CHAPTER 1

INTRODUCTION TO INVESTMENTS

1.1 Introduction

Investment is simply the act of investing or putting in money for the purpose of earning a profit. In finance, it is the purchase of a financial product or other item of value with an expectation of favourable future returns.

Everyone right down from the lowest end of the economic segment to the richest does some sort of investment. What differs is the nature of investment, the time duration, the amount invested and the purpose of investment.

Investing involves the current commitment of money for a period of time in order to derive future payments that will compensate the investor for:

1. The time the funds are committed,
2. The expected rate if inflation, and
3. The uncertainty of future payments.

The investor can be individual, a government, a pension fund or a corporation.

Investment process is employed by an investor to decide about what asset to invest in and when to make such investment. It includes the following steps:

- Setting investors objectives and ascertaining the amount of investable wealth
- Analysis of different asset classes to identify those suitable for investment.
- Constructing a portfolio of investments and determining the proportion of wealth to be invested in each one.
- Revising and improving the portfolio in view of changing situations.

1.2 Factors That Affect Investment Decisions

In selecting specific investments, investors need specific ideas about the features which the investment should possess. There are several features for which the

investor should look into an investment. These features must be consistent with the investment objective.

Following are some of the features which an investor looks into before investing:

- *Liquidity*

  The degree to which an asset or security can be bought or sold in the market without affecting the asset's price. Different types of investments offer varying degree of investment. An investor has to build a portfolio containing a good proportion of investments which have relatively higher degree of liquidity.
- *Risk of an Investment*
  - Safety of Principal: An investor should take care that the amount of investment is safe.
  - Safety of Return: An investment is considered as a good investment if it offers stable returns.
- *Capital Appreciation*

  Capital appreciation refers to an increase in the price of an asset. Chances of capital appreciation or capital loss add to the risk of the investment. Investors always prefer those investments which have higher chances of capital appreciation.
- *Taxation*

  Investments differ with respect to tax treatment of initial investment, return from investment and redemption proceeds. The performance of any investment decision should be measured by its after tax rate of return.
- *Investment Horizon*

  Investment horizon refers to the planned liquidation date of the investment. The maturity period makes it more attractive if it coincides with the date when funds would be needed.

If investment during the peak earning years is done sensibly, it can go a long way in ensuring a comfortable retirement. For this one requires the right asset allocations and the right financial instruments that suit one's requirements both in terms of return as well as risk profile.

1.3 Financial Assets – Direct & Indirect Investing

Financial intermediaries creates as well as buys and sells various financial instruments or financial assets. Financial assets are claims on the issuers of the securities which are negotiable or saleable in various market places. These instruments can be classified as direct and indirect, marketable and non marketable.

Direct investments are those wherein the investor acquires a direct claim on the security issued by the first issuing authority whereas indirect investments are those investments wherein a secondary claim is issued on the base of the primary securities. Investors acquire units from the financial intermediary who directly invests in the primary securities. The valuation of units is based on the market value of the primary securities.

Marketable securities are those securities that can be bought and sold in the market whereas non marketable securities have to be held until maturity and there is no secondary market.

Direct Investing

(A) Non – Marketable

a. Savings account/ current account
b. Fixed Deposits/ Recurring Deposits in banks / corporate / financial institutions
c. Public Provident Fund / Employee Provident Fund
d. Post office deposits
e. Senior citizen Saving Plans
f. Kisan Vikas Patra / National Savings Certificate
g. RBI relief bonds

(B) Marketable

a. Money Market
    i. Treasury Bills
    ii. Certificate of Deposit

iii. Commercial Paper
iv. Repos
v. Bills of exchange

b. Capital Market
    i. Fixed income
        1) Bonds / Debentures
            a) Corporate
            b) Government
    ii. Equities
        1) Common Stock
        2) Preferred Stock

c. Derivatives Market
    i. Options
    ii. Futures
    iii. Forwards
    iv. Swaps

Indirect Investing

(A) Mutual Funds

(B) Insurance Companies

CHAPTER 2

SCOPE OF THE STUDY

The scope of this study is to analyse the major investment products available to an Indian Investor, like Shares, Mutual Funds, Insurance, Bank and Property .It also studies the preferences of investors in these investment avenues. This report will help investors taking a wise decision and get maximum return for his/her hard earned money.

CHAPTER 3

OBJECTIVE OF THE STUDY

The objective of this Study is to -:

- Analyzing major investment products viz
    - Equity shares
    - Mutual funds
    - Insurance
    - Bank
    - Property

  Based on
    - Risk
    - Expected Return
    - Investment Duration
- Based on their preferences and analysis of different investment avenues portfolio mix of various types of investors are suggested.

CHAPTER 4
LITERATURE REVIEW

Many Organizations and individuals conducted several studies on the various aspects of the capital markets in the past. These studies were mainly related to various instruments of capital market, shareholding pattern, new issue market and scope, market efficiency, risk and return, performance and regulation of mutual funds, shares and real estate sector. However, not much of research was done on investment patterns and investor's perceptions. Hence an attempt is made to review some of the studies relevant to the topic in order to get into in depth details of the chosen study.

Gupta (1994) made a household investor survey with the objective to provide data on the investor preferences on mutual funds and other financial assets. The findings of the study were more appropriate, at that time, to the policy makers and mutual funds to design the financial products for the future.

Sujit Sikidar and Amrit Pal Singh (1996) carried out a survey with an objective to understand the behavioural aspects of the investors of the North Eastern region towards equity and mutual funds investment portfolio. The survey revealed that the salaried and self employed formed the major investors in mutual fund primarily due to tax concessions. UTI and SBI schemes were popular in that part of the country then and other funds had not proved to be a big hit during the time when survey was done.

Madhusudhan V Jambodekar (1996) conducted a study to assess the awareness of MFs among investors, to identify the information sources influencing the buying decision and the factors influencing the choice of a particular fund. The study reveals among other things that Income Schemes and Open Ended Schemes are more preferred than Growth Schemes and Close Ended Schemes during the then prevalent market conditions. Investors look for safety of Principal, Liquidity and Capital appreciation in the order of importance; Newspapers and Magazines are the first source of information through which investors get to

know about MFs/Schemes and investor service is a major differentiating factor in the selection of Mutual Fund Schemes.

Shanmugham (2000) conducted a survey of 201 individual investors to study the information sourcing by investors, their perceptions of various investment strategy dimensions and the factors motivating share investment decisions, and reports that among the various factors, psychological and sociological factors dominated the economic factors in share investment decisions.

