

COMPARATIVE STUDY OF INDIVIDUAL INVESTORS: PHYSICAL ASSETS VS FINANCIAL ASSETS

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ABSTRACT:

The individual investors would like to know the investment avenues so that they can use their discretion and invest in those avenues, which will give them security and stable return. The ultimate aim of the individual investors is to find a variety of investment avenues that meet their preference for risk and expected return. The investment avenues like financial and physical assets have a wide range of risk from risk-free to highly speculative avenues. From this broad spectrum, the individual investors will have to select these avenues that maximize their utility. The investment decisions are influenced by some factors such as preferences, size of amount involved, safety of funds, regular and steady returns, easy accessibility and manageability of assets, etc. Hence, individual investors are to choose financial and physical assets that fulfill their future expectations

INTRODUCTION:

The term investment “signifies a commitment of funds for a fruitful purpose. Fischer and Jordan rightly defined investment as “a commitment of funds made in the expectations of some positive rate of return. If the investment is positively undertaken, the return will be commensurate with the risk the investor assumes”. The activity of investment involves the judicious and proper employment of funds with the aim of achieving additional income or growth in values. Investment also involves a commitment of resources,

which have been saved in the hope that some benefits will accrue in future. The essential quality of an investment is that it involves waiting for a reward. Investing entails a continuous flow of decisions that cannot be avoided. All investment choices are made at different points of time and in contemplation of an uncertain future. Investors will reappraise from time to time and review their various investment commitments in the light of new information and changed expectations. The investors reinforce their bargaining position by analyzing the investment opportunities available in the market. Thus, individual investors choose investment avenues considering their needs for investing out of their savings.

OBJECTIVE OF THE STUDY

- To study the investor perception of investing in physical assets vs financial assets
- To study different investment avenues chosen by various segment of people.
- To study the investor's awareness in investing in physical assets vs financial assets
- To study the influence of demographic profile on investors awareness on investment.
- To determine the problem actually faced by the investors with reference to investing in physical assets vs financial assets.

SCOPE OF THE STUDY :

This study helps to know about the relationship between the investing in physical assets vs financial assets. It is very much essential because investing forms the basis for the development of the economy. If the investment pattern among the physical assets vs financial assets, then it leads to the development of both money and capital market which results in development of the economy. The present study is undertaken to identify the extent, nature and preferences, perception of the investors employed in the physical assets vs financial assets to ascertain their investment habits. This study will help both the private and government sector investors to plan physical assets vs financial assets investment towards maximizing the returns and various other factors.

STATEMENT OF THE PROBLEM

The present study traces the trends in investments made by individual investors in financial and physical assets. Since, the economic liberalization was initiated in 1990-91; there has been noticeable shift in the investment pattern on account of change in life style, introduction of different investment schemes, safety of investment, etc. The individual investors prefer to invest in those assets they consider suitable ones or fulfill their needs either in the short-term or in the long-term. However, the size of income and savings influence the quantum of investment.

RESEARCH METHODOLOGY:

The research design specifies the methods and procedures for conducting a particular study. The objectives of the study have restricted the choice of research design up to descriptive research design. Therefore, no fixed hypothesis is set up. This survey will help the firm to know how the investors invest in equity and mutual fund.

RESEARCH INSTRUMENT:

Sampling Techniques

In this survey work, no particular sampling technique is used. The samples are included on the random basis.

PERIOD OF STUDY

- The period of study was undertaken from January 2021 to march 2021.

SAMPLE SIZE:**Presentation of Data:**

The presentation of data is through “CHARTS AND GRAPHS” which will help in analyzing the response of the investors. In this study sample 22 questions were framed for analyzing a comparative between investment in equity and mutual fund. Various tools like Chi square test and percentage analysis is used for analyzing the data.

TOOLS OF ANALYSIS:

The collected data was analyzed using tools like

- Simple percentage analysis
- Chi square test
- Correlation

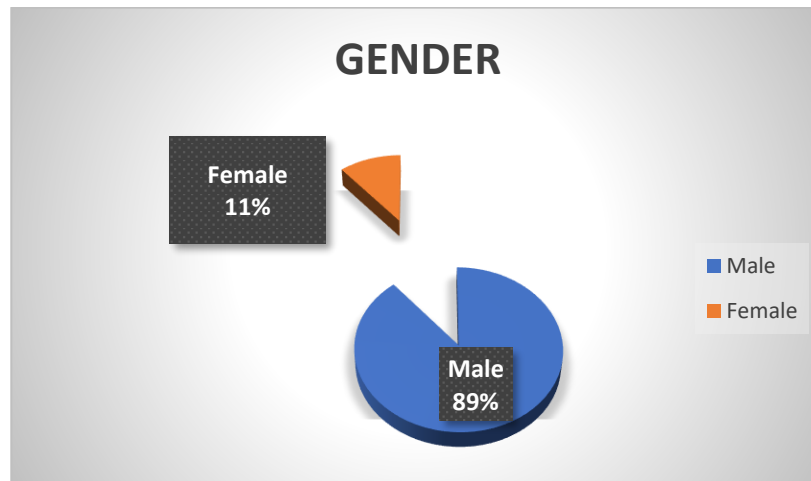
ANALYSIS:**AGE**

S.No	Age	No. of Respondents	Percentage %
1	Less than 20 years	11	11
2	20 – 40 years	16	16
3	40-60 years	29	29
4	Above 60 years	44	44
	Total	100	100

