

# **Major Research Project**

## **Investment Behavior of People with Reference to Prayagraj (Allahabad) City**

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# **CERTIFICATE**

This is to certify that Shivani Mishra, 2K20/DMBA/121, has submitted the project report titled **Investment Behavior of People with Reference to Prayagraj City** in partial fulfilment of the requirements for the award of the degree of Master of Business Administration (MBA) from Delhi School of Management, Delhi Technological University, New Delhi during the academic year 2020-22.

**Signature of Internal Guide**

**(Mr. Dhiraj)**

**Assistant Professor**

**Signature of HOD**

**(Dr. Archana Singh)**

**Associate Professor**

# **Declaration**

I, Shivani Mishra, student of Delhi School of Management, Delhi Technological University, hereby declare the Major Research Project on “Investment Options in India” submitted in partial fulfillment of Degree of Master of Business Administration is the original work conducted by me. I would also like to declare that neither I nor any other person has submitted this project report to any other institution or university for any other degree or diploma. I further declare that the information collected from various secondary sources has been duly acknowledged in this project.

Sincerely,

**Shivani Mishra**

**30/04/2022**

# Acknowledgement

I'd like to express my gratitude to the Delhi School of Management, DTU, for giving me the opportunity to be a part of the organization and gracious assistance in completing this project.

I would like to convey my gratitude to Mr. Dhiraj, my mentor, for his invaluable advice, helpful proposals, and inspirations at every level of my project work.

I would also like to thank my peers for their constant encouragement, motivation, and support throughout the process of conducting this project.

Sincerely,

**Shivani Mishra**

**2K20/DMBA/121**

# Executive Summary

The project was done with the purpose of assessing the investment pattern and behavior of people living in Prayagraj city. For the purpose the project dives deeper into investigation in investment idea of people through primary research form around 100 respondents from Prayagraj. A survey questionnaire was created and a sample population was taken to further the study.

With the increase in GDP, Household consumption and savings have increased over the years and this has led to people exploring different investment avenues in recent past.

It is to be established that people coming from suburban areas have a limited understanding of financial well-being and it affects their decision making in terms of preserving and increasing their wealth.

Fixed deposits and Gold has pre dominant investment options in the Allahabad region, however the trend has been changing with people opting for mutual funds as well.

An economy to grow it is essential for its citizens to be aware of managing finances and funds which can generate more wealth in return. At the same time understanding of return and risk involved with it shall be thoroughly conveyed by platforms and companies offering financial services.

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# INTRODUCTION

## Background

The process of placing money into assets in the hopes of improving one's financial condition in the future is known as investing. The purpose of investing is to make a profit, which will grow the amount invested.

To achieve one's goals, one must invest. It's the only way to better one's chances. By making investments, one may also save and build a corpus for a rainy day. Making regular investments also encourages people to place money away on a regular basis, which helps people acquire financial discipline over time.

The term "inflation" refers to an increase in the price of goods and services. It depreciates one's money and reduces one's purchasing power.

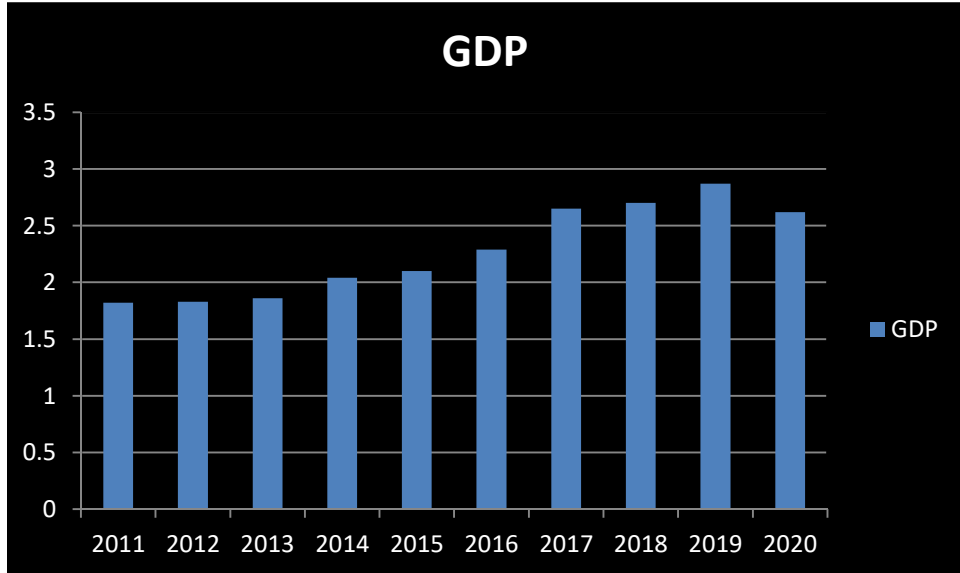
## Economy of India and its recent trends

Post-independence India has worked hard under the Planning Commission to achieve monetary development goals by creating a prosperous environment for its people. While the initial phase was more socialist in nature and aimed to strengthen the economic foundation, the Hindu growth rate prompted policymakers to shift gears and give the economy more leeway.

Since the "New Economic Policy," the country has seen a period of quicker development and an increase in people's affluence as measured by GDP and per capita income growth.