The study conducted by SCMRD for Ministry of Company affairs (2004) found that majority of the retail investors do not regard mutual fund equity schemes as a superior investment compared to direct equity. Kent (19998) developed a theory of securities market under- and overreactions based on two well-known psychological biases: investor overconfidence about the precision of private information; and biased self-attribution, which causes asymmetric shifts in investors' confidence as a function of their investment outcomes. SEBI (1998) survey revealed that Risk appetite, investment objective of the investor,, income of the investor, funds available for investment, greatly influences the behaviour of the investor in corporate securities at various levels.

Avinash Kumar Singh (2006) The study entitled "Investment Pattern of People" has been undertaken with the objective, to analyze the investment pattern of people in Bangalore city and Bhubaneswar analysis of the study was undertaken with the help of survey conducted .After analysis and interpretation of data it is concluded that in Bangalore investors are more aware about various investment avenues & the risk associated with that. All the age groups give more important to invest in equity & except people those who are above 50 give important to insurance, fixed deposits and tax saving benefits. Generally those investors who are invested in equity, are personally follow the stock market frequently i.e. in daily basis. But those who are invested in mutual funds are watch stock market weekly or fortnightly.

Another study conducted jointly by the National Council of Applied Economic Research(NCAER) and Economic and Political Weekly Research Foundation in 2002 observed that female-headed households in urban sector have a better track

record of savings than the households headed by males .However, the trend is reverse in rural areas where male-headed households are more inclined to savings, reported by the same study, “Household savings and investment behaviour
in India”.

According to V asudha Tamrakar and Anoliba Mani,2007 study report ‘1984-85 to 1995-96’was a remarkable phase of growth of Indian economy. The jump in savings rate only substantiated the hypotheses that economic liberalization did promote savings through economic growth. This study also revealed that life insurance and provident/pension fund investments have also seen a rise may be on account of increased awareness about the need to ensure and also increased competition from the private sector.
The present study differs from earlier studies as it covers empirical study on preferred investment avenues for investors based on their preferences and risk profile.

CHAPTER 5
DIFFERENT TYPES OF INVESTMENT AVENUES

The major investment products available to an Indian investor is being analysed in this case study.

5.1 Mutual Funds

Mutual Funds are a vehicle to mobilize money from investors, to invest in different markets and securities, in line with the investment objectives agreed upon, between the mutual fund and investors.

Role of Mutual Funds

Mutual funds perform various different roles:

Their primary role is to assist investors in earning an income or building their wealth, by participating in the opportunities available in various securities and markets. It is possible for mutual funds to structure a scheme for any kind of investment objective. Thus, the mutual fund taps a large corpus of money from diverse investors.

Mutual funds seek to mobilize money from all possible investors. Various investors have different investment preferences. In order to accommodate these preferences, mutual funds mobilize different pools of money. Each such pool of money is called a mutual fund scheme. Each scheme has a pre announced investment objective. When investors invest in a mutual fund scheme, they are effectively buying into its investment objective.

How do Mutual Fund Schemes Operate?

Mutual fund schemes announce their investment objective and seek investments from the public. Depending on how the scheme is structured, it may be open to accept money from investors, either during a limited period only, or at any time. The investment that an investor makes in a scheme is translated into a certain number of 'Units' in the scheme. Thus, an investor in a scheme is issued units of the scheme.

The scheme earns interest income or dividend income on the investments it holds. Further, when it purchases and sells investments, it earns capital gains or incurs capital losses. These are called realized capital gains or realized capital losses as the case may be.

When a scheme is first made available for investment, it is called a 'New Fund Offer (NFO)'. During the NFO, investors may have the chance of buying the units at their face value. Post NFO, when they buy into a scheme, they need to pay a price that is linked to its NAV.

The money mobilized from investors is invested by the scheme as per the investment objective committed. Profits or losses, as the case might be, belong to the investors. The investor does not however bear a loss higher than the amount invested by him.

Various investors subscribing to an investment objective might have different expectations on how the profits are to be handled. Some may like it to be paid off regularly as dividends; others might like money to grow in the scheme. Mutual funds address such differential expectations between investors within the scheme, by offering various options, such as dividend payout option, dividend reinvestment option and growth option. An investor buying into a scheme gets to select the preferred option also.

The relative size of mutual fund companies is assessed by their assets under management (AUM). When a scheme is first launched, assets under management would be the amount mobilized from investors. Further, if the scheme is open to receiving money from investors even post NFO, then such contributions from investors boosts the AUM. Conversely, if the scheme pays any money to the investors, either as dividend or as consideration for buying back the units of investors, the AUM fails.

5.2 Direct Equity

Introduction

The term equity by itself refers to the ownership or interest in something. It also refers to fairness in distribution. Therefore, the term equity is used to denote shareholder ownership in a company. It is either in the form of common stock or preferred stock.

The term equity is most used in the context of a company which has issued shares in order to raise capital. Since large companies need access to huge amounts of capital, issuing shares to a number of investors not only helps raise the requisite capital but also because of limited liability keeps the risk of the investor limited only to the capital that he or she has invested.

Equity Shares

Equity shares refer to what a company issues to its owners which denote their ownership of the company (business). These can be purchased either via Initial Public Offer, i.e., when the company raises money and offers the public at large a share of ownership in the company or via secondary markets, i.e., when one buys it from a previous holder in a market place.

Benefits to a shareholder

Apart from the right to vote and decide the future course of action that a company takes, the real benefit one, as a shareholder has is in the form of participation that one gets in the profits made by the company. At the same time, one's liability is limited only to the face value of the shares held by him.

The benefits distributed by the company to its shareholders can be :

1. Monetary Benefits
2. Non monetary benefits

1) *Monetary Benefits*

a) Dividend: An equity share holder has a right to the profits generated by the company. Profits are distributed in part or in full in the form of dividends. Dividend is one's earning on the investment made in shares, just like interest in case of bonds or debentures.

b) Capital Appreciation: One also benefits from capital appreciation. Simply put, this means an increase in the value of the company usually is reflected in its share price. Companies generally do not distribute all their profits as dividend. As the companies grow, profits are reinvested in the business. This means increase in net worth, which in turn appreciation in the value of shares.