INTERPRETATION:

From the above table we found that 11% of the respondents were at the age group of Less than 20 years, 16% of the respondents were at the age group of 20 – 40 years, 29% of the respondents were at the age group of 40-60 years and 44% of the respondents were at the age group of Above 60 years

GENDER



INTERPRETATION: From the above table we found that 89% of the respondents were Male and 11% of the respondents were Female.

OCCUPATION/PROFESSION:

S.No	Occupation/Profession	No. of Respondents	Percentage %
1	Salaried	19	19
2	Professional	27	27
3	Business	7	7
4	Government Employee	41	41
5	Retired	6	6
6	Others	0	0
	Total	100	100

INTERPRETATION:

From the above table we found that 19% of the respondents were Salaried, 27% of the respondents were Professional, 7% of the respondents were Business people, 41% of the respondents were Government Employee and 6% of the respondents were Retired persons.

NO. OF EARNING MEMBERS:

S.No	No. Of Earning Members	No. of Respondents	Percentage %
1	1	22	22
2	2	42	42
3	3 & above	36	36
	Total	100	100

INTERPRETATION:

From the above table we found that 22% of the respondents says number of earning member in their family is 1, 42% of the respondents number of earning member in their family is 2 and 36% of the respondents number of earning member in their family is 3 & above.

ONLINE TRADING SAVE TRANSACTION TIME:

S.No	Online Trading save transaction time	No. of Respondents	Percentage %
1	Strongly Agree	31	31
2	Agree	49	49
3	Neutral	16	16
4	Disagree	1	1
5	Strongly Disagree	3	3
	Total	100	100

INTERPRETATION

From the above table we found that 31% of the respondents Strongly Agree Online Trading save transaction time, 49% of the respondents Agree Online Trading save transaction time, 16% of the respondents Neutral Online Trading save transaction time, 1% of the respondents Disagree Online Trading save transaction time and 3% of the respondents Strongly Disagree Online Trading save transaction time.

TO FIND THE ASSOCIATION BETWEEN SIZE OF INVESTMENT IN SHARES AND PREFERRED MODE OF TRADING

Null Hypothesis

H0 There is significant difference between Size of investment in shares and preferred Mode of trading

H1 There is no significant difference between Size of investment in shares and preferred Mode of trading.

SIZE OF INVESTMENT IN SHARES AND PREFERRED MODE OF TRADING

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	43.567 ^a	16	.000
Likelihood Ratio	30.536	16	.015
Linear-by-Linear Association	9.840	1	.002
N of Valid Cases	100		

INTERPRETATION

In the above table Pearson Chi-Square result revealed that there is a statistical significant association between Size of investment in shares and preferred Mode of trading ($\chi^2(4) = 43.567^a, p = .000$)

CORRELATION COEFFICIENT

TO FIND CORRELATION COEFFICIENT BETWEEN MONTHLY INCOME AND CATEGORY OF INVESTMENT

Let,

X be the respondents monthly income

Y be the category of investment

Correlations			
		Monthly income	Category of investment
Monthly income	Pearson Correlation	1	.843**
	Sig. (2-tailed)		.000
	NO	100	100
Category of investment	Pearson Correlation	.843**	1
	Sig. (2-tailed)	.000	
	NO	100	100
**. Correlation is significant at the 0.01 level (2-tailed).			

Interpretation

The above table gives the relationship between the variables, Monthly income and Category of investment. The result gives positive correlation value of 0.843

TO FIND CORRELATION COEFFICIENT BETWEEN MODE OF TRADING YOU PREFER AND PREFERRED COMPANY SIZE TO INVEST

Let,

X be the Mode of trading you prefer

Y be the Preferred company size to invest

Correlations			
		Mode of trading you prefer	Preferred company size to invest
Mode of trading you prefer	Pearson Correlation	1	-.095
	Sig. (2-tailed)		.345
	NO	100	100
Preferred company size to invest	Pearson Correlation	-.095	1
	Sig. (2-tailed)	.345	
	NO	100	100
**. Correlation is significant at the 0.01 level (2-tailed).			

