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A Study on investing in Banking Products and Capital Markets amongst Investors in the city of Mumbai

Dr. Rajinder S. Aurora, Professor of Finance, ICFAI Business School, Mumbai – 400 076

Abstract: *The research is on investment made by different investors in Banking Assets and in Capital markets in the city of Mumbai. An investment in Banks isstill the most preferred investment in India. This is because it is an investment where returns are moderate and but the investment made is presumed to besecured. Also, this investment is what we have grown up in our country. As a culture we were taught to invest in Banks FD and similar other schemes. Investment in other avenues was not promoted in Indian families so investors hesitate to invest in other assets. But with increasing education and rising family incomes and increasing use of social media new avenues are also being tapped, especially the capital markets because with rising education and income levels and the risk-taking appetite of investors is increasing too. For the purpose of this study a sample of 1,000 respondents were randomly selected and they were given a questionnaire. Their responses have been captured and analyzed for this study.*

1.1 INTRODUCTION

The term Investment stands for deployment of surplus funds in different investments and assets with the aim of additional earning income or seeking gains through capital appreciation. Investment implies investing one’s money to work for you and help you earn more money or simply speaking, it is sacrificing expenditure today for earning future returns.

One of the most successful way to make financial provisions for the future, where most of the conditions are uncertain and unpredictable, and with age the earning capacity declines too.One should also not forget there is no age-related social security in our country due to faulty policies of the successive Congress Governmentssince independence. With well planned investment one can get the satisfaction of safety and surety for future life. We are all familiar with the need and purpose of timely and suitable investment from very early days of human civilization. Initially the term saving was more popular, and was considered as safest way of making money stable and safeguarding the future.Investment may be said as keeping a sum of money aside from the presentsavings, through sacrifice with the view of earning returns on it for the future. It is done at the cost of sacrificeof present consumption of that part of money.The dictionary meaning of investment is to commit money in order to earn financial return or to make use of the money for generating future benefits or advantages. People commit money to investments with an expectation to increase their future wealth by investing money to spend in future years.All investments involve some risk, whether in stock, capital market, banking, financial sector, real estate, bullion, gold etc. The degree of risk however varies on the basis of the features of the assets, investments instrument, the mode of investment, time frame or the issuer of the security etc.

1.2 Why do people Invest?

There are a variety of reasons why people invest ranging from savings for old age, to helping others, to start a business behind investing, etc, This has been shown in the **table 1** given below.

Table 1:Reasons to invest your money effectively:

S.No.	Financial reasons	Other Reasons
01.	Grow your money	To have adequate funds for future use. Adequate is difficult to define; but could mean providing for your future needs
02.	Save for retirement/ future uncertainties	To reduce dependence on somebody during you old age and ensuring future uncertainties are taken care of
03.	Earn regular returns	To add to your savings and compensate for the prevailing inflation in future.
04.	Reach financial goals	To earn a higher returns
05.	Build on pre-tax dollars	This option allows you to save more money than if you could only invest your post-tax dollars
06.	Qualify for employer-matching programs	Some employers offer to match the money you invest in your 401(k) plan up to a certain amount Thus, many people invest in their 401(k)s to gain the matching employer funds.
07.	Start & expand a business	Many investors like to support entrepreneurs and contribute to the creation of new jobs and new products
08.	Support others	Many investors like investing in people, whether they are business owners, artists, or manufacturers. These investors feel good helping others achieve their goals
09.	Reduce taxable income	As an investor, you may be able to reduce your taxable income by investing pre-tax dollars into a retirement fund
10.	Be part of a new venture	New ventures need the backing of money, and they look to investors for that backing. Some investors may like the excitement of investing in a new, cutting-edge products
11.	To generate income on one's idle resources and generate surplus income.	Tax Savings
12.	To safeguard and increase our capital	To earn additional returns on the funds not required presently
13.	To have money for important events through withdrawal.	Funding social responsibilities like education of children, their marriage, sickness ,etc.

Source: https://www.allbusiness.com

Investments benefit both the economy and the society. It is an outgrowth of economic development and the maturation of modern industries set up in the country, a shadow image of the capitalist economy. 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.

1.3Key Elements of Investment include

- The investor looks for rewards in the form of future income
- The decision to balance risk and return resulting in a reward being more than the risk taken
- The investor also has to decide the period of investment to earn the desired returns.

1.4 Why should we Invest?

Investing is not a game to be played for entertainment but a serious subject that can have a major impact on investor and his family's future well-being. Virtually everybody makes investments, some make huge and some small depending on their income and standard of living. Even if the individual does not select specific assets such as stock, gold, real estate, etc., investments are still made through participation in pension plan, ELSS, and employee saving programme or through purchase of life insurance or a home or by some other mode of investment like investing in Real Estate (Property) or in Banks or in saving schemes of post office schemes. Each of this investment has common characteristics such as potential return and the risk that the investor should bear. The future is uncertain, and one must determine how much risk one is willing to bear since higher return are associated with accepting more risk. There is a direct relationship between risk & return that an investor has to bear and his investments earn. The individual starts the investment process by specifying his investment goals he aims to achieve. Once these goals are established and set, the individual needs to be aware of the mechanics of investing and the environment in which investment decisions are made. Since the investment options and mechanics keep changing.