2) *Non Monetary Benefits*

a) Bonus: Instead of distributing accumulated profits as dividends, companies have the option of issuing bonus shares, i.e., they will give more shares to the shareholder free of cost. Prima facie, it does not affect one's wealth as a shareholder, however, in practice bonuses carry certain latent advantages such as tax benefits, better future growth potential, an increase in floating stock of the company, etc.

b) Right Issue: A company may need more money to expand and for that it may need to issue more equity shares. A rights issue involves issuing of additional shares to the existing shareholders of the company. A company wishing to issue additional shares should first offer them to its existing shareholders so that it allows the existing shareholders to maintain the same degree of control of the company.

Risks in Equity Investment

Although an equity investment is most rewarding in terms of returns generated, certain risks are essential to understand before venturing into the world of equity. These can be described as follows:

- *Market / Economy Risk*

  The performance of any company to an extent depends on the growth of an economy. An economy, which continues to prosper, ensures that companies operating in it benefit from its growth. However, an equity shareholder also

runs the risk of any downturn in the economy affecting the performance of his company. Economy related risks are usually reflected in the factors such as GDP growth, inflation, interest rates, etc. A slowdown in the economy pinches almost all sectors with varying degrees.

- *Industry Risk*

  All industries undergo some kind of cyclical growth. Shareholders get rewarded most during the expansion stage. For instance, the last few years have been very rewarding for investors in real estate. However, once the industry reaches a maturity stage, the rewards from investment are limited. Further, companies belonging to industries where growth has retarded incur losses or declining gains. Industry specific government regulations too impact returns from investments made therein.

- *Management Risk*

  The management is the face of an enterprise. It is the team which gives direction to the future course of action that a company will take. Quality of management is hence paramount. Management changes often have a serious impact on policy matters of companies, thereby impacting the share price. A management which is unable to meet the challenges posed by competition is likely to suffer in performance.

- *Business Risk*

  Business risk is a function of the operating conditions faced by a company and the variability that these conditions inject into the company's profits and hence into the expected dividends by the shareholders. Business risk can be classified into two broad categories: external and internal. Internal business risk is largely associated with the efficiency with which a company conducts its operations within the broader environment. External risk is the result of operating conditions imposed upon the company by circumstances beyond its control.

- *Financial Risk*

Financial risk is associated with the way in which a company finances its activities. A company, borrowing money for business, takes over a recurring liability of payment of interest that it must continue paying until repayment of the loan. Beyond a specified limit, the residual income left for shareholders gets reduced, thereby affecting the returns on shares. More importantly, it increases default risk, i.e., a heavily borrowed company, is at a greater risk of not being able to meet its liabilities and hence going bankrupt.

- *Exchange Rate Risk*

  Some companies today earn sizable revenues from exports. Hence, any appreciation in the rupee vis a vis the currency in which exports are billed, will lead to reduced earnings in rupees affecting share prices.

- *Inflation Risk*

  Rising prices or inflation reduces purchasing power for the common man resulting in a slowdown in the demand in the economy. Hence, in an inflationary environment, share prices of most companies face a downturn as the expected fall in demand reduces their future expected income.

- *Interest Rate Risk*

  Rising interest rates increase the cost of borrowing, which results in an increase in the prices of products and a corresponding slowdown in demand. Hence, an interest rate hike affects share price of companies across the board.

Overcoming The Risks

Most risks associated with investments in shares can be reduced by using the tool of diversification. Purchasing shares of different companies spread across different companies spread across different industries and creating a diversified portfolio has proven to be one of the most reliable tools of risk reduction.

The Process of Diversification

This can be best understood by the age old saying, "Don't put all your eggs in one basket". When one holds shares in a single company, he runs the risk of a large magnitude. As his portfolio expands to include shares of more companies, the company specific risk reduces. The main benefits of creating a well diversified portfolio can be gauged from the fact that as one adds more stocks to his portfolio, the importance (weightage) of each company's share gets reduced. Hence, any adverse event related to any one company would not expose his whole portfolio at risk. The same logic can be expanded to a sector or an industry. In fact, diversifying across sectors and industries reaps the real benefits of diversification. Sector specific risks get minimized when shares of other sectors are added to the portfolio. This is because a recession or a down trend is not usually seen in all sectors together at the same time.

Though it is possible to reduce risk, the process of equity investing itself comes with certain inherent risks, which cannot be reduced by strategies such as diversification. These risks are called systematic or market risks, as they arise from the system such as interest rate risk and inflation risk. As these risks cannot be diversified, investors are rewarded for taking systematic risks for equity investment.

5.3 Fixed Income / Debt Investment

Introduction to Indian Debt Markets

The debt market in India comprises of two main segments, *viz.*, the government securities market and the corporate securities market. The market for government securities is the most dominant part of the debt market in terms of outstanding securities, market capitalization, trading volume and number of participants. It sets benchmark for the rest of the market.

Instruments

Debt instruments represent contracts whereby one party lends money to another on predetermined terms with regard to rate of interest to be paid by the borrower to the lender, the periodicity of such interest payment, and the repayment of the principal amount borrowed. In the Indian securities markets, we use the term 'bond' for debt instruments issued by the Central and State governments and public sector

organizations, and the term 'debentures' for instruments issued by private corporate sector.

The principal features of a bond are:

- *Maturity:* Maturity of a bond refers to the date on which the bond matures, or the date on which the borrower has agreed to repay (redeem) the principal amount to the lender.
- *Coupon:* Coupon refers to the periodic interest payments that are made by the borrower (who is also the issuer of the bond) to the lender (the subscriber of the bond).
- *Principal:* Principal is the amount that has been borrowed, and is also called the par value or face value of the bond. The coupon is the product of the principal and the coupon rate.

The Bond Market

Bond markets consist of fixed-income securities of longer duration than instruments in the money market. The bond market instruments mainly include treasury notes and treasury bonds, corporate bonds, Government bonds etc.

- *Treasury Notes (T-Notes) and T-Bonds*

  Treasury notes and bonds are debt securities issued by the Central Government of a country. Treasury notes maturity range up to 10 years, whereas treasury bonds are issued for maturity ranging from 10 years to 30 years.

- *State and Municipal Government bonds*

  Apart from the central Government, various State Governments and sometimes municipal bodies are also empowered to borrow by issuing bonds. They usually are also backed by guarantees from the respective Government. In India, the Government securities (includes treasury bills, Central Government securities and State Government securities) are issued by the Reserve Bank of India on behalf of the Government of India.

- *Corporate Bonds*

Bonds are also issued by large corporate houses for borrowing money from the public for a certain period. The structure of corporate bonds is similar to T-Notes in terms of coupon payment, maturity amount (face value), issue price (discount to face value) etc. However, since the default risk is higher for corporate bonds, they are usually issued at a higher discount than equivalent Government bonds. These bonds are not exempt from

- *International Bonds*

  These bonds are issued overseas, in the currency of a foreign country which represents a large potential market of investors for the bonds. Bonds issued in a currency other than that of the country which issues them are usually called Eurobonds.

