



An Analysis of Investment options for Individual Investors

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Abstract: Investment refers to commitment of funds at present with expectation of generating income in future. It involves purchasing financial assets or employment of funds in anticipation of some positive rate of return in future. Savings is the first step of investment. savings means keeping money aside but investment is the process of putting money into financial schemes or investment options with expectation of achieving a profit. There are various investment options available in the market like bank and post office deposits, LIC funds, pensions funds, gold, shares, debentures, Mutual Funds etc. Every investment option carries different features. As per requirement, individual investors select and invest in investment variables as per its features like safety, liquidity, marketability, returns on tax benefits, risk involved etc. Age, income level, awareness level etc are factors influence while selecting investment options. The research aim is to analyze the various investment options for individual investors with its features and which factors affect while selecting investment options.

Keywords: Investment, Savings, Individual Investors.

1 Introduction

For economic growth and wealth creation, Individual investors play a crucial role in the financial markets. For investors there are various options available in the market. Effective and efficient investment involves assessing risks and return attached to the investment options, understanding market dynamics and strategically diversifying portfolios in such way that it will gives maximum output or achieve financial goal

This research aims to provide a comprehensive analysis of investment options available to individual investors. Investment means engagement of funds in an effective way for achieving additional income or growth in values. Earned money is partly spent for daily consumption and the rest saving for meeting future expenses. Instead of keeping the savings idle it may use savings to get return on it in the future which is known as investment. Savings play a crucial role in achieving financial stability, building wealth and preparing for emergencies for long term goals such as retirement or education. The study is undertaken with the view to analyze the investment options of individual investors and factors influencing investor's investment options.



1.1 Investor

An Investor is a person that invests money in various investment options for specific objectives. An investor is an individual, institution, or entity that allocated capital with the expectation of generating a return on investment. Attitude of investment will be different as per the requirement of investors. Investors engage savings in various investment activities like purchasing shares, stocks, mutual funds, LIC or other financial instruments with the goal of increasing their wealth over time. Investors basically study the market trends, assess risk factors and diversify their portfolios to optimize returns while managing their portfolio. The three golden rules for all investors are

1. Invest early
2. Invest Regularly
3. Invest for long term instead for short term

2. Research Methodology

Primary Data is collected from 50 respondents staying in Pune near Sinhgad road area through a questionnaire method. And secondary data is collected from published documents, magazines and various internet downloads.

3.Objectives

1. To examine and compare various investment options for individual investors.
2. To analyze the risk and return characteristics of investment options.
3. To identify the factors influencing individual investors' decision-making processes.

4.Review of Literature

Jeet Singh(2016): Concluded that Investors considered tax planning, future need, safety of investment and recurring income while investing their hard money. There is a significant difference between the perception of male and female investors regarding considering future financial security while investing in equity shares.

Athkur Suman (2014): Found that investors employed more than one strategy, or choose a variety of investment vehicles depending upon their goals. The investors are keen to invest in long term and less risk products, high return and low risk and much interested to get good return on their taken string decisions while investing money. Investors are aware about the factors of their investment plans and they do take advice from different experts, self-analysis by investors themselves.

5.Investment Options

Investors have a wide range of investment options in markets. Every investment carries its own features with its own risk and return profile. As per the necessity and availability of funds investors invest in different avenues. Following are some investment options are available for all of us