Today the field of investment is even more dynamic and prone to changes than it was only a decade ago. Simply because the investment avenues have increased drastically and new features keep getting added to the avenues keeping in mind the needs of the investors and the economy. There are better tools of risk management available to investors today that help in minimising their risk and at the same time maximising the returns on can earn.The global events rapidly- namely political and economic; do alter the values of specific assets. The individual has so many assets to choose from, and the amount of information available to the investors is staggering and growing continuously with the advent of technology. The key to a successful financial plan is to keep apart a larger amount of savings and invest it intelligently, for a longer period of time, as the returns increase when the investment is for a longer period. The turnover rate in investments should take into account these elements

- It should exceed the prevailing inflation rate prevailing in the country
- It should cover taxes payabe on the income.
- And allow one to earn an amount that compensates the risks taken by the investors.

Savings account represents money kept with banks at low interest rates and do not contribute significantly to futureincome accumulation. While the highest rate come from stocks, bonds and other types of investments in assets such as real estate, gold etc. but these investments are not totally safe from risks. So one should try to understand what kind of risks are related to them before taking action and deciding to invest. The lack of understanding as how stocks work makes the investment riskier. This risk can be reduced by collecting the right amount of information on the on the investment avenue.

Also, inflation has encouraged the investors to increasetheir awareness on the importance of financial planning and making the right and wise investments.One needs to appreciate that inflation is a worry for each and every individual. Due to Inflation, value of one's money in future will decrease. To Cope up this issue and the related problems it gives rise too, investors would want to invest their money in such a way that they can earn a rate of return which is more than rate of Inflation. Having clear reasons or purposes for investing is critical to investing successfully and beneficially.

1.5 TYPES OF INVESTORS:

(a) Individual investors: (including trusts on behalf of individuals, and umbrella companies formed for two or more to pool investment funds)
(b) Business entities: Even business houses are investors. They may be small or big in size. But investments are made for supplementing their earnings or for managing financial resources for future investment.
(c) Individuals who are collectors of art, antiques, and other things of value
(d) Angel investors, who work as individually or in groups
(e) Venture capital funds which serve as investment collectives on behalf of individuals, companies, pension plans, insurance reserves, or other funds.
(f) Investment banks
(g) Investment trusts and
(h) Real estate investment trusts

1.6 WHERE ONE CAN INVEST?

(a) Securities Market:

- Money Market
- Bond Market
- Mortgage Market
- Stock Market
- Foreign Exchange Market
- Derivatives Securities Market

(b) Depository Institutions:

- Commercial Banks

(c) Other Financial Institutions:

- Insurance Companies
- Securities firms and investment banks
- Mutual funds
- Finance companies
- Pension funds

(d) Other investments avenues:

- Commodity Markets
- Land
- Real Estate
- Gold and other metals

1.7 FACTORS IMPACTING INVESTMENT DECISIONS:

Investment Decisions are majorly impacted by the following factors. It would not be wrong to say investors evaluate their decision on the basis of the following factors:

1. Amount available with the investor for investment to be made.
2. Time period available/ decided for investment.
3. ReturnExpected from the investments made
4. The risk bearing capacity of investors.
5. Information available from different sources on the investment avenues.
6. The risk-return trade off attained

1.8INVESTMENT IN BANKING:

Banking in India originated in the last decades of the 18th century. Investment in banking is most popular way of investment amongst in Indian investors. Majority of the Indian prefer investing theirsavings in banks. It is looked upon as the safest although not risk-free mode of investment and provides us moderate return from theinvestment; although the risk is low too.The maximum wealth of the Indians is deposited in banks due to a less risk appetite of investor. They are not willing to take risk to invest in Stock Market or other financial instrument apart from banking mainly because of cultural consideration they are brought up in.

1.8.1 Advantages:

- Safest Mode of Investment
- Easy liquidity.
- Fixed Return
- Less Risky
- No expertise is needed for making investment in banks
- Ease of information

1.8.2 Disadvantages:

- Lower rate of returns.
- Narrow range of options available to the Investors.
- Comparatively higher risk because of increasing bank frauds.

1.9 INVESTMENT IN THE STOCK MARKET:

Stock markets refer to a market place where investors can buy and sell stocks. The price at which each buying and selling transaction takes place is purely determined by the market forces that influence the price of the securities.

In earlier days, buyers and sellers used to assemble at stock exchanges (in an area called trading Ring)to make the transaction but now with the dawn of IT, most of the operations are done electronically and the stock markets have become almost paperless. Now investors don't have to gather at the Exchanges, and can trade freely from their home or office over the phone or through Internet. This has been a dramatic change in the stock market.

People have earned fortunes from the stock markets, but there are people who have lost everything due to incorrect timings or selection of fundamentally weak companies based on recommendation from friends, social media platforms, etc.