- *Zero Coupon Bonds*

  Zero coupon bonds (also called as deep-discount bonds or discount bonds) refer to bonds which do not pay any interest (or coupons) during the life of the bonds. The bonds are issued at a discount to the face value and the face value is repaid at the maturity. The return to the bondholder is the discount at which the bond is issued, which is the difference between the issue price and the face value.

- *Convertible Bonds*

  Convertible bonds offer a right (but not the obligation) to the bondholder to get the bond converted into predetermined number of equity stock of the issuing company, at certain, pre specified times during its life. Thus, the holder of the bond gets an additional value, in terms of an option to convert the bond into stock (equity shares) and thereby participate in the growth of the company's equity value.

Risks

There are various risks attached with debt investments. Following are the major risks associated with debt investments:

- *Credit Risk*

Credit risk is the risk that a company or individual will be unable to pay the contractual interest or principal on its debt obligations. It is the possibility that a bond issuer will default, by failing to repay principal and interest in a timely manner. Bonds issued by the federal government are immune from default.

- *Interest Rate Risk*

  The possibility of a reduction in the value of a security, resulting from a rise in interest rates. This risk can be reduced by diversifying the durations of the fixed income investments that are held at a given time. Interest rate risk is the sensitivity of a security's price to the change in market yields. Longer the maturity of a bond, higher is the interest rate risk.

- *Reinvestment Risk*

  When interest rates are declining, investors have to reinvest their interest income and any return of principal, whether scheduled or unscheduled, at lower prevailing rates. This is referred to as reinvestment risk.

- *Inflation Risk*

  It is the possibility that the value of assets or income will decrease as inflation shrinks the purchasing power of the currency. Inflation causes money to decrease in value at some rate, and does so whether the money is invested or not. This is also called the purchasing power risk.

5.4 Insurance Based Investments

Unit Linked Insurance Plans(ULIP)

Unit linked insurance plan (ULIP) is life insurance solution that provides for the benefits of protection and flexibility in investment. A ULIP has two components – the 'protection component' and the 'savings component'. The 'protection component' is the life insurance cover and the 'savings component' is that portion of the premium invested by the insurance company on your behalf. The investment is denoted as units and is represented by the value that it has attained, called as Net

Asset Value (NAV). The policy value at any time varies according to the value of the underlying assets at the time.

What does a ULIP Offer?

- *Life Cover:* ULIPs offer flexible life cover as per your needs. The minimum cover is five times the first year premium. One can go for a higher cover depending on his needs.
- *Corpus Building*: One can build his corpus for major events in life, example for one's retirement, children's education, marriage, etc. One can also plan for periodical withdrawals to meet his requirements.
- *Flexibility in risk taking:* For the investment portion of the premium, each ULIP offers several 'investment funds', each with a different equity to debt ratio. One has to choose the fund that matches his risk appetite. It is also an ideal instrument to manage one's asset allocation between debt and equity by exercising switching option from time to time. To arrive at one's risk appetite, various parameters such as –the number of dependents, stability of present income, wealth build up till date, perception towards risk etc have to be accessed. If risk appetite is high then one should go for high equity and vice versa.
- *Allows fund switching:* one can switch from one fund to another in ULIPs. This allows one to ensure that the investment fund that he has chosen is in sync with his prevailing risk appetite and market sentiments. Most ULIPs allow 3-4 free switches a year and beyond that at a minimal cost. This becomes important as ULIP is a long term protection instrument with a minimum lock in of three years and has surrender penalties for terminating the long term contract before the agreed duration.
- *Capital Guarantee:* certain ULIPs, offer benefit that irrespective of the market conditions prevailing at the time of maturity, they will deliver a certain guaranteed amount.

Unit Linked Insurance Policies and Endowment Plans

Unit Linked Insurance Plans (ULIPs) are distinct from the more familiar ‘with profits’ policies sold for decades by various life insurance companies.

‘With profits’ policies are called so because investment gains (profits) are distributed to policy holders in form of bonus announced every year. ULIPs also serve the same function of providing insurance protection against death and provision of long term saving, but they are structured differently. In ‘with profits’ policies, the insurance company credits the premium to a common pool called the ‘life fund’, after setting aside funds for the risk premium on life insurance and management expenses.

Every year, the insurer calculates how much has to be paid to settle death and maturity claims. The surplus in the life fund left after meeting these liabilities is credited to policy holder’s accounts in the form of bonus. In a ULIP too, the insurer deducts charges towards life insurance (mortality charges), administration charges and fund management charges. The rest of the premium is used to invest in a fund that invests money in stocks or bonds. The policy holder’s share in the fund is represented by the number of units. The value of the unit is determined by the total value of all the investment made by the fund divided by the number of units.

If the insurance company offers a range of funds, the insured can direct the company to invest in the fund of his choice. Insurers usually offer three choices:

- An equity(growth) fund
- A balanced fund
- A fund which invests in bonds.

There is a liquid fund option as well.
In both ‘with profit’ policies as well as unit linked policies a large part of the first year premium goes towards paying the agent’s commission.

5.5 Real Estate and other Investment Options

A residential house has always been the first option for investment even in comparison of investing in equity due to numerous advantages that are available from this investment. In an investment return include rent and capital gains from appreciation over time. The return from house property is generally higher than the

fixed income instrument and sometimes higher than the investment in stock market. However, real estate investment is also exposed to market risk like any other investment as real estate market has its own share of cyclical fluctuations.

House or Residential property:

Returns from a residential property are guided by:

- Psychological satisfaction of owning your own house.
- Stability of interest rates: If interest rate on housing loans are lower and stable there will be increasing demand for house.
- Ease of home loan affordability.
- Subsidy by employers for housing loan.
- Better the infrastructural facilities of the area like roads, rail link, schools, hospitals, continuous water & electricity supply, etc. higher will be the demand.
- Location is important as to proximity to offices, malls, entertainment centers, etc.
- Traffic problems in the area also affects demand and in turn prices.
- Environmental conditions in the surrounding like pollution levels, greenery, etc. also affect demand.