1. **Stocks:** It gives ownership in particular to companies which offer the potential for high returns with high risks.
 2. **Bonds:** Its debt securities issued by government or corporations. It carries less risk than stocks which offer low returns. Investors get periodic interest after a certain interval and get the principal at its maturity.
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3. **Mutual Funds:** Multiple investors invest in diversified portfolios of different options like stocks, bonds or other assets. It is professional portfolio managers which offer diversification of investment and professional way of investment. Because systematic and professional ways of investment attract fees.
4. **Exchange Traded Funds (ETFs):** It gives diversification as mutual funds but trade on stock exchanges like individual stocks. This offers low expense ratios and flexibility in trading.
5. **Real Estate:** It requires high costs. It provides rental income and potential appreciation with proper and careful management. In real estate investors directly invest by purchasing property or through real estate investment trust.
6. **Commodities:** It includes gold, silver, oil etc. gives diversification investment benefits and also hedge against inflation.
7. **Cryptocurrencies:** nowadays digital currency like Bitcoin has increased its popularity as an alternative investment. It carries potential high returns but highly volatile and speculation
8. **Certificates of Deposit (CDs):** These are time deposits offered with fixed interest rate and maturity dates. It is issued by banks with safety features but typically have lower returns as compared to other investments.
9. **Deposit in bank and non-banking companies:** Banks provide savings accounts. It is the safest place to deposit and earn interest. Rate of return will be very less as compared to other investment options but it carries liquidity and safety features. It includes bank savings, bank fixed deposits, company fixed deposits etc.
10. **Post office deposits and certificate:** These options are considered as a safe investment, backed by government guarantees. **Post office savings accounts** is similar to bank savings account which offer modest interest rate. It gives liquidity and security for funds and very much suitable for emergency funds. **Post office Time Deposit (TD)** ranging from 1 to 5 years where investor deposit a lump sum for a fixed period. It carries higher interest rate as compare to savings account. **Post Office Monthly Income Scheme (MIS)** offers guaranteed monthly income where investors deposit a lump sum and get fixed monthly interest payments. The scheme has a maturity period of 5 years. It is suitable for retired people who get regular income. **Senior Citizen Savings Scheme (SCSS)** offer for individuals aged 60 years or above which offers a higher interest rate than other post office schemes and has a maturity period of 5 years. Public Provident Fund (PPF) is long term investment option having 15 years maturity period. It gives tax benefits under sec. 80C of the Income Tax Act. **National Savings Certificate (NSC)** is fixed income investment and gives maturity period or 5 to 10 years. **Kisan Vikas Patra (KVP)** gives guaranteed saving scheme where the invested amount after a predefined period typically 124 months. It is suitable for small investors
11. **Retirement Accounts:** For long term savings pension plans are good options. Many times, they invest in a mix of stocks, bonds and other assets as per the retirement goals and risk tolerance.
12. **Precious Metals:** Gold, Silver, Platinum etc. are physical metals where individuals invest the money for appreciation and wealth preservation or speculation.



As per the investment objectives, financial situation, time horizon and risk bearing capacity investors carefully choose investment options. Diversification of investment in different avenues help investors to maximize returns in long term and manage risk

6. Analysis of Investment options

Variable	Respon dents	%	Variable	Respon dents	%
Gender			Preference of Investment Product		
Male	30	60	Life Insurance	15	30
Female	20	40	Bank Deposits	9	18
Age			Post office Savings	3	6
Below 25	4	8	Mutual Fund	5	10
25-35	18	36	Gold	4	8
36-45	24	48	Debentures	1	1
Above 55	4	8	Real Estate	7	14
Marital status			Equity	3	6
Single	24	48	Company fixed deposits	1	1
Married	26	52	Other	2	4
Annual Income			Investment Frequency		
Below 1000000	0	0	Weekly	0	0
100000-200000	1	2	Monthly	16	32
200000-350000	8	16	Quarterly	10	20
350000-500000	14	28	Half yearly	17	34
Above 500000	27	54	Yearly	7	14
Annual Investment			Reason for choice of Investment		
Below 25000	9	18	Self-awareness	23	46
25001-50000	12	24	Financial Advisor	5	10
50001-100000	16	32	Broker Advice	3	6
100001-200000	9	18	Media	3	6
200001 & Above	4	8	Friends OR Family Advice	16	32
Time period of holding Investment			Sort of Investment preferred		
Up to 3 years	24	48	Short Term	8	16
3 – 5 years	19	38	Long Term	19	38
Above 5 years	7	14	Medium Term	23	46
Basis of Investment Objective			Saving Objective		
Safety	17	34	Children Education	7	14
Liquidity	4	8	Retirement	8	16
Reliability	6	12	Home Publication	4	8
Tax Benefit	13	26	Children Passion	2	4
High Return	10	20	Health care	9	18
Satisfaction about Investment			Future Needs	20	40
Yes	36	72	Awareness of Risk and Return of Investment		
No	14	28	Yes	44	88
			No	06	12