**Figure 1: GDP growth rate India (in USD)**

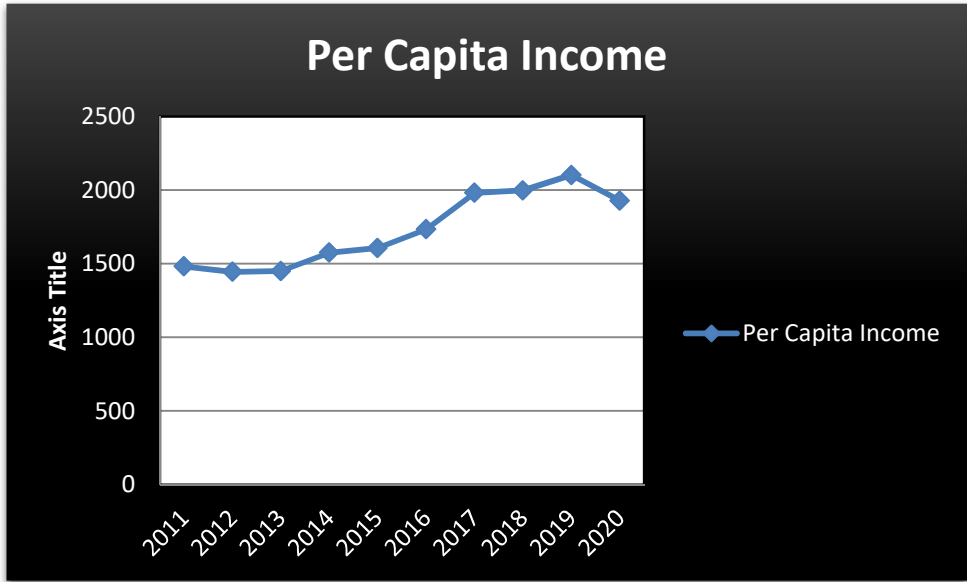




Source: own creation

Savings and investment in the country also moved northward as per capita income increased. India's savings and investment rates surged throughout the second decade of the twenty-first century, peaking in 20018-19 before being dragged down by the financial crisis of 2020.

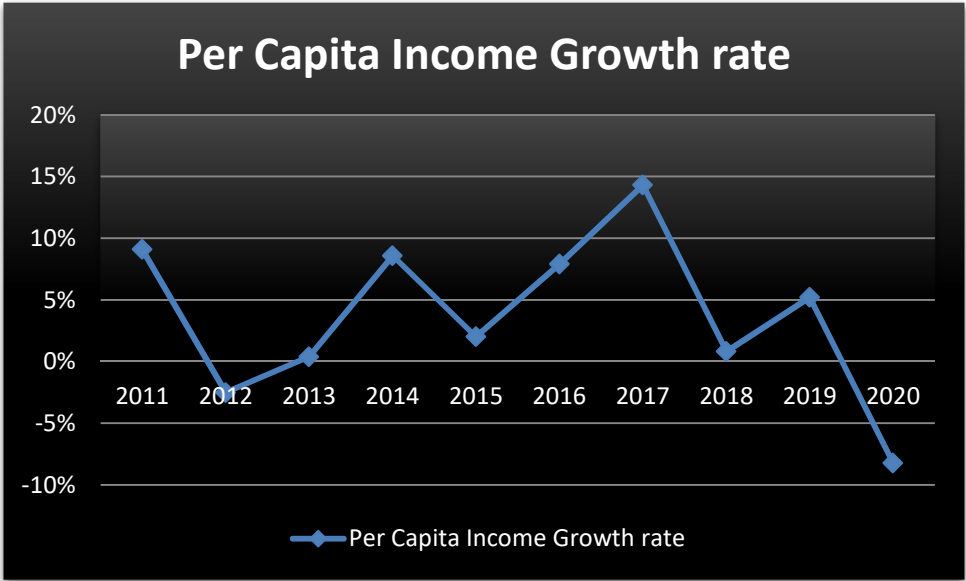
**Figure2. India's Per Capita Income (in USD)**



Source: own creation

There was a substantial increase in per capita income throughout the same time since GDP rose faster than the population. In the year 2017-18, India was one of the world's fastest growing economies, trailed only by China, which was also undergoing a rapid expansion. Even though it couldn't break the three-year streak of growth rates above 9%, India's momentum since 2012 and the structure of foreign commerce allowed it to retain a modest growth of 7.2 percent in 2017-18. India had done this earlier, causing a drop in most macro-variables.

**Figure 3**



Source: own creation

India's Per Capita Income rose at a healthier pace during the duration of the year 201-19. As a result of the economic slump, the boom slowed after 2019. The monetary calamity of the Covid era had far-reaching effects on every aspect of the financial system. The rate of increase in per capita income has slowed dramatically.

It is beneficial to have all of the following information in mind at the same time. It highlights a pattern seen in India, in which a country's savings and investment rates climb in tandem with its GDP and per capita income. Rather of a causal relationship leading one variable to rise as a result of the other, a correlation is established in which all of the variables rise simultaneously. A growth in the Investment price of a country gives higher capital formation essential to

quicker growth at the same time as faster increase might lead to better Per Capita Income which could go away greater disposable income to save and Invest.

The gap between total and committed saving is referred to as discretionary saving. This is less than committed saving in most cases, but it is substantially more variable. Savings and investment decisions are influenced by sociological, psychological, demographic, and economic factors. Numerous economic situations, individual differences, and family customs, among other things, have a substantial influence on Indian families' saving and investment behaviour, according to study. Banking Services & Savings Instruments are a safer option to saving money at home, and they may also be used as mechanisms to reduce the temptation to utilise cash on hand, especially for people who want to live in the moment. India is a shining light among emerging countries, and it is now the BRICS' fastest-growing economy, avoiding the infamous 'Fragile Five' title.