Commercial Property:

The return on commercial property depends on:

- Location is important as to proximity to suppliers, clients, markets, other business centers, etc.
- Infrastructure of the surroundings like road and rail link, electricity availability, etc. matters.
- Traffic problems in the area also affects demand and in turn prices.
- Environmental conditions in the surrounding like pollution levels, greenery, etc. also affect demand.
- Growth in competition decreases demand for the area.
- Anchor neighbors help in attracting more people to the area e.g. reputed brands and so add demand for the surrounding area,

- Style and age of building: Modern and newer the building higher will be the demand. But, heritage building are in demand even they are old and deteriorating.

Advantages of owning a real estate property:

- Phase of real estate cycle is different from that of the stock market. So, combined returns of investment in shares and real estate are more stable.
- Real estate will always give returns which will help you in keeping pace with Inflation. It acts as a good inflation protector.
- Real estate investments are risky only in short term. They have a very low long term risk.
- Wealth tax if any is calculated on historical cost. There are also income tax benefits.

Risks or disadvantages of a real estate investment:

- Lack of transparency: Many purchase deals are consisting of cash component which is unaccounted money.
- Heterogeneous products: All products are unique and so comparison and valuation is very difficult.
- Lack of information on recent purchase deals as they are not quoted anywhere.
- Transaction costs like valuer's fees, agent's commission, stamp duty, registration fees, transfer fees of society, etc. increases entry and exit costs.
- Illiquid as sale takes lots of time, money and efforts.
- Non divisible: Cannot be sold in parts in case in need of only a small of amount

Analysis of real estate as an investment opportunity

The key evaluation criteria for investment in residential/ commercial property in India are analyzed as below:

- Typically, leasing residential and commercial property in Mumbai could fetch a pre-tax return of 6-9% and 8-11% respectively. Capital appreciation, if any, would provide additional return on investment.

- Investment in real estate in India typically carries an entry load of 10-15% towards stamp duty, registration, brokerage etc.
- Real estate as an asset is not as liquid as investment in stock market, bank deposits etc.
- A power of attorney to a trusted friend/ relative/ professional would obviate the need of physical presence for legal formalities.
- Loans can be raised conveniently in India and abroad for investment in property. Investing in Real Estate in India
- Loans can be raised in India by the owner and third parties against the security of the property for any bonafide purpose.
- Tax benefit is available on interest on housing loan raised in India.
- Tax exemption is available on re-investment of sale proceeds of property in eligible avenues.

The key considerations (from the perspective of real estate as an investment) to be borne in mind while selecting a specific property are:

- The prevailing lease rentals and scope for capital appreciation in the area where the property is located.
- Scope for infrastructure development around the property under consideration.
- Location and proximity to schools, hospitals, markets, public transportation etc.
- Actual property taxes to be paid.

CHAPTER 6
RESEARCH METHODOLOGY

6.1 Comparison of various investment products i.e

- Shares
- Mutual funds
- Insurance
- Banks
- Property

On the basis of :

- Risk
- Expected Return
- Investment Duration

Comparison on the Basis of Risk

Risk is a concept that denotes a potential negative impact to some characteristic of value that may arise from a future event.
Investment risk is defined as the chance that an investment's actual return will be different than expected. This includes the possibility of losing some or all of the original investment.

Risk can be categorized in three levels:

- High Risk: High probability of deviation.
- Moderate Risk: Moderate probability of deviation.
- Low Risk: Low probability of deviation

High Risk Investment Options

Direct Equity, Sector specific Equity mutual funds bear the highest investment risks.

Moderate Risk Investment Options

Diversified Equity Mutual funds, ULIPs, debt funds, gold, Commercial Papers, pension funds, real estate fall under this category of investment risk.

Low Risk Investment Options

Bank Deposits (Savings & fixed), post office and other small saving schemes (e.g. PPF), Liquid mutual funds, government bonds, bank CDs fall under this category of investment risk.

(source-http://financial-tactician.blogspot.in/2010/03/risk-and-return-trade-off.html)

Fig 6.1-Risk Return tradeoff

Formulae for calculating variance and standard deviation:

$$\text{Standard deviation} = \sqrt{\text{Variance}}$$

$$Variance = \sigma^2 = \frac{1}{n-1}\sum_{i=1}^{n}\left(R_i - \bar{R}\right)^2$$

Comparison on the basis of Expected Returns

The motive of an investment is to earn a good return. The total return comprises of ‘current yield’ and ‘Capital gain / losses’.

In investments, expected returns are directly related to investment risks, i.e., high risks - high returns.

- Direct Equity and Sector specific equity mutual funds carry high risks and also have high expected returns.
- Diversified equity funds, ULIPs, open end debt funds, pension funds, gold have moderate return expectations.
- Liquid Mutual funds, bank deposits and post office small savings instruments have low risks but also low expected returns. At times these instruments do not even beat inflation.

The *average rate of return* is the sum of the various one-period rates of return divided

by the number of period.Formula for the average rate of return is as follows:

$$\bar{R} = \frac{1}{n}[R_1 + R_2 + \ldots + R_n] = \frac{1}{n}\sum_{t=1}^{n} R_t$$

Comparison on the basis of investment duration

Holding period refers to the time between an asset's purchase and its sale.
For our study, we would consider an investment period above 3 years as long term investment duration, between 1 to 3 years as medium term investment duration and anything below 1 year as short term investment duration.

Following is the asset wise recommended or lock-in investment duration:

- Direct Equity – Recommended investment duration is medium term to long term. Also above 1 year of holding the stock, the capital gains tax is nil.

- Mutual funds - Recommended investment duration is medium term to long term. Also above 1 year of holding the stock, the capital gains tax is nil.
- ULIPs – ULIPs have a lock in for minimum 5 years. The investment duration for ULIPs is long term. Also considering the expense structure of ULIPs, long holding period is recommended.
- Real Estate – Recommended investment duration is long term.
- Bank Savings Products – Savings Bank account and current accounts have no lock in period and the money can be kept for any time period, a FD however has a lock in period which is the maturity of the FD.

Hence every product has its own set of risks & returns, and different investment durations.

6.2 Preferences of people for investment purposes

This part explain the methodology used in the study of preferred investment. The methodology includes data and sources of data, sample size, area of the study and framework of analysis. The study is based on primary and secondary data. Primary data have been collected from 150 respondents through a structured questionnaire. The present study is just to identify the presence, nature & preferences of the people about their investment habits. The study area is featured by a good number of salaried, professional & businessmen who have the ability to save & invest. Actually, the present study identifies the preferred investment avenues among the individual investors using self assessment test. Moreover, special efforts are made to obtain representation of all income classes relevant to financial investment, as also of livelihood of different households. The data has been analyzed using simple statistical tools and to access the significance/ association between dependent variables, chi-square test is used which are processed by statistical software SPSS.