6.1 Data Analysis

From the data 60 percent are male respondents and 30 percent are female. 54 percent of respondents came under the income level above 5 lacs, 28 percent investors came under the income level of 3.5 lacs to 5 lacs. More than 50 percent of respondents came under the income group of 2 lakhs to 3.5 lacs. More than 45 percent respondents are holding the investment up to 3 years, 38 percent respondents hold for 3 to 5 years. 34 percent respondents' investment objective is safety, 26 percent respondents' objective is tax benefit and 20 percent respondents' investment objective are high return. 72 percent of respondents are satisfied with their investment. Maximum respondents are doing investment mid-year and monthly. 34 percent respondents are doing investment on half yearly and 32 percent respondents are doing investment on monthly basis and less than 20 percent respondents are doing investment on Quarterly, yearly and weekly. More than 45 percent of respondents are investing by self-awareness. 32 percent of respondents' reason for choice of investment is friends and family. The analysis shows that more than 50 percent of respondents are opting for safety and security features investment rather than risk. Less than 10 percentage respondents' choices are debentures, equity and gold. 46 percent respondents are investing in the medium term and 38 percent respondents are investing in the long term. And only 16 percent of respondents are investing for the long term. Every respondent has different objectives behind the saving. 40 percent of respondents' objectives are future needs, 16 percent respondents are doing for retirement and 14 percent respondents are doing investment for children's education. Remaining are below 10 percent. While investing money investors are aware of the risk and return 88 percent respondents are awareness of Risk and Return of investment.

7. Findings and Suggestions:

Fixed-income securities provide stability in income but may have lower long-term returns. So more than 50 percent of respondents selected safety and security options like insurance, bank deposits and post office savings. Stock market investments offer high returns but come with higher volatility. More risk will be involved. Real estate investments offer diversification and potential for appreciation. Economic conditions influence investment performance, but long-term strategies outperform market timing. Alternative investments can enhance portfolio diversification. A careful and reasonable diversification of investment avenues balances the risk involved in the investment. The investors should inculcate a habit of saving regularly so that small savings will grow into a bigger capital base. Investors should invest a reasonable part of their investments in liquid security so as to meet any contingency. Investments in the form of bank deposits have been found more popular among the regular income investors. Respondents should channelize their surplus in a diversified way so that they may get a good return. For selection of investments, investors are helped by financial news channels, financial newspapers, various markets related T.V.Shows, expert talks, Magazines.

8. Conclusions:

The broad objective of the research was to analyze investment options for investors. Respondents have different views with its investment pattern by market movement, factors



influencing their decision, frequency of investments and alternatives options for investment. Respondents are interested to earn safety and secure investment with steady returns. They are ready to take high risk by investing in stock but ready to diversify their investment. respondents are keen to invest in long term investments. Also, they are aware about the factors affecting their short term as well as long term investment. Respondents are more concerned for tax benefit investment options. LIC and bank deposits are the most preferred investment option due to its safety, reliability features. The Younger generation are ready to take risks by investing in the stock market. Age and income factors are affected while selecting the investment option. Individuals are more curious while selecting the investment option. Individuals are influenced by friends and relatives while making investment decisions. The females are more conservative and depend on their husband while selecting investment options. Their first preference of investment is gold and not ready to take risk. Thus, the study identified that investment decisions depend on various demographic factors like age, gender, level of income, level of knowledge.

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