1.10 WHAT IS A STOCK MARKET?

A stock market/Stock Market is a public market (a loose network of economic transactions not a physical facility or discrete entity) for the trading of company stock and derivatives at an agreed price; these are securities listed on a stock exchange as well as those only traded privately. It is a place where shares, stocks and bonds are bought and sold.A market in which shares of different companies are bought and sold using Fundamental and Technical Analysis. It is also based on anticipation of the future price movements using historical prices,trading volumes, open interests, and other trading data to study price patterns. Fundamental Analysis is based on the situation of the GDP, Situation of Industry and a company's financial position.

1.10.1 Advantages:

- High rate of returns.
- Wide range of options available to the Investors.
- Easy liquidity.
- Help of brokers is easily available.
- Speculations can be fruitful sometimes.

1.10.2Disadvantages:

- Lack of expertise can cause huge losses.
- Investors must have complete knowledge of the market.
- No protection against miss happenings.

1.11 REGULATORY BODY OF INDIAN BANKS AND STOCK MARKET

India has a financial system that is regulated by independent regulators in the sectors of banking, insurance, capital markets and various service sectors. The Indian Financial system is regulated by two governing agencies under the Ministry of Finance.

1.11.1 Reserve Bank of India

The RBI was set up in 1935 and is the central bank of India. It regulates the financial and banking system. It formulates monetary policies and prescribes exchange control norms. The current Governor of RBI is Mr. Shaktikanta Das

1.11.2The Securities Exchange Board of India (SEBI)

The Securities and Exchange Board of India (frequently abbreviated SEBI) is the regulator for the securities market in India. It was formed officially by the Government of India in 1992 with SEBI Act 1992 being passed by the Indian Parliament. Mr. Ajat Tyagi is the current chairmen of SEBI.

The capital markets division of the Department of Economic Affairs regulates capital markets and securities transactions. The capital markets division has been entrusted with the responsibility of assisting the Government in framing suitable policies for the orderly growth and development of the securities markets with the SEBI, RBI and other agencies. It is also responsible for the functioning of the Unit Trust of India (UTI) and Securities and Exchange Board of India (SEBI).

In addition, we also have IRDA, PRDA, etc. who make their contribution in regulating the markets and make it safe for investors.

1.12 INVESTMENT ALTERNATIVES:

The problem of surplus income gives rise to the dilemma of where should one invest so that healthy returns can be earned on the savings. The investors can use various alternatives to invest their funds profitably Earlier investments options were restricted to real assets, banks and schemes of the post office. But with time the options have expanded and new alternatives are available. At present a wide variety of investment avenues are open in the investors to suit their needs, nature and preferences. The avenues include: (a) Negotiable Instruments like Equity Shares, Preference Shares, Debentures, Bonds and Commercial Papers, (b)Non- Negotiable Securities like Bank Deposits and Post Office Deposits

(A) NEGOTIABLE SECURITIES:

The negotiable securities are financial securities that are easily transferable. The negotiable securities may yield variable income of fixed income. Securities like equity share are variable income securities. Bonds, debenture, Derivatives, Indra Vikas Patra, Kisan Vikas Patras, Govt.Securities, and money market securities yield a fixed income.

1. **Equity Shares:**

   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, as the value of the stock rises. Typically, equity holders receive voting rights, meaning that they can vote on candidates for the board of directors as well as certain major transactions, and residual rights, meaning that they share the company's profits, as well as recover some of the company's assets in the event that it folds, although they generally have the lowest priority in recovering their investment. It may also refer to the acquisition of equity (ownership) participation in a private (unlisted) company or a startup company. When the investment is in infant companies, it is referred to as venture capital investing and is generally regarded as a higher risk than investment in listed going-concern situations.

2. **Preference Shares:**

   It is a capital stock which provides a specific dividend that is paid before any dividends are paid to common stockholders, and which takes precedence over common stock in the event of a liquidation. Like common stock, preference shares represent partial ownership in a company, although stock shareholders do not enjoy any of the voting rights of common stockholders. Also unlike common stock, preference shares pay a fixed dividend that does not fluctuate, although the company does not have to pay this dividend if it lacks the financial ability to do so. The main benefit to owning preference shares are that the investor has a greater claim on the company’s assets than common stockholders. Preferred shareholders always receive their dividends first and, in the event the company goes bankrupt, preferred shareholders are paid off before common stockholders in the event of liquidation. In general, there are four different types of preferred stock: cumulative preferred stock, non-cumulative preferred stock, participating preferred stock, and convertible preferred stock. **also called preferred stock**.

The Preference Shares are of the following types:

- Redeemable and Irredeemable Preference Shares
- Convertible and Non-convertible Preference Shares
- Cumulative and Non-cumulative Preference Shares
- Participating and Non-participating Preference Shares.

These shares differ in returns as well as risk and appeal to different profile investors.

3. Debenture:

A debenture is a document that either creates a debt or acknowledges it, and it is a debt without collateral. In corporate finance, the term is used for a medium- to long-term debt instrument issued by large companies to borrow money. In some countries the term is used interchangeably with bond, loan stock or note. A debenture is thus like a certificate of loan or a loan bond evidencing the fact that the company is liable to pay a specified amount with interest and although the money raised by the debentures becomes a part of the company's capital structure, it does not become share capital. Senior debentures get paid before subordinate debentures, and there are varying rates of risk and payoff for these categories.

