reliance Mutual Fund Investment Plan**

**Equity/Growth Schemes**
The aim of growth funds is to provide capital appreciation over medium to long-term. Such schemes normally invest a major part of their corpus in equities. Such funds have comparatively high risks. These schemes provide different options to the investors like dividend option, capital appreciation, etc. and the investors may choose an option depending on their preferences. The investors must indicate the option in the
application form. The mutual funds also allow the investors to change the options at a later date. Growth schemes are good for investors having a long-term outlook seeking appreciation over a period of time.

Debt/Income Schemes
The aim of income funds is to provide regular and steady income to investors. Such schemes generally invest in fixed income securities such as bonds, corporate debentures, government securities and money market instruments. Such funds are less risky compared to equity schemes. These funds are not affected because of fluctuations in equity markets. However, opportunities of capital appreciation are also limited in such funds. The NAVs of such funds are affected because of change in interest rates in the country. If the interest rates fall, NAVs of such funds are likely to increase in the short run and vice versa. However, long-term investors may not bother about these fluctuations.

Sector Specific Schemes
These are the funds/schemes which invest in the securities of only those sectors or industries as specified in the offer documents, e.g. Pharmaceuticals, Software, Fast Moving Consumer Goods (FMCG), Petroleum stocks, etc. The returns in these funds are dependent on the performance of the respective sectors/industries. While these funds may give higher returns, they are more risky compared to diversified funds. Investors need to keep a watch on the performance of those sectors/industries and must exit at an appropriate time. They may also seek advice of an expert.

<table>
<thead>
<tr>
<th>Age Group (yrs.)</th>
<th>15-30</th>
<th>30-40</th>
<th>40-50</th>
<th>Above 50</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of respondents</td>
<td>27</td>
<td>19</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Percentage%</td>
<td>45%</td>
<td>31%</td>
<td>17%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Classification of Respondents According to Age

Data Analysis and Interpretation

<table>
<thead>
<tr>
<th>Effect</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfactory</td>
<td>60%</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>30%</td>
</tr>
<tr>
<td>No Investment</td>
<td>10%</td>
</tr>
</tbody>
</table>

Classification of Respondents towards Previous Investment

Interpretation

The study says that 50% of investors invest while considering the objective of safety.

FINDINGS & CONCLUSION
The Data Analysis and its Interpretation Lead to the following findings and Conclusion
The study has been done about to get the knowledge which sector of investment is most popular. After the completion it was noted that the mutual fund investment and real estate investment are most popular among investors. Investors like the mutual fund investment due to diversified portfolio and real estate investment due to high return.

• According to the investor while making investment decision they are most sensitive to the reputation of the organisation, return of the investment, period of the investment, safety, service. Satisfaction about investment, only 40% of the investors is satisfied with their return from the investment. There is dilemma among the investors about various investment plans. Out of the total investors covered, 60% of the investors want to invest in their own business or want to save the money.

• This study is a very good opportunity for me to interact with different kind of persons and get the information
about their taste. It helped in examining the problems faced by consumers related to the investment. It provided me knowledge about investor’s satisfaction level & reasons behind it, information sources, mode of investment and some other information.

Recommendations and Suggestions
- Equity offers high return with high risk.
- Bonds provide steady and fixed flow of income.
- The securities issued by government are secured investments.
- Treasury bills carry a very low rate of interest.
- Bank deposits are a safe form of investment so those investors who are not ready to take risk for high return, it is the best place for investment.
- People having monthly income should invest in post office’s investment plan for getting higher return.
- Real estate is a lucrative form of investment with high capital appreciation.
- Investment in arts and antiques needs good knowledge.

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