Real earnings are being freed up by disinflation, and interest rates have turned positive in real terms, especially on small savings. The significant improvement in corporate profitability, thanks mostly to cost-cutting and, more recently, sales growth, is expected to boost corporate savings and translate into future investment spending. Following a four-year gap, record foreign direct investment inflows and a surge in initial public offerings appear to be leading signs of this turning point. In the year 2014, families saved a total of Rs 8,194 billion in savings. This is an 18 percent increase above financial savings in 2013. When compared to the previous year's figures, the overall amount of physical asset savings was Rs 12,123 billion, a drop of around 5%. Despite the fact that family funds are clearly being channelled into physical asset investments, the gap between financial savings and physical assets is closing, which is a healthy sign for the Indian economy.

There is no clear definition of the middle class in the Indian economy. Not only is the middle class a socioeconomic class, but it is also a political and social class, as well as a consumer market. As a result, assessing this demographic group might yield a broad variety of results. It has the lowest threshold for being classified as middle class, with an annual worth of \$13,662. The Indian middle class, with a population of 23.6 million people and a net value of \$780 billion dollars, owns almost a quarter of the country's wealth. A boost in discretionary income is

expected to increase household spending on things like consumer durables and autos, as well as services like hotels and restaurants, from 2010-11 to 2015-16.

One of the most important aspects of ensuring that the relationship between middle class expansion and Indian economic success continues to deepen is providing the necessary education and skills to the Indian middle class, as well as creating enough opportunities in society to absorb these employees. Between 1990 and 2000, a large percentage of Indian families' money was invested in financial assets rather than physical assets. The share of family savings invested in tangible assets grew between 2000 and 2007. Surprisingly, more money was invested in financial assets in 2007-08. This demonstrates that when prices were at their highest, small and individual investors were engaged in the stock market. In 2008, the markets finally fell. Physical savings were favoured above financial saves from 2008 to 2014. It is necessary to get more households into the financial system. We should strive for a well-balanced mix of financial and physical assets. It is critical to invest family funds in the financial markets. Our findings corroborated previous studies, suggesting that technological components of service are important. To meet the issues of speed, efficiency, and changing consumer expectations, Indian banks are implementing cutting-edge technology and providing value-added services to their customers. There are ATMs and e-banking systems on display. Banks use a network of intermediaries, along with NGOs and submit workplaces, to provide banking offerings like elevating awareness and educating approximately financial products, amassing and processing borrowers' information, selling banking merchandise and monetary services to rural families, and so forth, under the Business Facilitator model. Customers may additionally behavior financial transactions the use of that consumer-pleasant self-provider gear. It makes collecting records about monetary product acquisitions less difficult.

Individuals in developing India have grown more exposed to a variety of investment options and risky behaviours in recent years. Indian citizens are said to have a higher financial risk tolerance as a result of this exposure. People in India have always been risk averse, and they have been hesitant to invest in new and potentially risky enterprises. In Indian civilization, safety has always taken precedence over a high risk-high return tradeoff. The terms "gambling" and "betting" are frequently associated with a negative connotation. On the other side, the expansion

and development of financial markets has made Indian investors more eager to participate in high-risk industries.

As previously stated, Indians' attitudes about financial risk have evolved in recent years. As a result, their investment habits and behaviours have changed. This change has been aided by globalisation, government and private-sector investment promotion measures, and growing income levels. As a result, it's necessary to perform a descriptive and comparative study of the investment habits of Indian investors from various occupational backgrounds.

In today's fast-paced world, the ability to make wise financial decisions is becoming increasingly vital as more sophisticated financial products become available and the need to plan for retirement grows.

In response to this growing problem, a variety of national and international activities and programmes have been established, including those backed by the World Bank, the OECD, and Deutsche Bank. As a result, the quantity of research related to financial literacy and education has risen in tandem. The majority of study, on the other hand, focuses on affluent countries, and data on financial literacy and its causes in developing and developing countries is still rare.

But first, let's answer the question, "What is financial literacy?" Financial literacy, according to Xu and Zia, Financial recognition and expertise, as well as financial talents, together with the ability to compute compound interest bills, and economic aptitude in preferred, in terms of cash control and monetary making plans, are all included.

Individuals with low levels of financial literacy have been demonstrated to have unfavourable effects for their investment behaviour in the past. People with low financial literacy are more likely to have trouble repaying debt, to participate in formal financial institutions such as the stock market, to plan for retirement, to demonstrate lower proficiency in managing and gathering wealth efficiently, to borrow money at high interest rates, and to have less diversified portfolios.

The level of financial literacy varies a lot from country to country. The population of high-income nations is financially illiterate, according to several researches. Despite the fact that there are less data available for middle and low-income nations, literacy rates appear to be much lower. Poor financial literacy, as previously noted, may have negative effects for individuals. As

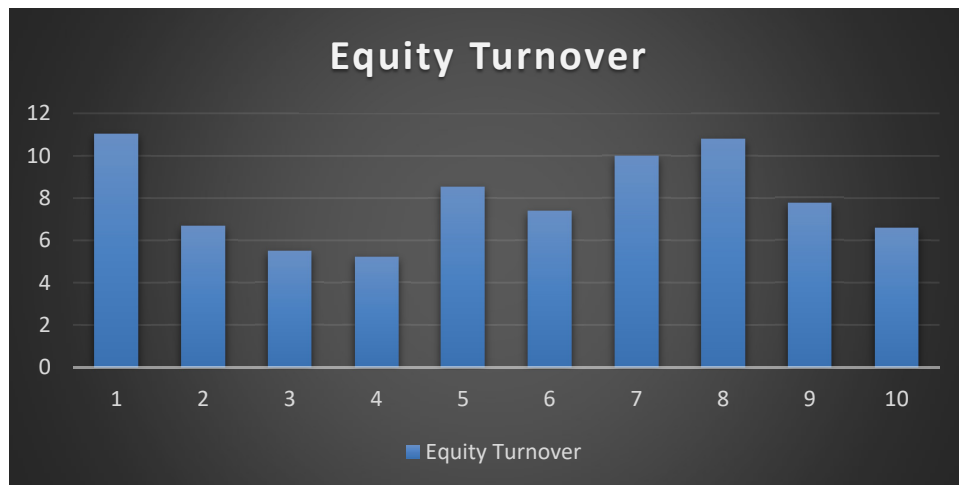
a result, authorities who wish to create effective financial education programmes must be able to accurately test financial literacy and identify the factors that influence it.

