

FACTORS INFLUENCING THE INVESTMENT OPTIONS OF INVESTORS IN CHENNAI CITY

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1. INTRODUCTION:

A study on investment management starts with the question of what investment is. The word "investment" has many interpretations as it means different things to different persons. For a person who has lent money to another, it may be an investment for a return. Similarly, if a person purchases shares of a company, bullion or real estate for the purpose of price appreciation, an investment for him. Likewise an insurance plan or a pension plan is an investment to its purchaser. It is clear that investment is a commitment of funds for earnings additional income. In other words, investment is considered the sacrifice of certain present value of money in anticipation of a reward. Financial investment means employment of funds in the form of assets with the objects of earning additional income or appreciation in the value of investment in future. Assets which are the subject matter of investment may be varying between safe and risky ones. Certain investment like bank deposits, Post office certificates, company deposits, life insurance, mutual fund, chit fund and real estate and so on, yield only income. In the investments are in the form of assets such as shares in companies, land and buildings and the like, they record capital appreciation. On the other hand, investments in the government securities listed on a recognized stock exchange are easily transferable and marketable. Some investments whose values fluctuate widely and whose returns are uncertain are regarded as risky investments. Purchase of marketable securities, which is regarded as financial investment. Is expected to yield income in the form of interest or dividend along with appreciation in their values.

1.1 RESEARCH BACKGROUND

In India the socio-economic profile of the people changes dramatically. Today people are not only spending on products and services. Earlier considered a luxury but are also looking at smarter ways of investing their money. This is mainly due to the fact, that people today not only have a wider choice of investing in different saving instruments, but are also more educated and aware about their choices. People are now moving beyond the traditional saving options of fixed deposits. Post office savings to wider investment options in the form of insurance, mutual funds, bonds, equities and even property.

Saving is income not spent, or deferred consumption. Methods of saving include putting money aside in a bank or pension plan. Saving also includes reducing expenditures. Such as recurring costs. In terms of personal finance, saving specifies low-risk investment of money, saving, deposit, investment, etc.

investment, wherein risk is higher. In today's rapidly changing financial environment, it is critical that individuals not only protect and enhance their current financial resources. But also prepare for future security and against loss of income. Investment is the certain present value for the uncertain future reward. It entails arriving at numerous decision such as types, mix, amounts, timing, grade etc. of investment and disinvestment. Further such decision making has not only to be order to get return on it's in the future. Which is known as investment. There are various investment avenues such as equity, bonds, Insurance and bank deposit etc. A portfolio is a combination of different investment assets mixed and matched for the purpose of achieving goal. There are various factors which affects investors Portfolio such as annual income, government. Policy, natural calamities, economical changes etc.

Financial and economic meaning of investment:

Investment is the allocation of monetary resources to a sets that expected to yield some gains or positive return over a given period of time. These assets range from safety investment to risky investment. Investment in this form is called as financial investment.

Features of an investment program:

In choosing specific investment investor will need definitely ideas regarding features which their investment avenues should possess. The following are the suggested features as the ingredients from which many successful investors compound their selection policies.

Liquidity:

Even investor requires a minimum liquidity in his investment to meet emergence. Liquidity will be ensured if the investor buys a proposition of readily saleable securities out of his total portfolio.

Gold and Silver:

Investors like to invest in jewels instead of pure gold. Gold is the primary form of saving to housewives. Though it is believed that gold price appreciates many times. The price of gold had declined in late 1990s. Certain banks and agencies were allowed to import gold which led to huge stocks of gold. The gold prices crashed in international markets too in the late nineties, lack of demand from Asian countries which have the largest users of gold in the world.

Real Estate:

Real estate includes land and house property. It is true to say that real estate's offer a rate of return which is superior to avenues such as company deposits on a long term basis. Now -a-days more and more investments are made in the form of real estate's.

Bank Deposits:

Among investments, deposit with banks are more popular. Banks have introduced different types of deposit accounts with various facilities and privileges. Traditionally, Deposits with banks are classified into three categories, namely. (a) Savings deposits account (b) fixed deposits account and (c) current accounts.

Post Office Schemes:

Generally, post office schemes are also like the commercial bank schemes. Originally institution called "Trustee savings banks" were operating the savings bank account. These institution became extinct gradually and the "postal savings account" and when this account became popular, the government of India could collect millions of rupees through this account. Apart from this savings banks account. Post office offers various schemes which prove to be attractive for the investors who attach utmost importance to safety aspect.