> ***Chi –square:*** Chi-Square test is a mathematical tool (statistical tool) used to check if 2 variables are dependent on each other. In simple terms, the chi-square test gives the probability of obtaining the observed results assuming the data's are unlinked. This method is called NULL HYPOTHESIS - Meaning one assumes the data's are unlinked and if the results of the chi-

square test tells it is EXTREMELY unlikely that one would see the results observed then the null hypothesis (Ho) will be rejected. Thus the alternative hypothesis (linked genes) will be accepted.

p-value: The p-value is the probability that the "null hypothesis" explains the outcome of the analysis. If one assumes the "null hypothesis" is true, the p-value is the probability one will observe experimental results at least as extreme as observed. The lower the "p-value" the less likely the null hypothesis explains the results. And usually, when($p<0.05$), the null hypothesis gets rejected.

6.3 Portfolio mix of investors

Based on their preferences analyzed before and analysis or comparison done of different avenues done, a portfolio mix of various types of investors given below was formulated:

- Single person under 40 years old.
- Two-income married couple, no children, aged 20 to 40 years.
- One income family, young children, aged 20 to 40 years.
- Single person, aged 40 to 60 years.
- Married couple with adolescent or independent children, aged 40 to 60 years.
- All investors, aged 60 and over.

CHAPTER 7

RESULTS AND DISCUSSION

1. **Equity returns**

Year	Average return (3 years)	Average Return(5 years)
2007	25.93%	26.11%
2008	37.59%	33%
2009	13.96%	25.47%
2010	15.06%	23.79%
2011	7.12%	23.02

(Source- http://www.investologic.com/research/nifty-15-years-historical-returns/)

Table 7.1-Equity Returns

Overall average returns (3 years) -> 19.93 %
Overall average returns (5 years) -> 26.27 %

2. **Mutual Funds (Top 10) till 2012**

Fund Name	10-Y Return (%)	5-Y Return (%)	3-Y Return (%)
Reliance Growth	**33.0**	3.58	5.68
Sundaram Select Midcap Reg	**32.8**	6.03	9.67
SBI Magnum Taxgain	**32.2**	0.78	5.94
SBI Magnum Global	**31.1**	2.33	12.76
SBI Magnum Contra	**30.9**	0.34	2.08
DSPBR Equity	**30.6**	5.11	6.95
HDFC Top 200	**30.5**	6.4	7.35
HDFC Equity	**30.2**	6.3	8.47
HDFC Taxsaver	**29.9**	3.5	8.29
ICICI Prudential Tax Plan	**29.3**	6.61	10.39

(Source-http://www.stableinvestor.com/2012/11/top-10-mutual-funds-india.html)

Table 7.2-Mutual Funds Returns

Overall average returns (3 years) -> 7.76 %
Overall average returns (5 years) -> 4.1 %

Overall average returns (10 years) ->31%

3. Bank Deposit –

(bank considered-SBI)

The revised interest rates for **Domestic Term Deposits**

'Below Rupees One Crore' effective from the 1st April 2013

would be as under:

(All figures in % per annum)

	Rates w.e.f.01.04.2013 (No change)
7 days to 90 days	6.50
91 days to 179 days	6.50
180 days	6.50
181 days to 240 days	6.50
241 days to less than 1 year	6.50
1 year to less than 2 years	8.75
2 years to less than 3 years	8.75
3 years to less than 5 years	8.75
5 years and up to 10 years	8.75

(Source-
https://www.sbi.co.in/user.htm?action=viewsection&id=0,16,384,385)

Table 7.3- Bank Deposit Rates

Overall average returns (3 years) -> 8.75 %
Overall average returns (5 years) -> 8.75 %

4. Real Estate

(For 8.5 years) , the CAGR return of Real Estate in different cities till 2012

City	CAGR Return for 8.5 yrs
Delhi	16.29%
Bangalore	7.27%
Mumbai	15.18%
Bhopal	16.32%
Kolkata	16.89%
India	14.29%

(Source-http://www.jagoinvestor.com/2009/12/returns-of-real-estate-in-india.html)

Table 7.4- Real Estate CAGR

Overall Average Return (8.5 Years)- 14.29%

5. Insurance

Overall Average Return ->Endownment- 10-11%
Overall Average Return ->ULIP- 13-15%
Overall Average Return ->Traditional- 6-7%

(source- http://www.licinvestment.in/money-back-plan.htm)

The following table summarizes the comparison of investment products:

Investment Product	**Risk**	**Expected Returns**	**Investment Duration**
Mutual Fund	Moderate	Low	Long Term
Direct Equity	High	High	Long Term
Insurance	Moderate to High	Medium to high	Long Term
Bank: Fixed Deposit	Low	Low	7 days to 120 months
Real Estate	Moderate	Medium to high	Long Term

Table 7.5- Summary of Investment Products

The observations for various preferences of people are below

Age groups(yrs)	**share**	**Mutual funds**	**insurance**	**bank**	**property**	**Total**
Below 30	**6 (27.27%)**	**5 (22.72%)**	**5 (22.72%)**	**4 (18.18%)**	**2 (9.09%)**	**22**
30-40	**12 (30%)**	**4 (10%)**	**16 (40%)**	**5 (12.5%)**	**3 (7.5%)**	**40**
40-50	**5 (13.15%)**	**4 (10.5%)**	**19 (50%)**	**6 (15.78%)**	**4 (10.52%)**	**38**
50-60	**6 (18.75%)**	**5 (15.62%)**	**10 (31.25%)**	**8 (25%)**	**3 (9.37%)**	**32**
60 & above	**3 (16.66%)**	**4 (22.22%)**	**3 (16.66%)**	**7 (38.88%)**	**1 (5.55%)**	**18**
Total	**32 (21.33%)**	**22 (14.66%)**	**53 (35.33%)**	**30 (20%)**	**13 (8.66%)**	**150**
Chi-square	**20.33**					
Df	**16**					
P value	**.2057**					

Table 7.6-Age and preferred investment avenues

It is observed from the above table that a large group of persons (35.33%) felt safe in investing in the insurance products and most particularly the age group of 40-50 years preferred to make investment in Insurance product (50%) and the next choice goes in favour of investment in banks and financial institutions (15.78%). Further, to examine the association between age and preferred investment avenue, researcher resort to Chi-square test. The p value of 0.2057 reveals that the association between the age and preferred investment avenue is not significant as the p value is more than 0.05.