## Major Investment Options in India

### Equity Investment in India

Equity investments have slowly paved its way in Indian households. Indians are not known for being risk adverse crowd. But with change in financial literacy and with advent of internet in the country, a shift in perception can be seen. The below chart represents the equity turnover of BSE India and though it shows fluctuations a rising trend can be safely assumed.

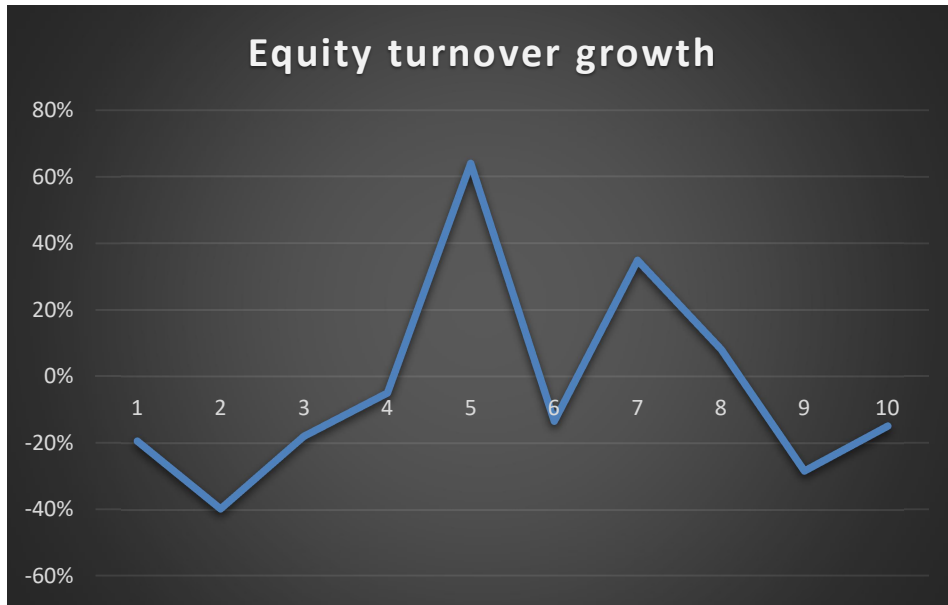
Figure 4



Source: own creation

The point can be backed up with the following graph which represents the growth rate of equity turnover of BSE. There has been sharp growth in the segment and has had equally sharp falls, however these falls can be attributed to the covid times when the global market took a plunge entirely.

Figure 5

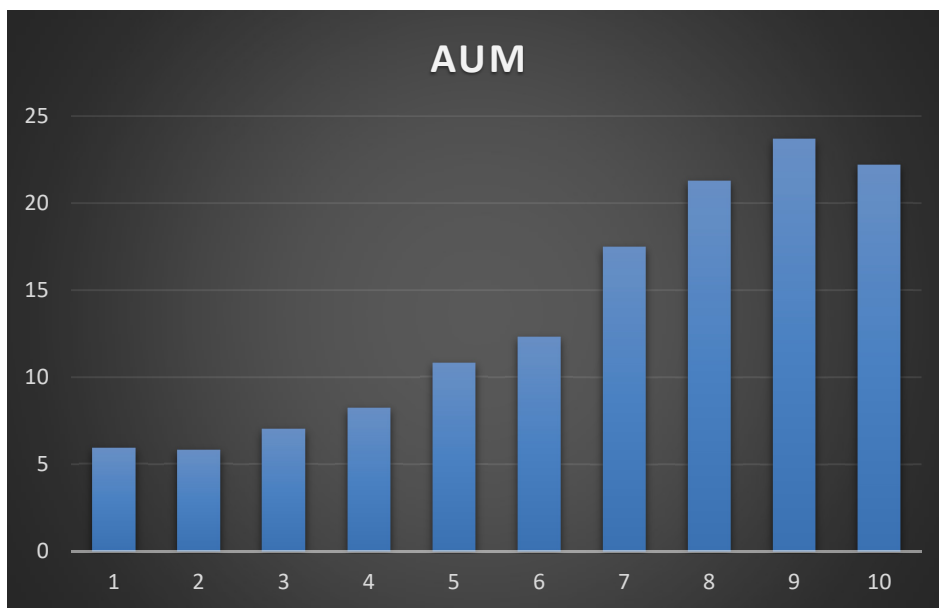


Source: own creation

This again raises the question if economic growth has an impact on equity investment because it clearly is not a regular option for consumers. We will be going further on this in the next head.

