



Investment Pattern Of Management Students Towards Financial Markets

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Abstract

Mutual funds have developed into a practical instrument for maintaining financial stability in recent years. In addition to helping India's economy flourish, financial markets have made it possible for families to profit from the nation's thriving business sector. Nearly one in ten Indians with incomes do not know about mutual funds, which is the major reason there are still few retail investors in India.

However, up to one in five people decide to engage in financial markets as soon as they are informed of the option. Knowing which prospective investors are more likely to invest in mutual funds and using convincing reasons that clients would value equally during the sales process are the keys to persuading someone with no prior understanding of markets to become a new customer for it.

This assignment gave me a great opportunity to learn while also putting my analytical abilities to use. The analyses and suggestions in this project report are based on market research on investors' investing and saving practises as well as their preferences for mutual funds.

This research will help identify the investor's preferences for mutual funds, such as whether they choose a specific Asset Management Company (AMC), a specific product type, an option (growth or dividend), or a specific investment strategy (Systematic Investment Plan or One time plan).

Working on this project gave us all a lot to learn, and I got to put my analytical abilities to good use. The analyses and suggestions made in this project report are based on market research on investors' saving and investing practises as well as their preferences for investing in mutual funds.

This report will be helpful in identifying the investor's preferences with regard to mutual funds, such as whether they favour a specific Asset Management Company (AMC), a specific product type, an option (growth or dividend), or a specific investment strategy (Systematic Investment Plan or One time plan).

Keywords: security, booming, potential, persuasive, dividend, systematic, investment.

Introduction

The financial services industry may be the most significant sector of the economy in terms of revenue and equity

financing. The sector is owned by large firms, but it also contains a variety of enterprises.

Every country or economy that has rapid economic growth must have a functioning, transparent, and well-established financial system. As economies develop, financial institutions frequently continue to grow slowly and constantly.

The current political and economic climate has a significant impact on each of their institutional structures, operational policies, and legal and regulatory frameworks, which are all quite distinct from one another.

India's planned economic growth, which started in the early 1990s, had a significant influence on the country's future system development, financial sector independence, regulation, and globalisation.

Literature Review

- **1 February 2018 (Raghavendra Rao Rentala)** The income distribution and proportion of savings reflect a person's standard of life in society. Savings must be kept, but they must also be invested in return-oriented investment vehicles so that they can grow over time rather than just sitting there. The home, private, and governmental sectors would all receive a portion of this investment capital. The money will be used by the underprivileged to have access to various financial resources. In addition to producing financial wealth, this would speed up the economy's use of different financial services. Additionally, each investor must make sound financial decisions during the investing process. He or she has to be aware of the specific objectives of their investments, the anticipated rate of return, the risk ceilings within which they may be safe, as well as the expected rate of return.
- **Pratibha Chaurasia, FCA, June 2017** Depending on their particular needs and goals, each investor has an own range of investing possibilities. Each investment choice has a unique set of characteristics. This study explores how demographic factors and investing goals interact to influence the investment choices made by individual

investors. Investor psychology has an impact on investor decisions, which are influenced by the risk-return relationship of different investment pathways. In this inquiry, a standardised questionnaire was employed in the survey procedure. 229 respondents made up the sample, which was taken. The study was conducted in Madhya Pradesh State's Indore district in the country's centre. Age and the goals of quick return, tax benefit, and liquidity have been proven to be strongly correlated. excluding the desire for tax benefits, all the additional reasons for investing analysed had a strong correlation with the investors' gender.

- **A. Kumar Singh (2006)** In order to analyse the investment habits of people in Bangalore and Bhubaneswar, a survey was used in the study. It has been shown that Bangalore investors are more aware about a wide range of investment opportunities and the hazards involved. Additionally, investors in Bhubaneswar are more conservative by nature and favour low-risk investments such post office savings, small savings accounts, bank deposits, and so forth.
- **(D.S. Chaiubey and Rajat P. Dimri, 2009)** In order to create effective investment strategies, the study paper "Investing Pattern: A Psychographic Study of Investors in Uttarakhand's Garhwal Region" explores investment beliefs and behaviour. The data shows that investors are moving away from post office and other government investment schemes and toward, among other things, investments in banks, mutual funds, and equities.
- **Geetha. N. and Dr. Ramesh. M. (2012)** This study looks into the factors that affect people's investment behaviour as well as the many investment options available. Debt is a low-risk, fixed-return investment, whereas equity is a liquid, high-risk investment. Mutual funds and bonds are low-risk, high-return investments; bank and corporate deposits are low-risk, low-return investments; post office savings, PPF, and insurance policies are no-risk, low-return assets; while real estate and gold provide only capital appreciation as returns on investment.

INVESTMENT STRATEGIES

1) Systematic Investment Plan: In accordance with this, a specific amount is invested each month on a certain day. Payment can be made through direct debit options or postdated checks. When the NAV is high, the investor receives fewer units, and when it is low, they receive more units. This is referred to as a Rupee Cost Averaging advantage (RCA).

2) Systematic Transfer Plan: In this scenario, a mutual fund investor would invest in a debt-oriented fund and command the transfer of a specific amount to an equity plan on a regular basis.

3) Systematic Withdrawal Plan: A predetermined monthly sum can be taken out of a mutual fund by someone who wants to do so.

HYPOTHESIS

- 1- **Ho:** There is no significance relation between risk-taking ability and investment option preference.
H1: There is significance relation between risk-taking ability and investment option preferences.

2- **Ho:** There is no significance relation between age and investment option preference.

H1: There is significance relation between age and investment option preference.