Occupational category	share	Mutual funds	Insurance	Bank	Property	Total
Salaried	9 (14.51%)	9 (14.51%)	29 (46.77%)	11 (17.74%)	4 (6.4%)	62
Self employed	16 (26.22%)	8 (13.11%)	19 (31.14%)	11 (18.03%)	7 (11.47%)	61
Retired	7 (25.92%)	5 (18.51%)	5 (18.51%)	8 (29.62%)	2 (7.4%)	27
Total	32	22	53	30	13	150
Chi-square	11.794					
Df	8					
P value	.160					

Table 7.7- Occupation and preferred investment avenues

Respondents having salaried income invested mostly in insurance products (46.77%) followed by banks, and stock market. Self employed people also show the keen interest in insurance products (31.14%) as like as salaried people except next high degree of preference towards the investment in case of share market (26.22%) followed by banks (18.03%)Mutual Fund (13.11%) and property (11.47%). Retired people invested mostly in banks (29.62%) followed by share market (25.92%), Mutual funds (18.51%) and insurance products (18.51%). Using Chi-square test, the p value of 0.160 reveals that the association between the occupation and preferred investment avenue is not significant as the p value is more than 0.05.

Education level	Share	Mutual funds	Insurance	Bank	Property	Total
Graduate or above	15 (23.80%)	10 (15.87%)	24 (38.09%)	11 (17.46%)	3 (4.7%)	63
Under graduate	10 (23.25%)	7 (16.27%)	15 (34.88%)	8 (18.60%)	3 (6.9%)	43
Non-matriculate	5 (18.51%)	3 (11.11%)	8 (29.62%)	7 (25.92%)	4 (14.8%)	27
Non-literate	2 (16.66%)	2 (16.66%)	6 (50%)	4 (33.33%)	3 (25%)	17
All levels	32 (21.33%)	22 (14.66%)	53 (35.33%)	30 (20%)	13 (8.66%)	150
Chi-square	8.842					
Df	12					
p-value	.716					

Table 7.8- Education and preferred investment avenues

From the table it can be observed that respondents with education below 10th standard invested mostly in insurance followed by banks and property. Respondents

with education up to under graduate level mostly invested in insurance products (34.88%) followed by share market (23.25%), banks (18.6%) and mutual fund (16.27%). Respondents with graduation or above education level invested mostly in insurance products followed by share market, banks and mutual funds. As a whole, at all level the most preferred investment avenue among people of the locality reveals in the form of insurance product (35.33%)followed by share market (21.33%); banks (20%) , mutual fund (14.66%) and property (8.66%).Using Chi-square test, p value reveals that the association between the education and preferred investment avenues is not significant.

Income level(P/M)	Share	Mutual funds	insurance	bank	property	total
Below 10000	1 (5%)	3 (15%)	8 (40%)	6 (30%)	2 (10%)	20
10000-20000	6 (21.4%)	4 (14.2%)	11 (39.2%)	5 (17.8%)	3 (10.7%)	28
20000-30000	11 (21.1%)	8 (15.3%)	19 (36.5%)	10 (19.2%)	4 (7.6%)	52
Above 30000	14 (28.5%)	7 (14.2%)	15 (30.6%)	9 (18.3%)	4 (8.1%)	49
All categories	32	22	53	30	13	150
Chi-square	7.625					
Df	12					
P value	.839					

Table 7.9- Income and preferred investment avenues

Form the above table it can be observed that as the level of income increases, the choice for investment in insurance product decreases and the choices for investment in share market increases. Hence it can be concluded that there is an inverse relationship between level of income and choice of investment in insurance and there is a direct relationship between level of income & preferred investment in share market. Therefore in order to find out the association between income level & preferred investment avenues, chi-square test is used, where the P value of 0.839 reveals that the association between income level and preferred investment avenues is not significant as the p value is more than 0.05

Duration	share	Mutual funds	insurance	bank	property	Total sample
Short term	11 (18.6%)	9 (15.2%)	20 (33.8%)	13 (22.03%)	6 (10.1%)	59 (39.33%)
Medium term	10 (18.8%)	9 (16.9%)	18 (33.9%)	11 (20.7%)	5 (19.4%)	53 (35.33%)
Long term	11 (28.9%)	4 (10.5%)	16 (42.1%)	5 (13.1%)	2 (5.2%)	38 (25.33%)
Total	32	22	53	29	13	150
Chi-square	4.802					
Df	8					
P value	.778					

Table 7.10- Investment horizon and preferred investment avenues

From the above table it can be observed that 39.33% of the respondents showed interest in short term investment while 35.33% showed interest in medium term investment. Also only 25.33% respondents preferred long term investment. As we can see from the table the long term investment interest goes in favor of the insurance products followed by share markets and banks. Further, using chi-square test the p value shows that the association between the investment horizon and preferred investment avenue is not significant.

Expectation of return on investment	share	Mutual funds	insurance	bank	property	total
Below 5%	6 (24%)	10 (40%)	5 (20%)	3 (12%)	1 (4%)	25
5-10%	9 (21.4%)	8 (19.04%)	9 (21.4%)	10 (23.8%)	6 (14.2%)	42
10-15%	12 (26.08%)	8 (17.3%)	11 (23.9%)	6 (13.04%)	9 (19.5%)	46
15-20%	9 (24.3%)	6 (16.2%)	6 (16.2%)	2 (5.4%)	14 (37.8%)	37
Total	36	32	31	21	30	150
Chi-square	27.41					
Df	12					
P value	.006					

Table 7.11- Expectation of return on investment and preferred investment avenues

From the above table it can be observed that the respondents ranked 'property' the first for getting the highest return, which is then followed by share market, mutual funds and banks. Also the p value of 0.006 signifies that the association between expectation of return on investment and preferred investment avenues is extremely significant.

Risk Profile and Investment Planning

Developing an Investment Plan

The first step in developing an investment plan is to identify what type of an investor one is. Investor types are often determined by their stages in life.
Here is a guide:

- Single person under 40 years old.
  Focus: Long term investments, medium to high risk.
  Emphasis: capital gain, compound growth.

- Two-income married couple, no children, aged 20 to 40 years. Focus: Long-term investments, medium to high risk.
  Emphasis: capital gain, compound growth.

- One income family, young children, aged 20 to 40 years.
  Focus: Long term investments, low to medium risk.
  Emphasis: Compound Growth

- Single person, aged 40 to 60 years.
  Focus: Medium-term investments, medium risk.
  Emphasis: Capital gain, compound growth.