### Mutual Fund Investment in India

Figure 6



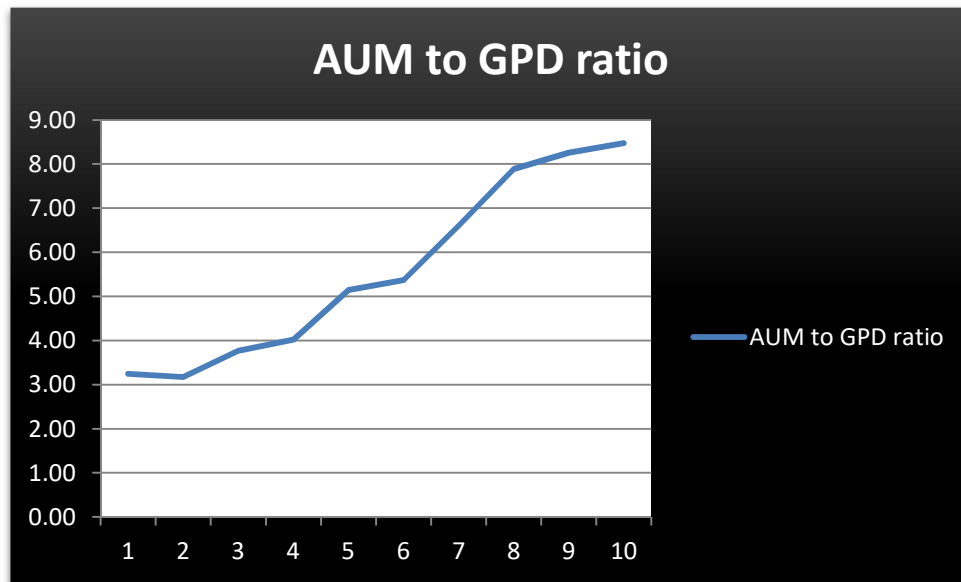
Source: own creation

The mutual fund industry in India had Rs. 37.7 trillion in average assets under management as of 2020. The sector's AAUM was Rs. 6.87 trillion on February 28, 2011, meaning that the Indian mutual fund industry has expanded by around 5.5 times in 10 years. There are 44 AMFI-regulated fund institutions in India, with a total of approximately 2,500 mutual fund products. Investors may find it difficult to choose the best plan for them due to the enormous number of funds offered.

Mutual funds have clearly emerged as the best possible investment option and can be growing in fast pace for the following reasons:

1. Cater to risk taking capacity of all individuals with options of equity debt and hybrid mode of investments
2. Provide an array of solutions to investors from high financial literacy to no financial literacy
3. Provides tax benefits.
4. Government pushing mutual funds as a preferred area to invest.
5. Growing middle class and youth population, etc.

**Figure 7**



Source: own creation

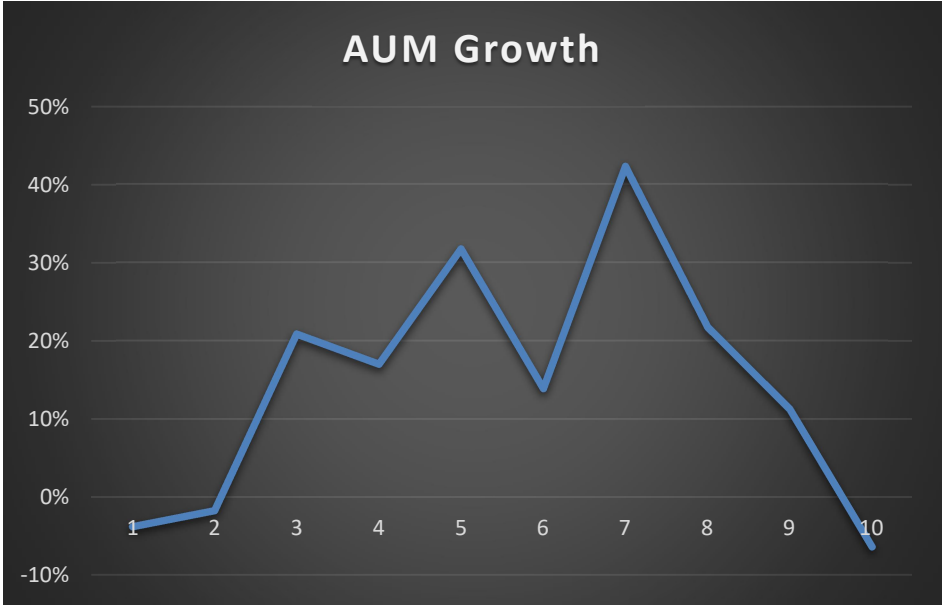


The graph above is a visual representation of ever growing investments in mutual funds through asset under management which shows that during market fluctuations and falls, investors chose to not pull their money out. This trust built by the mutual funds industry is also a reason of its growing popularity.

Nevertheless, the momentum of growth was broken by the global phenomenon since mutual funds are highly inclines toward equity, which again makes us question the equation of equity and economy.

In 2011, the total asset under management of the Indian mutual fund sector was Rs 5.9 trillion. During the next five years, the company grew at a compound annual growth rate of 12 percent, bringing total AUM to Rs 10.8 trillion in 2015. The Indian mutual fund business took off after that, increasing at a 16 percent compound annual growth rate to reach Rs 22.2 trillion in assets under management by 2020. The AUM of the Indian mutual fund business has expanded by 5.5 times in 10 years, with a compound annual growth rate of 14 percent.