Interpretation

The above table gives the relationship between the variables, mode of trading you prefer and preferred company size to invest. The result gives positive correlation value of 0.843

FINDINGS

PERCENTAGE ANALYSIS

- Majority of 44% of the respondents were at the age group of Above 60 years.
- Majority of 89% of the respondents were Male.
- Majority of 66% of the respondents were Married.
- Majority of 44% of the respondents education level is Under Graduate.
- Majority of 41% of the respondents were Government Employee.
- Majority of 22% of the respondents Family size Less than 4, 55% of the respondents Family size 4 to 6 and 23% of the respondents Family size Above 6.
- Majority of 42% of the respondents number of earning member in their family is 2.
- Majority of 41% of the respondents monthly income range is Rs. 60,000 & above.
- Majority of 49% of the respondents aware about mutual fund through Business news papers.
- Majority of 83% of the respondents were Hereditary investor.
- Majority of 70% of the respondents prefer Long term investor.
- Majority of 69% of the respondents invested in Less than 10.
- Majority of 66% of the respondents were invested Rs. 1 lakh – Rs. 2 lakhs.
- Majority of 53% of the respondents saves their savings in share 30% and above.
- Most of 32% of the respondents prefer to invest in Mutual fund.
- Majority of 77% of the respondents were investing Upto 2 years.
- Majority of 66% of the respondents invest Weekly.
- Majority of 69% of the respondents prefer to trade in Offline.
- Most of 44% of the respondents choose online trading because it is Easy to transfer funds.
- Majority of 64% of the respondents invest in Equity fund.
- Majority of 72% of the respondents says online Trading System is easy and fast.
- Majority of 61% of the respondents says Time saving is an important factor in Online Trading System.
- Majority of 71% of the respondents says Online Trading helps Indian Stock Market growth.
- Most of 37% of the respondents were Awareness of the risk & return parameter is Very high.
- Most of 39% of the respondents awareness about various schemes is Low.
- Majority of 65% of the respondents says importance given for scheme based investment is Very

high.

- Most of 37% of the respondents feel risk & return impact on mutual fund investment is Very high.
- Majority of 66% of the respondents says Agree that professionals' advice is useful in investment.
- Majority of 71% of the respondents were Agree that government policy should change.
- Majority of 72% of the respondents were Strongly Agree that changes in Economic Parameters of our country.
- Most of 43% of the respondents were Strongly Agree that changes in world stock market.
- Most of 39% of the respondents were Agree that gold rate changes.
- Majority of 66% of the respondents were Strongly Agree that financial results of companies.

CHI SQUARE ANALYSIS

- In the above table Pearson Chi-Square result revealed that there is a statistical significant association between type of investor and number of companies invested. $\chi(4) = 58.287a$, $p = .000$).
- In the above table Pearson Chi-Square result revealed that there is a statistical significant association between Size of investment in shares and preferred Mode of trading ($\chi(4) = 43.567a$, $p = .000$).

CORRELATION

- The above table gives the relationship between the variables, Monthly income and Category of investment. The result gives positive correlation value of 0.843.
- The above table gives the relationship between the variables, mode of trading you prefer and preferred company size to invest. The result gives positive correlation value of 0.843

SUGGESTIONS:

- There is need to create awareness about commodity Future Market. Awareness program has to be conducted by Angel consultants, because since this was new to the market .so it can be done through by giving advertisements in local channels, Newspapers, by sending E-mail to present customers etc

- From survey it is found that most of the potential customers are concerned about the Brokerage charges so Angel can look upon this. If it can charge moderate brokerage it will help to attract more and more customers.
- “Dabba trading” in commodity market in India.
- The FMC should increase the range of commodities in future commodities in commodity market in India.
- To motivate the commodity business in India the FMC should come up with some rebate in taxes.
- The FMC should increase the delivery centers of commodities in India.
- As commodity market is very potential for business, the angel co. should think about various ways to attract the customers.

CONCLUSION

The buying intent of mutual fund product by a small investor can be due to multiple reasons depending upon the risk return trade off. Due to the reduction in the bank interest rates and high degree of volatility in Indian Stock market, investors are looking at an alternative for their investments, which will provide them higher, returns and also safety to their investments. Financial services sector in India is one of the fastest growing sectors. Awareness if stock market among the people is increasing day by day. So it is essential to know about the stock brokerage operating in our country and their services offered. This study identifies the source of awareness shareholders investment proportion in stock market, factors influencing investors decision on buying and selling of funds. Further the study attempted to determine the satisfaction level on Stock Holding Corporation of India Ltd and influence of demographic variables on the level of satisfaction. The investors have a good perception about the organization and are found satisfied with the services provided. However, the recommendations were given in this study which will implement for the further growth and development of the company