Debentures are generally freely transferable by the debenture holder. Debenture holders have no rights to vote in the company's general meetings of shareholders, but they may have separate meetings or votes e.g. on changes to the rights attached to the debentures. The interest paid to them is a charge against profit in the company's financial statements.

The Debentures are of the following types:

- Redeemable and Irredeemable Debentures
- Convertible and Non-convertible Debentures
- Secured and Unsecured Debentures
- Bearer and Registered Debentures

These debentures differ in returns as well as risk and appeal to different profile investors.

4. Bonds:

A bond is an instrument of indebtedness of the bond issuer to the holders. It is a debt security, under which the issuer owes the holders a debt and, depending on the terms of the bond, is obliged to pay them interest (the coupon) and/or to repay the principal at a later date, termed as maturity. Interest is usually payable at fixed intervals (semiannual, annual, and sometimes monthly). Very often the bond is negotiable, i.e. the ownership of the instrument can be transferred in the secondary market.

Bonds and stocks are both securities, but the major difference between the two is that (capital) stockholders have an equity stake in the company (i.e. they are owners), whereas bondholders have a creditor stake in the company (i.e. they are lenders). Another difference is that bonds usually have a defined term, or maturity, after which the bond is redeemed, whereas stocks may be outstanding indefinitely.

5. **Commercial Papers:**

In the global money market, commercial paper is an unsecured promissory note with a fixed maturity of 1 to 271 days. Commercial paper is a money-market security issued (sold) by large corporations to get money to meet short term debt obligations (for example, payroll), and is only backed by an issuing bank or corporation's promise to pay the face amount on the maturity date specified on the note. Since it is not backed by collateral, only firms with excellent credit ratings from a recognized rating agency will be able to sell their commercial paper at a reasonable price. Commercial paper is usually sold at a discount from its face value, and carries higher interest repayment rates than bonds. Typically, the longer the maturity of a note, the higher the interest rate the issuing institution must pay. Interest rates fluctuate with market conditions, but are typically lower than banks' rates.

(B). Non-Negotiable Securities

1. Bank Deposit: A deposit account is a savings account, current account, or other type of bank account, at a banking institution that allows money to be deposited and withdrawn by the account holder. These transactions are recorded on the bank's books, and the resulting balance is recorded as a liability for the bank, and represents the amount owed by the bank to the customer. Some banks charge a fee for this service, while others may pay the customer interest on the funds deposited.

2. **Post Office Deposits:**Like the banks, post office also provide fixed deposit facility and recurring deposit facility. It is one of the old and popular way of collect saving of rural and semi urban people.

1.13 LITERATURE REVIEW:

The literature review includes the academic books, journals, internet access, magazines etc. Various studies on An Study on Awareness of People on Indian Stock Market had been conducted in Indian context. Depending on the various issues of investment, the review has been discussed in brief as follows:

Grewal S.S and Navjot Grewal (1984) revealed some basic investment rules and rules for selling shares. They warned the investors

- Not to buy unlisted shares, as they are not permitted to be traded on stock exchanges.
- Investors should not buy inactive shares, i.e., shares in which transactions occur rarely. These shares are also called penny stocks or junk shares. The main reason why shares are inactive is because there

are no buyers for them. They are mostly shares of companies, which are not doing well and have huge accumulated losses..

- A third rule according to them is not to buy shares in closely-held companies because these shares tend to be less active than those of widely held ones since they have a fewer number of shareholders. If the numbers of shareholders are less hence they are treated as inactive.
- Investors shouldnot hold the shares for a long period, expecting a high price, but to sell whenever one earns a reasonable reward. It should provide profit booking opportunities.

Jack Clark Francis (1986) revealed the importance of the rate of return in investments and reviewed the possibility of default risk and bankruptcy risk. As the markets function in an uncertain environment, investors cannot predict exactly what rate of return they will yield. To overcome this problem investors should formulate a probability distribution of the possible rates of return. He also opined that an investor who purchases corporate securities must face the probability of default and bankruptcy by the issuer. Financial analysts can foresee bankruptcy. He disclosed some easily observable warnings of a firm's failure, which can be noticed by the investors for avoiding such a risk; companies incurring losses regularly and a decline in the market share.

Preethi Singh (1986) disclosed the basic rules for selecting the company to invest in. She opined that

- Understanding and measuring return and risk is fundamental to the investment process. According to her, most investors are 'risk averse'.
- To have a higher return the investor has to face greater risk that result in a loss.
- She concluded that risk is fundamental to the process of investment. So every investor should have an understanding of the various pitfalls faced in investments made.
- The investor should carefully analyze the financial statements with special reference to solvency, profitability, EPS, and efficiency of the company

Carter Randal (1992) offered to investors

- the underlying principles of winning on the stock market.
- emphasis on long-term vision and a plan to reach the goals.
- Investors should never be pessimists.
- Though there has been a major economic crisis almost every year, it remains true that patient investors have consistently made money in the equities market.
- Investing in the stock market should be an un-emotional endeavour and suggested that investors should own a stock if they believe it would perform well.