- Married couple with adolescent or independent children, aged 40 to 60 years.
  Focus: medium-term investments, medium risk.
  Emphasis: capital gain, compound growth.

- All investors, aged 60 and over.
  Focus: short to medium term investments, low risk.
  Emphasis: Income

Fundamentally, an investor needs to decide exactly how to allocate a portfolio with stocks, equity funds and bonds. Where an investor prefers a total equity portfolio to receive superior growth probabilities, others will only invest in fixed income options to avoid the risks of the stock market. It is rare that an investor will use one extreme or the other, but will decide on somewhere in between for their own portfolio.

For more investors, a generalized balance anywhere from 40-60% allocation is typically a good start for one's investment profile. With a little education and some examination one's portfolio may change slightly with time, but keep in mind that too much change could mean missed opportunities for long term results. These balances will change as one's lifestyle changes depending on his/her risk outlook.
Usually the balance can be broken down with lifestyle changes as follows:

The following are examples of investment portfolio mixes for the various types of investors:

a) Young, single, free-living: Cash 10% / bonds 10-20% / Equities 70-80%
   - Maximum long – and short term growth: Singles and couples have the advantage of time in planning their investment future. With no dependents and no need to supplement income, they can afford a relatively high degree of risk.
   - Aggressive growth and growth funds to maximize capital over the long – and short term.
   - A tax – exempt money market for savings and to reduce taxes on current income.
   - A retirement plan to maximize tax- deferred income.
   - Automatic monthly investments should be started now.

b) Couples thinking about family: Cash 20% / Bonds 10-20% / Equities 60-70% / Parents of young children : Cash 20% / Bonds 10-20% / Equity 60-70%
   - Long Term Growth without high risk: Working couples with children or planning to have children need to build assets while still meeting major needs – a new home, retirement and education. Combined income puts them in a high tax bracket, so they need to lessen their tax burden, fund retirement accounts or other retirement plans.
   - Equity funds divided between aggressive growth and growth funds.
   - Moderately conservative municipal bond funds and tax exempt money market funds to maximize safety and tax free income.
   - Continue or increase automatic investments.

c) Parents of University age children: Cash 20% / Bond 20-30% / Equity 50-60%
   - Current income and long term growth reduce tax liability: with older children nearing college, there is a need to maximize current income, while taking advantage of these high earning years to accumulate assets for retirement. Taxes also are a significant concern.
   - Invest in growth and income funds for growth, and income funds or municipal bond funds to maximize after tax income.
   - Invest the remainder in money market funds for cash reserve.

d) Empty nesters : Cash 20% / Bonds 40-50% / Equities 30-40%
   - Current income and growth with added stability: free from child-bearing expenses and education, it’s a time to invest in safer, more conservative funds for tax free income, along with growth funds to continue to build assets for retirement.
   - A mix of moderately conservative short term and long term municipal bond funds provides tax free income.
   - Divide the remainder between growth funds and money market for cash reserve.

e) Retired: Cash 30-35% / Bonds & fixed income securities 30-40% / Equities (mainly income funds 10-25%)

- Current income and safety of principal: the culmination of one’s lifetime planning, retirement is a time to enjoy income from investments and retired, but not a time to stop investing.
- Safety is a priority now, as well as current income.
- One’s income tax bracket has dropped and tax relief is no longer an issue.
- Divide investment equally amongst conservative government and money market funds, moderately conservative bond and income funds, and aggressive income funds.

CHAPTER 8
CONCLUSION

Investing is all about making one's hard earned money earn some more. Investing helps one meet his / her longer term needs and larger financial goals. There is some level of risk attached to all types of investments and this is what determines the returns on investments. The higher the risk, the greater the chances of a higher return. There are various investment types along the risk-return spectrum.

As catalogued here, the Indian investor has a gamut of investment options to choose from.

- The study reveals that in most cases investors across all categories found them to be safer with taking up the insurance policies. It is also observed that most of the respondents show their keen interest towards the insurance products so as to get tax benefits, life protection
- Further , it is observed that the level of income also influences the investment decisions. Higher income group shows relatively high preference towards investment in share market, conversely lower and average income group shows keen preference towards insurance and banks as the most preferred investment avenues.
- Customers believe that the mutual fund industry falls short of expectations in meeting their needs at the time of economic uncertainty and market volatility. The investors always prefer to invest in financial products which gives risk free returns.
- With the ever-increasing cost of land, real estate has come up as a profitable investment proposition. Over the next decade, as the country becomes more developed and industrialized, the reality sector is expected to show tremendous growth on the back of rising demand in the affordable housing, commercial and industrial sectors.
- The fixed income options listed make for good entry points into organized and low risk investing, whereas the market linked options are more suitable for young investors with a certain risk taking appetite.

CHAPTER 9

LIMITATIONS OF THE STUDY

The following are the limitations of the study

1. No generalization is possible as the study is based on the 150 respondents.
2. The result is based on the information given by the individuals, so it may be biased.
3. This study is conducted to analyze their pattern not all those factors that really matter while investing
4. An interpretation of this study is based on the assumption that the respondents have given correct information
5. The economy and industry are so wide and comprehensive that it is difficult to encompass all the likely factors influencing the investor's investment pattern in the given period of time.
6. Besides the stud has the limitation of time, place and resources.

CHAPTER 10

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Appendix

The following Questionnaire was used to gather the responses of people for their preferences in investments
Questionnaire

Q1. What is your occupation? (tick only one)
- ☐ Salaried
- ☐ Self-employed
- ☐ Retired
- ☐ Student
- ☐ House wife

Q2. Which age group do you belong to? (tick only one)
- ☐ Below 30
- ☐ 30-40
- ☐ 40-50
- ☐ 50-60
- ☐ 60 and above

Q3. What is your education level?
- ☐ Graduate or above
- ☐ Under graduate
- ☐ Non-matriculate
- ☐ Non-literate

Q4. What is your income level?
- ☐ Below 10000
- ☐ 10000-20000
- ☐ 20000-30000
- ☐ Above 30000

Q5. What is your preferred investment avenue? (tick only one)
- ☐ Shares
- ☐ Mutual funds
- ☐ Insurance
- ☐ Bank
- ☐ Property

Q6. For how long do you keep your investment?
- ☐ Less than 1 year

- 1-3 years
- More than 3 years

Q7. What is your expected returns on investment (ROI)?

- Below 5%
- 5-10%
- 10-15%
- 15-20%
- >20%