**Figure 8**



Source: own creation

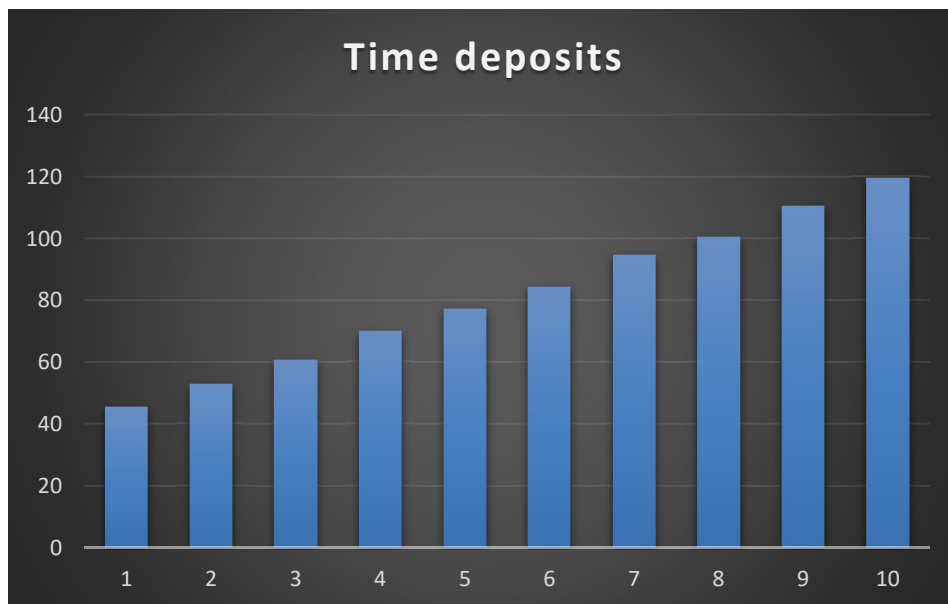
**Time deposits Investment in India**

In 1995, the State Bank of India provided a 13% interest rate on deposits held for more than three years. It was an appealing proposition, and the low income levels, combined with the fact that the majority of people paid lower tax rates, meant double-digit after-tax returns. FDs used to be looked of as a low-risk, high-return investment, but times have changed considerably since then.

Fixed deposits have long been a common financial choice in the Indian household. Because they have a careful approach to investing, they are constantly on the hunt for safe investments with decent returns. Although Indian investors should not expect FDs to produce returns on par with market-linked instruments, they still see them as the safest asset class that offers predictable and fair returns.

Fixed deposits have been the "park it and leave it" option for many Indians who wanted to generate a return on their surplus cash without taking on any serious risk. They give a sense of stability and predictability.

**Figure 9**



Source: own creation

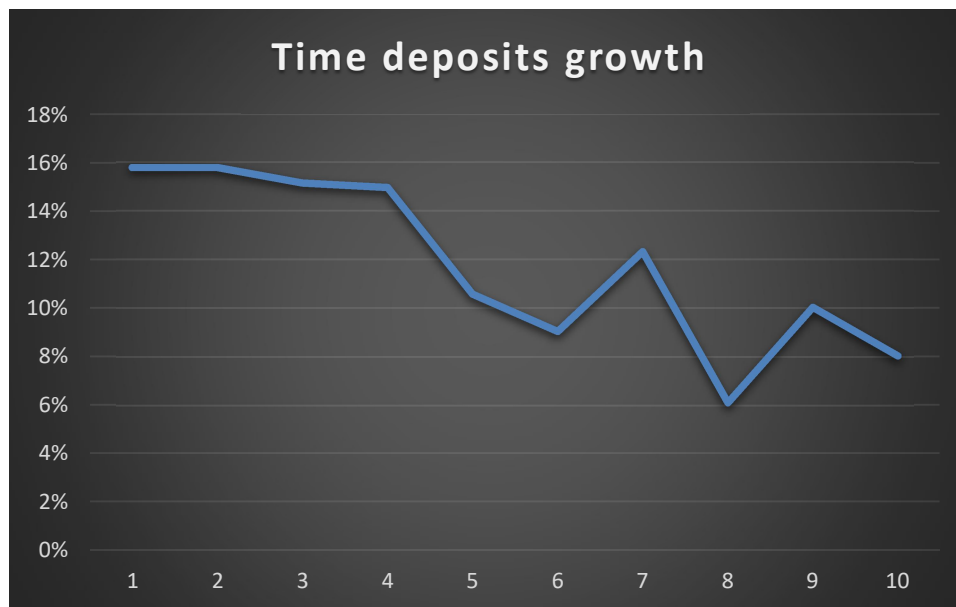
In 2017, India's Instruments and Exchange Board officially recognised the country's decades-long love affair with fixed-income securities. It performed a survey and revealed that 95% of Indian families preferred to invest in fixed deposits.

However, fixed deposits are losing favour among customers, who prefer to put their money in a savings account or invest in mutual funds. Fixed deposits, often known as term deposits in the industry, still account for the bulk of a bank's assets, but their share has been falling.

Aside from the fact that some senior investors like bank FDs, a quick calculation reveals that FDs are not a good investment for people in the highest tax rates. However, depositors' funds have remained frozen in recent years, first in PMC Bank and then in Yes Bank, when the RBI implemented a withdrawal moratorium/cap.

Indeed, FDs are no longer significant for the same reasons they were 20-25 years ago. The goal of any investment is to increase the value of assets over time, but with today's interest rates and rising inflation, this isn't possible, especially for those in the highest tax band.

**Figure 10**



Source: own creation

People who are not required to pay taxes or who are in the lowest tax rate, on the other hand, should seriously consider FDs, which give a post-tax return of around 5%.

Even high-net-worth individuals can diversify their holdings by investing a portion of their assets in FDs.

## **OBJECTIVES OF THE STUDY**

Following are the objectives of the study:

1. To explore the investment pattern of people of population living in semi Prayagraj City.
2. To study the preferred investment avenue of investors in these regions.
3. To find out risk appetite of people living in these regions

## **SCOPE OF THE STUDY**

The scope of the examine is limited to the survey of people living in Allahabad city of Uttar Pradesh with respect to their income and their investment pattern even as doing their financial planning.