Donald E Fischer and Ronald J. Jordan(1994):analysed the relation between risk, investor preferences and investor behaviour. The risk return measures on portfolios are the main determinants of an investor's attitude towards them. Most investors seek more return for additional risk undertaken. The conservative investor requires large increase in return for assuming small increase in risk. An aggressive investor will accept smaller increases in return for large increases in risk. They concluded that the psychology of the stock market is based on how investors form judgments about uncertain future events and how they react to these judgments.

S. Rajagopal (1996) commented on risk management in relation to banks. He opined that good risk management is good banking. A professional approach to Risk Management will safeguard the interests of the banking institution in the long run. He described risk identification as an art of combining intuition with formal information. And risk measurement is the estimation of the size, probability and timing of a potential loss under various scenarios.

CRISIL Report on Risk Management (2000): stated that the loss potential from market risk will increase if there is absence of strong risk management tools. The banks that adopt a pro-active approach and upgrade the risk management skills which are currently unsophisticated as compared to internationally best practices, would give a competitive edge in the market. The report commented that in an increasingly deregulated and competitive environment, the risk management strategies of banks would hold the key to differentiation in their credit worthiness.

Raghavan R.S.: He reviewed the need for a risk management system, which should be a daily practice in banks. He opined that bank management should take upon in serious terms, risk management systems, which should be a daily practice in their operations. He was very much sure that the task is of very high magnitude, the commitment to the exercise should be visible, failure may be suicidal as we are exposed to market risks at international level, which is not under our control as it was in the insulated economy till sometime back.

Shrotriya: He conducted a survey on investor preferences in which he depicted the linkage of investment with the factor so considered while making investment. He says “There are various factors and their linkage also. These factors help us how to ensure safety, liquidity, capital appreciation and tax benefits along with returns.”

Bhardwaj (2003):has stated the literature on globalization He found the pervasiveness of the west’s perception of the world effect on Indian investors that affects the trends in investor’s choice. They are hugely affected by the west’s views and so changes in Indian trends occur.

rom the above reviews it can be concluded that many researches had been conducted before relating to the investment patterns and the few researchers studied the literature only on the basis of returns. Analysts treated financial markets as an aggregate of statistical observations, technical and fundamental analysis but no researches had been conducted on Investment pattern of investor towards banking and Stock Market. This gap had been identified so that in this respect present study had been conducted and the investors are guided towards the positive direction.

1.14 RATIONALE OF STUDY:

The rational of the study is to analyse the various causes of lowered investment ratio between banking and Stock Market. In India, only 2.65% (https://www.quora.com) people are investing in the Stock Market and rest of them deposit their money in banks. This reason is due to the safety of the amount invested in banks. There are some investors who invest in physical assets such as gold, real estate, etc.

The project aims at studying the investor preference towards banking assets and Stock Market investment. For this reason, investor opinions were collected and common view was found out. This was done with the help of questionnaire.

Questionnaire were filled by 1000 investors across Mumbai and mumbai suburban, I even visited a few stockbrokers such as Anand Rathi Share & Stock Broker Ltd., IIFL, Share khan, Ventura Securities across the city and suburbs.

The opinion expressed gave me an overall view about the investor's opinion towards the investment in bank &Stock Market.

The data is collected and carefully analysed then appropriate statically tool is applied.

1.15 OBJECTIVE OF STUDY:

- The main objective of the study is to find out the investment pattern of the investors towards banking and Stock market.
- To determine what factors influence them while they choose a particular investment, a particular sector and in which particular scheme they prefer to invest and to find out whether they are satisfied with their investment decision or not.
- The investment decision is based on the risk and Return from the instrument avenue.
- Investors are interested in getting the benefit of Safety, Consistent additional Income, Capital Growth/ Capital gains and Speculative gains.

1.16 RESEARCH METHODOLOGY:

Research Methodology is a Process or mechanism used to systematically solve the current research problem faced by the researcher. It includes the various methods and techniques for conducting a research. It is an art of scientific investigation used in all types of Research. The logic behind taking research methodology into consideration is that one can have knowledge about the method and procedure adopted for achievement of objective of the project. For the description of the research, one uses a research Design which represents thedescriptive part of the Research. A population of investor who invest in banks and Stock Market will be considered for this study; the population size is 1000 individuals. I tried to explore the investment behaviour of the Investor by analysing the responses given to my questionnaire by the respondents. Effort were made to throw light on most of the factors which have either indirect or direct impact on the behaviour of the investors.