Tangibility:

Tangibility securities have many times lost their values due to price level inflation. Some investor prefers to keep a part of their wealth invested in tangibles properties.

1.2 IDENTIFIED PROBLEM:

Investment has been an activity confined to the rich and salaried class in the past. This can be attributed to the fact that availability of investible funds is a pre-requisite to development of funds. But, Today the find that investment has become a household world and is very popular with people from all walks of life. Generation of savings and its conversion into capital is fundamental to the theory of economic growth. The volume and composition of savings are important in the process of economic development of any nation. Savings in the form of financial assets derives its importance in a developing country like India on the ground that these savings can be channelized for capital formation.

2. OBJECTIVES OF THE STUDY

1. To study the income and investment options of the investors in Chennai city.
2. To Examine factors influencing the investment.

3. NEED FOR STUDY

The "Analysis of Investment Options gives the brief idea regarding the various investment options that are prevailing in the financial markets in India. With lots of investment options like banks, Fixed Deposits, Government bonds, Stock market, real estate, Gold and mutual funds the common investor ends up more confused than ever. Each and every investment option has its own merits and demerits. This project I have discussed about few investment options available. Any investor before investing

should take into consideration the safety, Liquidity, returns, entry/exit barriers and tax efficiency parameters.

4. SCOPE OF THE STUDY

This analysis is based upon investor's pattern for investment preference, awareness, during normal time period. This analysis would be focusing on the information from the salaried people about their knowledge, Perception, and behavior on different financial products.

5. LIMITATIONS:

- ❖ The findings of the study are subjected to bias and prejudice of the respondents.
- ❖ Area of the study is confined to the employees in Chennai only.
- ❖ Time factor can be considered as a main limitation.
- ❖ The findings of the study are solely based on the information provided by the respondents

6. REVIEW OF LITERATURE:

A literature review is a search and evaluation of the available literature in the given subject or chosen topic area, as simple summary of the sources, but it usually has an organizational pattern and combines both summary and synthesis. **L. Pandiyan, T. Aranganathan (2012):** Decision making process on savings and investment is affected by the attitude of the respondent. Study analyses shows that level of attitude of male and female, female group are not interested in investment but more wrong investment decisions are made by male group. Respondent of 520 years of age are neutral opinion on investment. Investment pattern is affected by the family size too. **Varsha Virani (2013):** Investment plans are important to meet consequences in future, to meet financial goals. Economic development is boosted with the help of investments. Investment in Bank helps in circulation of funds for nation's development. Financial independence, increase in wealth, and personal goals can be achieved through investments. Investment avenues are divided into high risk and low risk instruments. **Roopadarshini.S, Nagaraj A M (2015):** This study divides the investment in different categories like Equity with high rate of return and risk, Debts with fixed interest rate on investments, Fixed deposits with bank, insurance, public provident fund low rate of return on investment and secured. Data analyses reveals that 40 percent respondents like to invest in insurance, 30 percent respondents like to invest in bank deposits, 18 percent like to invest in Gold and real estate. **J. SidharthulMunthaga, M. Nazer (2013):** Employment of funds with intension of getting returns on it is called as investment. Study examines the impact of factors on

investment behavior of people, and to understand the attitude of investors towards various investment options. Data analyses reveals that 56 percent private employees, 30 percent Self-employed and 14 percent public sector employees adopted professional services for investment. Graduate respondents are more attentive towards investments **S. Prasanna Kumar (2014)**: Investment and savings are two different things. Investment means saving with a hop that some benefit will arise in future.

Investment options are available like Bank deposits, NRO funds, Real Estate, Shares and Bonds etc. Respondent of the study reveals that majority of respondents selected deposit as a mode of investment.

7. RESEARCH METHODOLOGY

7.1 Research design

This study is based on descriptive research.

7.2 TARGET RESPONDENTS

Sample size determination is the act of choosing the number of observations or replicates to include in a statistical sample. The sample size is an important feature of any empirical study in which the goal is to make inferences about a population from a sample. The Sample sizes used in this research are 104

7.3 SMIPLG METHODS (Simple random sampling)

In the simple random sampling, more commonly known as simple random sampling, every element in the population has a known and equal chance of being selected as a sample.

PRIMARY DATA

The primary data was collected through a structured questionnaire

b) SECONDARY DATA

The secondary data was collected from personal department files and records, company brochures, magazines and Journals.