Test -1

→ Correlations

[DataSet0]

Descriptive Statistics

	Mean	Std. Deviation	N
Investment options	2.33	.723	101
Age	2.07	.652	101

Correlations

		Investment options	Age
Investment options	Pearson Correlation	1	-.133
	Sig. (2-tailed)		.183
	N	101	101
Age	Pearson Correlation	-.133	1
	Sig. (2-tailed)	.183	
	N	101	101

According to the author's analysis of the results of the data obtained from 100 individuals at Lovely Professional University, the correlation value is -.069.

Additionally, the correlation should have a range of -1 to 1. In the situation mentioned above, the alternative hypothesis is accepted and the null hypothesis is rejected. Therefore, the ability to take risks and investing alternatives are related.

Test-2

→ Correlations

[DataSet0]

Descriptive Statistics

	Mean	Std. Deviation	N
Risk taking ability	2.20	1.105	101
Investment options	2.33	.723	101

Correlations

		Risk taking ability	Investment options
Risk taking ability	Pearson Correlation	1	-.069
	Sig. (2-tailed)		.491
	N	101	101
Investment options	Pearson Correlation	-.069	1
	Sig. (2-tailed)	.491	
	N	101	101

According to the author's analysis of the results of the data obtained from 100 individuals at Lovely Professional University, the correlation value is -.133.

Additionally, the correlation should have a range of -1 to 1. In the situation mentioned above, the alternative hypothesis is accepted and the null hypothesis is rejected. Age ability and investing alternatives are related, then.

FINDINGS

1. The majority of investors, according to my poll, are between the ages of 21 and 24. The age range between above 18 and 21 years had the second-highest percentage of investors, and the range between below 28 years and above had the lowest percentage

2. According to my study at LPU, very few investors below the HSC level. The majority of investors were Graduate or Post Graduate students.
3. In the yearly investment category, more people who contributed less than 10,000 rupees in mutual funds, the group between Rs 10,000 and 50,000 had the second-highest investment, while the group of Rs 1,000,000 had the lowest investment.
4. Only 50% of respondents said they preferred to invest in mutual funds.
5. The majority of respondents picked High Return for Investment, followed by Low Risk and Liquidity, with Trust being the least favoured.
6. Of the 100 respondents, only 50% had invested in mutual funds, while the other 50% had not.
7. The lack of knowledge about mutual funds, agent recommendations, and lower returns were the main reasons why investors did not invest in them.
8. Of the 70 persons that participated, 43% selected One-Time Investment and 57% favoured SIP.
9. The stock portfolio was the most favoured, followed by the balance portfolio (a combination of equity and debt), and the debt portfolio was the least desired..
10. The majority of investors choose growth options for returns, with dividend payout coming in second place and dividend reinvestment third..

CONCLUSION

We gained valuable expertise in areas of investing such as mutual funds, insurance, fixed deposits, and associated operations thanks to the project we performed to investigate Investment Pattern.

It was a terrific experience for us since it deepened my knowledge and given us some time in the sector, both of which would be extremely helpful when it came time for internships.

The entire endeavour was incredibly good for the business and assisted us in learning new things.

The firm will benefit from a research done with historical data in two ways. It would reveal to the business, among other things, which funds in a certain category are performing well and which are not.

For funds that are still doing poorly and are in the beginning stages, it may recommend specific methods.

Second, it would assist the company, financial advisors, and marketing team in developing a plan for the investors, who can now choose where to invest and where not to invest with ease.

The organisation will be able to develop the best tactics to draw in more clients and provide them with what they want by using the knowledge gained from the market research that was performed on actual investors, their investing behaviour, and their trends.

In conclusion, we would like to express our gratitude to the firm and the project for providing us with the chance to grow, and expand At the same time, Author has broadened its education, gotten some industry experience, and taken action that could be good for the business and investors.

RECOMMENDATIONS AND SUGGESTIONS

- a) Regulate input and output loads effectively since they can be quite confusing when it comes to real cost and account accounting.
- b) To optimise traffic management in order to shorten lead times and enhance client feedback.
- c) Increase market penetration by more strategically focusing on mini-metros and smaller cities in addition to metro areas.
- d) Create new, inventive plans and goods that appeal to the broadest audience possible.
- e) Ignorance has been highlighted as the main issue. Investors need to understand the advantages. Nobody will make an investment until they are 100 percent certain. Investors need to understand that not investing now puts them at a disadvantage and that ignorance is no longer bliss.
- f) Mutual funds provide a number of benefits that no other choice can. However, the majority of individuals aren't even aware of what a mutual fund is? They consider it to be merely another form of investing. Counselors must to make an effort to alter their viewpoint. More and more youthful investors should be the focus of advisors. Due to a lack of experience and time, both new investors and those at the top of their profession would like to consult consultants.
- g) Since individual financial advisors are the major source of influencing investors, the mutual fund company must teach them about the fund/program and its goal.
- h) Financial advisers should first ask investors/clients about their risk tolerance, needs, and time frame before making any investments (how long they want to invest). They can think about customers by taking these three aspects into account.
- i) Younger consumers who are interested in investing will be a significant new client segment in the future, therefore increased efforts in this area should be fruitful.
- j) Customers with college degrees are simpler to offer to and represent a sizable untapped market. However, in order to be successful, advisors must deliver trustworthy and excellent counsel.
- k) Systematic Investment Plan (SIP) is one of the cutting-edge solutions that Asset Management firms in the market have only just introduced. SIP is simple for someone who receives a monthly salary because it offers the opportunity to invest in EMIs. Despite the fact that the majority of potential investors are unaware of SIP. Businesses have a lot of room to listen in on employees who have been paid.