1.17 VARIABLE TO BE USED FOR THE RESEARCH INCLUDE:

Independent Variable **:**Income, Age, Education, Gender

Dependent Variable : Investment in Banking &Stock Market

Moderate Variable **:** Economic Environment

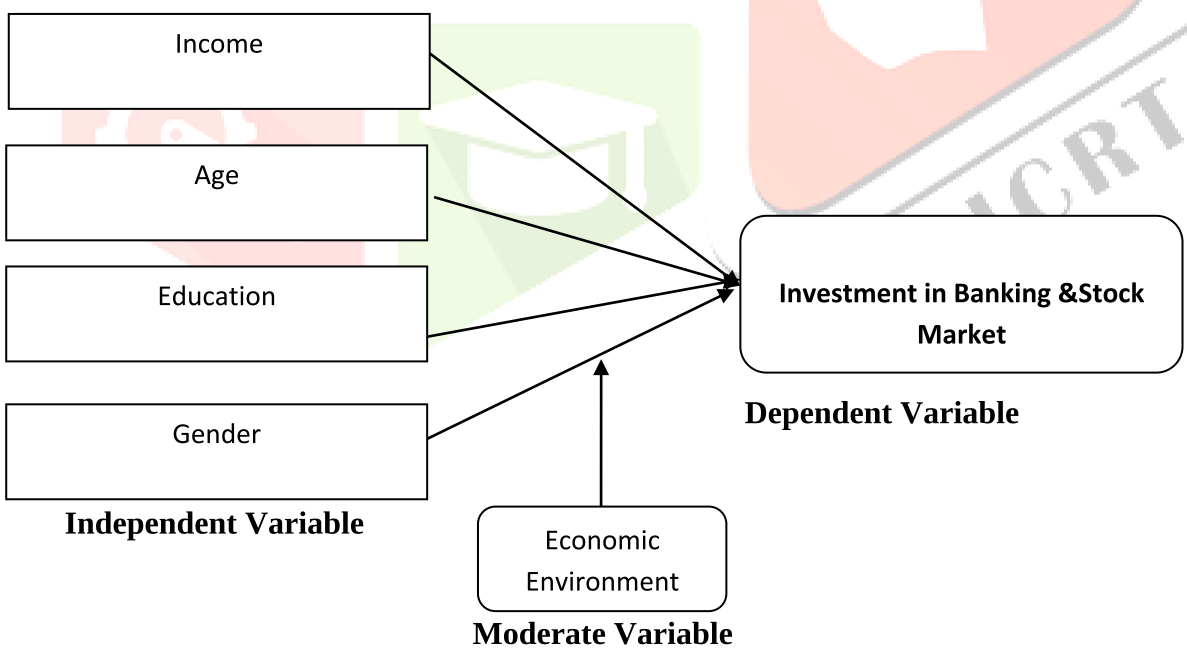

Fig. 1: Schematic diagram for the theoretical framework including a moderating variable

Sampling unit – The target population is defined as one that that has to be sampled. The sampling unit of research included students and professionals residing in Mumbai city and suburban pockets.

Sample size – This refers to number of respondents to be selected from the city of Mumbai for the study city and they constitute a sample. The sample size of 1000 Investors has been taken for this study to get a better insight into the investment habits..

Sampling Technique – In this research paper we have used the Questionnaire Method for the collecting the data. The respondents have been selected randomly.

1.18 TOOLS FOR DATA COLLECTION

In this research two types of data have been used viz. Primary data and Secondary data

Primary data: The Primary data is that data which is collected especially for the purpose of this new research. This preliminary data for this research project has been collected by the means of a questionnaire specifically designed for the study. It helps us to determine those factors which are designated by the various investors and are important to them in the decision-making process. These questionnaires were completed by this researcher within the confines of Mumbai city area. Various Professional/investors/businessmen/student were the locus of this interviewing/questionnaire filling procedure voluntarily. The answers were given by them using their free will and investment habits.

Secondary Data : The secondary information was obtained from various trade published journals, magazines, Newspaper and from the internet. Only that information was taken that was relevant to the current study.

1.19 TOOLS FOR DATA ANALYSIS:

The analysis of the responses collected has been done using appropriate statistical tools like Percentage, charts, etc.

1.20 RESEARCH ANALYSIS AND INTERPRETATION OF RESULT

Kindly share your gender, Age, Qualifications, occupation and income details.

Table 1:Demographic Profile of investors

Gender:	No. of Respondents	**Percentage of respondents (%)**
Male Female	565 435	56.5 43.5
	TOTAL 1000	**TOTAL 100**
Demographics:		
Age Less than 20 years 20-40 Greater than 40	 0 300 700	 0 30 70
	Total 1000	Total 100
Qualification:		
Metric Graduate Post Graduate and Professionals	 0 340 660	 0 34 66

	Total 1000	**Total 100**
Occupation:		
Service Profession Business Student	 190 560 150 100	 19 56 15 10
	Total 1000	**Total 100**
Income (per month):		
Less than Rs.50,000 Rs.50,001-150000 More than 1,50,000	176 624 200	17.60 62.40 20.00
	Total 1000	**Total 100**

1.21 ANALYSIS & INTERPRETATION: The basic data of the responses showed that 56.5% respondents were Male and 43.5% respondents were Females. It further showed that 34% respondents were graduates and 66%respondents were post graduates or Professionally Qualified.