# Literature Review

In recent years, Indian investors have faced a sluggish economy, large market declines prompted by falling profitability, and concerning stories of scandals and global economic upheavals. The stock market's performance is impacted not just by observable characteristics, but also by psychological and personality characteristics that confound experts. Investors who understand and control their emotions, as well as incorporate them into their investment strategy, are more likely to feel confident in their investment selections, stick to their plans, and achieve their financial goals.

Investors make emotional decisions, but they also look for evidence before making a purchase. The stockbroking business may provide information on investments, views on shares in which customers can invest, and regular updates on investments through relationship managers on stock market events.

Investors prefer equity investments, and among the distinguishing factors, emotional stability and returns are more closely linked to equity. To satisfy the most 'economical' investors, every brokerage firm should concentrate on supporting customers in overcoming their emotions while making investment decisions and offering cost-benefit analysis information.

The data is reviewed by investors, who expect larger profits in exchange for the risk they have taken. Investors should be recommended to diversify their investments across industries since the volatility will be spread out and the promised returns will be received.

Commodity investing is less popular among investors. It is a less riskier investment when compared to stocks. It will be advantageous to educate investors on commodities investing.

To prevent losing money, every investor must keep his emotions in check when making judgments. To avoid price volatility in the stock market, investors must be given adequate information. **(K Chitra and V Ramya Sreedevi, 2011)**

Large portfolios aren't always the best option for sound investment. Indian traders are well-versed in the concepts of portfolio allocation, risk, and return on investment. Gold and property purchases are the two finest types of investments in India. Its return and admiration are exact.

This demonstrates that, despite their high earnings, well-informed, salaried, and autonomous status, Indian traders are conservative investors who want to play it safe. Funding product designers can create products that cater to traders with a low risk tolerance. Women are the determining force in the family. They repeated the slogan "Prevention is better than Cure." They anticipate increased revenues with reduced risk. **(Dr.S.Suriya Murithi, B.Narayanan, M.Arivazhagan, 2012)**

Indian households have always backed land and gold as investment methods. However, as people become more aware of money, they are conserving more money. Mutual funds still have a large market to cover among economic property. The proportion of mutual funds in monetary savings remains pitifully low, at 2.9 percent. Currency and deposits, on the other hand, have a 40 percent offer, while insurance and pensions each contribute a quarter to normal monetary savings. India has the lowest mutual fund penetration in the world, which is unsurprising. India's overall Assets Under Management to GDP ratio is a pitiful 10%, well below the global average of 55 percent. Following notebandi, real estate and gold have become less appealing investment options. Even the recent drop in bank deposit charges has resulted in a shift in financing to mutual funds and stock markets. Within the last three years, the mutual fund sector has experienced unprecedented growth. In November 2016, general assets handled by mutual funds reached a new record of 16.5 lakh crores rupees, a year-on-year increase of 27%. In India, the total number of folios has also surpassed 4.7 crore. Mutual funds, on the other hand, have a very low penetration rate in India. A 7% percentage of assets under management of mutual funds in GDP is significantly lower than in certain other rising nations, such as Brazil (42%), and South Africa (33 %). According to studies, the main reason for limited adoption is that Indian customers have a low degree of economic awareness, which causes the ordinary investor to regard choices like mutual price ranges with mistrust and caution. The mutual price range's proximity to the unpredictable inventory market, as well as imprecise non-performing advice from a few suppliers and merchants, contribute to this lack of confidence. Additionally, the government's initiatives to improve banking penetration through the Jan Dhan Yojana and increased digitalization are expected to boost monetary savings. Factors such as a positive demographic profile with a youthful working population, an upward trend in income levels, increased financial awareness and retail engagement, and capital market buoyancy aiding stock AUM are likely to drive the mutual fund industry forward in the long run. The mutual fund

industry has risen at an annual rate of 18 percent over the last decade, and it is expected to increase by 20% over the next five years.

They don't have a great set-up in terms of obtaining retail and collecting cash from tiny towns. They lacked a scientific assessment of investor requirements. They've evolved into trading instruments rather than investment vehicles. Constant maturity systems customised for the corporate sector have proliferated, allowing for better fund control and tax benefits. People's apprehension to spend money on mutual funds is attributed to a lack of knowledge about them. As a result, there may be a need to raise public awareness about the multiple benefits of investing in mutual funds. To raise public awareness, more advertising, marketing, and various promotional initiatives should be done. It's past time to educate people about the benefits of these programmes, which might make a significant contribution to economic inclusion. **(Rajat Mehrotra, Dr Vinay Kandpal, 2018)**

It comes to realize that the people who are investing their money are widely recognized about making investment avenues which are present inside the modern-day marketplace in India however; people are extra desired with bank deposits than different investments. The look at of buyers tells that the safety and excessive go back of money as a crucial factor even as saving their money in any funding, so different alternatives of making an investment amount is less discovered much less greatest in investment by using human beings. People refer often to everyday hobby quantities as opposed to heavy hazard that they could get extra quantity in go back. From the analysis humans started out making an investment quantities in the stock marketplace to earn more income through taking excessive threat. Also they can balance their risk with investing in secured investment avenues together with bonds, debentures and FD. **(Dr. Mamta Mishra, Priyanka Panpaliya, Sanjay Bajaj, 2020)**

The percentage of profits saved varies depending on the amount of earnings, the reason for saving, and the investment aim. Similarly, the investment he makes is based on the projected return, the percentage of earnings set aside for savings, and the reason for saving. Only 13.6 percent of salaried class individuals shop more than 40% of their earnings, whereas 36.1 percent of salaried elegance people save 10-20% of their earnings. Financial institution deposits are the most popular investing option for 34.7 percent of salaried working individuals. This is due to the fact that the primary investing goal of paid professional people is security and consistent income.