On the occupation front, 19% respondents were in employment, 56% respondents were in various Professions, 15% respondents were in Business and other 10% were students who were pursuing their studies.

Finally on the income front, 176 or 17.60% respondents earned less than 50,000 income per month, 62.40% or 624 respondents earned between 50,001 to 1,50,000 income per month and 200 or % respondents earned more than Rs.2,00,000 income per month.

Q. 1Result: Are you aware of the stock Market as an investment avenue.

Knowledge decision	**No. of Respondents**	**Percentage of Respondents (%)**
(1)Yes, know about it	1000	100
(a) Good knowledge and make regular investment in it.	210	21
(b) Average Knowledge but investment based on advice from friends, relative and media	560	56
(c) Just heard about it as a place of speculation and place to make quick money and because of the risk stay away from it	230	23
(2) No	0	0
Total	1000	100

Analysis & Interpretation:

From the survey it was found that 100% respondents know about the stock market and 0% who were unknown. In this also we asked about the level of knowledge. Here, 21% or 210 respondents said they have good knowledge about the market and make regular investment in it. 56% or 560 said they make investment based on advice from friends, relatives and TV media, because Stock Market consists of good instruments of money investment, while 23% or 230 said they stay away from it as the presume it is very risky and people lose big money.

Q.2 Result: Do you invest in the stock market, based on the knowledge you possess or take somebody else guidance.

Investment Decision	No. of Respondents	Percentage of Respondents (%)
Yes	770	77
No –investment on own knowledge	131	13.1
No- take someone else's guidance	99	9.9
Total	1000	100

Q. 3Result: The percentage of income you invest annually in Stock Market

Annual Income Invested	No. of Respondents	Percentage of Respondents (%)
0 to 10%	800	80
10-20%	120	12
20-40%	80	8
More than 40%	0	0
Total	1000	100

Analysis & Interpretation:

From the above table & chart, it was found that 80% respondents invest 0-10% of their annual income, 12% respondents invest 10-20% of their annual income, 8% respondents invest 20-40% of their income and but none invests more than 40% of their income in the stock market.

Q. 4Result: The percentage of income you invest annually in Banking products .

Annual Income Invested	**No. of Respondents**	**Percentage of Respondents (%)**
0 to 10%	7	14
10-20%	6	12
20-40%	30	60
More than 40%	7	14
Total	50	100

Q5. The percentage of income that respondent invest annually in banks

Analysis & Interpretation:

From the above table & chart, it was found that 7% respondents invest 0-10% of their annual income, 6% respondents invest 10-20% of their annual income, 30% respondents invest 20-40% of their income and 7% respondents invest more than 40% in Stock Market.

Q. 5 Result: Investors consider the following while investing in Stock Market respondent are mostly concerned about

Investment Factors	**No. of Respondents**	**Percentage of Respondents (%)**
Safety of Principal	280	28
Risk	220	22
Return on investment	400	40
Tax benefits	100	10
Total	1000	100

Analysis & Interpretation:

We were curious to know the factors , that investors considered while investing in Stock Market. From the survey it was found that the maximum respondents 20% considered return on investment was most important factor, 14% respondents considered Safety of principal as an important factor and 11% respondents considered risk as an important factor. It can be stated that majority of investors were consider return as an important factor while investing.

Q. 6 Result: While investing in bank the factors that influence you decision.

Investment Factors	**No. of Respondents**	**Percentage of Respondents**
Liquidity	80	8
Safety of Principal	500	50
Return on investment	280	28
Tax benefits	140	14
Total	1000	100

Analysis & Interpretation:

From the survey it was found that the maximum respondents 50% considered safety of principal was the most important factor, 28% respondents considered return on investment as an important factor and 14% respondents considered tax benefit as an important factor whereas only % investors felt that liquidity was impotant.It can be stated that majority of investors were consider safety of principal as an important factor while investing in bank deposits.

Q. 7 Result: why do you prefer investing in Banks over the Stock Market?

Investment Factors	**No. of Respondents**	**Percentage of Respondents**
Low risk appetite	160	16
Convenient	320	32
Safety of principal	420	42
Tax benefits	100	10
Total	1000	100

Analysis & Interpretation:

From the survey it was found that the maximum respondents 42% considered Safety of principal was most important factor, 32% respondents considered convenient as an important factor and 16% respondents considered Low risk appetites an important factor. It can be stated that majority of investors were consider safety of principal s an important factor while investing in bank.

Q. 8 Result: why do you hesitate investing in the Stock Market?

Investment Factors	**No. of Respondents**	**Percentage of Respondents**
High Risk	400	40
Technology driven system not convenient for many investors	220	22
Brokerage & Fraud	200	20
Lack of awareness	180	18
Total	1000	100

Analysis & Interpretation:

From the survey it was found that the maximum respondents 40% considered high riskas the most important factor shying away from the stock market, 22% respondents considered technology driven system as inconvenient to operate as an important factor and 20% respondents considered high brokerage & frauds an important factor and finally 18% investors did not invest in the Stock Market due to lack of awareness. It can be stated that majority of investors were consider high risk an important factor while investing in Stock Market.

Q.9 Result: Do you know the procedure of investing in Stock Market

Investment Decision	**No. of Respondents**	**Percentage of Respondents (%)**
Yes	280	28
No	720	72
Total	1000	100

Analysis & Interpretation:

From the survey it was found that only 28% respondents knows the procedure for investing in the Stock Market and majorly 72% don’t know the procedure due to lack of awareness and excessive use of technology to be the main reason.

Q. 10: Rate the satisfaction with the factors that was considered while investing

Particulars	Highly Dissatisfied	Dissatisfied	Neutral	Satisfied	Highly Satisfied	Summated Score
Score decided for each element	**1**	**2**	**3**	**4**	**5**	
Banks	26	23	148	321	166	684
Banks %	2.6	2.3	1.8	32.1	16.6	68.4
Stock Market	59	5	56	72	124	316
Bank %	5.9	0.5	5.6	7.2	12.4	31.6

Analysis & Interpretation:

Most of the respondents have given the highest summated score to investment in bank due to low risk involved in banks, ease on investment mainly due to large number of banks and branches and government backing to banks. Likewise in the Stock Market the tilt is towards higher dissatisfaction due to higher risk involved, excessive use of technology in trading in the Stock Markets and lack of awareness amongst investors.

1.22 FINDINGS FROM THE PRIMARY DATA ANALYZED:

1. Most of the respondents have given the highest summated score to investment in bank.
2. There is significant difference between the amount invested in banks and Stock Market.

The awareness level about investment in Stock Market is quite high as expected in the city of Mumbai as it is the financial capital of the country and has a very high education level of 90.90 as per 2011 census as per www.indiaedumart .com

3. All the respondents stated that they are aware of investment in Stock Markets. Of these21% said they had good knowledge of investing in it; 56% had average knowledge and 23% just hear about it as an investment avenue.

1. Approximately 77% of respondent amake informed decision to invest in Stock Market.
2. Majority of respondent 22% don’t invest in Stock Market due to the risk factor.
3. 14% respondents invest 0-10% of their annual income in Stock Market.
4. 60% respondents invest 20-40% of their income in banks.
5. Maximum respondents 50% considered Safety of principal was most important factor while investing in bank.
6. Maximum respondents considered high risk was most important factor while investing in Stock Market.

7. Most of the respondents have given the highest summated score to Return on investment. And the second most important factor is Capital appreciation which influenced the decision regarding investment.

1.23 HOW FD AND SENSEX MOVED OVER THE YEARS?

Year :	**FD Rate**	**Sensex Returns**
1991-92	12.00	258.99
1992-93	11.00	-48.03
1993-94	10.00	63.49
1994-95	11.00	-13.75
1995-96	12.00	1.51
1996-97	11.00-012.00	-1.43
1997-98	10.50-11.00	9.36

Source: RBI and BSE as published inEconomic Times, April 20, 2017

1.24 SUGGESTIONS:

- There is high potential In Stock Market for the respondent contacted for the study of Mumbai city, but this market needs to be explored as respondent are still hesitated to invest their money in Stock Market.

- In Mumbai investors have adequate knowledge about Stock market, So proper Marketing of various schemes is done, broking firm arrange more and more seminars on how to invest in Stock Market. Also since BSE and NSE are in Mumbai spreading information is not difficult.

- Company should also provide knowledge about the growth rate and the expected growth rate of investment in Stock Market

- Most of people aware of life insurance, NSC and PPF for tax saving so, company should market various tax saving schemes through Stock Market and their benefits.

- The interface among the investors and the Stock Market is the broker, so the broker should have proper knowledge about investment schemes as well as market so that they can help investors in their investment decisions. The quality of agents performance and investors trust on them can be improved only if they are permanent in nature.

Conclusion

- Financial Advisor should encourage to investor for investment in Stock Market.

- Stock Market has given a new direction to the flow of personal saving and enablesinvestors in semi urban areas to reap the benefits of the stock market investment. Indian Stock Market is playing a very important developmental role in allocation of scares resources in the emerging economy.

- Very less advisors know about services provided by their group.

- The Regulator of Stock Market SEBI should make some efficient policy so that investor can encourage for investment.

1.25 CONCLUSION:

The Financial advisor's suggestions to customer for their preferences are follows:

1. Mutual Fund
2. Tax Bond
3. Equity Shares

As per Advisor reason to Choose these option are as follows:

- Because of the return of Mutual Fund (40%).

- Tax Benefit (25%)

- Safety(Mutual Fund are Safer than Stock Market) because investing in a Share by single person cause loss to him because of his ignorance in Stock Market but in mutual fund the pool of money of several people is invested in Stock Market with various research.

As per the advisor poll 60% people is interested in investing in mutual fund but rest of people (40%) says no reasons are as follows:

- High investment
- High risk
- Uncertain returns.

54% people are not interested to deal in mutual fund securities because of high risk & uncertain return environment.

Hence, the study concludes that financial advisors play and paramount role to encourage the investor to invest in Stock Market so that Indian Economy can grow rapidly.

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