As a result, 36.8% of salaried employed individuals have picked protection as their funding goal. Thus, the most popular investment option for salaried wealthy people in Chennai is a bank deposit, since it is an investment avenue that provides security for their money while also providing a regular return. **(Dr. M. Renu, 2019)**

The present day investor is a mature and competently groomed man or woman. In spite of the outstanding boom within the security market and satisfactory Initial Public Offerings in the marketplace, the character traders decide upon investments in step with their danger desire. For e.g. Risk averse peoples chooses lifestyles coverage rules, fixed deposits with banks and publish office, PPF and NSC. Occasions of blind investments are scarce, as a majority of investors are observed to be using a few source and reference groups for taking choices. Though they are within the lure of some sort of cognitive illusions including overconfidence and narrow framing, they do not forget multiple elements and seek diverse statistics before executing a few kind of investment transaction. The reason of this take a look at become to determine whether or not the variables along with demographic traits and investment patterns may be used individually or in combination to both differentiate amongst tiers of males and females investment decisions and hazard tolerance and develop a few suggestions to the investment managers to design their funding schemes by way of considering these views of individuals. **(Manoj Kumar Dash, 2010)**

The stock marketplace, commodities marketplace, forex marketplace, gold, fixed deposits, mutual finances, and actual estate are all options. Each asset type has its very own set of traits. Some of these investments will yield enormous earnings at any person length, at the same time as others will be losers. The majority of buyers who're searching out a one-of-a-type investment will visit extraordinary lengths to discover one. Some human beings are searching out the next Infosys, at the same time as others would as a substitute put their money into gold or actual estate. Many of them positioned their cash into the Public Provident Fund or publish-office financial savings debts, while others spend money on debt mutual budget. Few people invest throughout asset lessons or within asset classes to diversify their portfolios. As a result, the idiom "don't put all your eggs in one basket" has become popular. The goal is to limit risk by putting up a diverse portfolio of investments. The stock market has increased by more than 70%, with certain stocks increasing by much more. Real estate prices are also rising, albeit in this fragmented market, it's tough to keep track of. Gold and silver prices have surged. Equity



appears to be the best investment right now, followed by real estate. It's unclear how long this pattern will persist. If it's only a passing fad, it might not be worth it to put in the effort to get out of debt. Assets should be moved into equity and real estate if the situation is long-term. This might be a long-term problem. The market's returns will be good as long as. Because the economy is still recovering, this might be the situation for several years. The value of real estate may continue to rise, especially in suburban regions and small towns. The value of far-flung projects will rise as transportation networks improve. There are also plans to change tenancy regulations and abolish urban ceilings, both of which have impeded the real estate industry. Whatever alternative is chosen, keep in mind that no one technique to diversification will satisfy the demands of every investor. One's time horizon, risk tolerance, investing goals, financial means, and level of investment expertise will all influence the investment mix. Then pick which investments to include in the mix, swapping traditional assets with alternatives as necessary. **(Dr. B. M. Londhe, 2008)**

Mutual funds were a source of concern for many of the respondents. They feel that investing in a mutual fund puts their money at danger. They'll need to understand mutual funds and the terminology associated with them. Many people, although having money to invest, have avoided mutual funds due to a lack of knowledge. The number of mutual fund investors grows in lockstep with public awareness and income. Similarly, the majority of respondents say that tax savings is their primary motivation for investing, and they prefer PPF over mutual funds' ELSS, which is less popular. As a result, effective actions to improve investor knowledge of mutual funds should be done, and the firm should offer mutual funds based on the investor's need or purpose.

Some investors believe mutual funds are risky, however our calculations show that mutual funds always generate good returns when invested for a long time. **(Gunjan Batra, Vijayalakshmi, Anisha Gupta, 2012)**

# **Research Methodology**

The primary data collection included an existing questionnaire (Annexure-I) with limited and focused questions overlaying inquiries on saving/investment behaviour among Allahabad residents (Prayagraj). The survey inquired about how much money is saved, whether it is invested in traditional savings or in the stock market, and how much social influences such as friends and family influence their decisions. Around 80% of the people who were contacted provided adequate information to be included in the observe sample. The emphasis shifted to working professionals in the Allahabad area.

Secondary data on macroeconomic records was gathered from the sources listed with the statistics.

## **Analysis Method**

The information is qualitative in nature because to come up with absolute quantitative numbers, one had to give confidential data which couldn't be included in the project.

On the basis of the data collected, inferences are drawn and a conclusion is came thereupon.

## **Research Design**

The study is descriptive in nature and intends to explore the current state of investment avenues in the Allahabad (Prayagraj) city of Uttar Pradesh.

## **Data Collection Method**

Primary data is collected through surveys and questionnaires.

## **Research Tool**

Google Forms and MS Excel is used for collecting data.

## **Sample design**

**Population-** My population covers the Prayagraj City.

**Sample-** For the study I have taken non-probability convenience sample.

# Case Analysis



Source: Voyant tools

The terms Savings and Investment are used interchangeably throughout the study, with savings referring to financial savings and investments referring to monetary asset investments. The examine has sought to notice how college students transfer their funds into modern automobiles such as Shares, Mutual Funds, and so on. Before moving on to the analysis of the data, it's important to define the terms "saving" and "financing" that were employed throughout the poll..

## **Investments**

Investment is "saving" money to be utilised for constructive purposes by someone else. It might be in the form of a loan or an investment, or it could be adding to a company's or non-company commercial business unit's ownership capital or debt capital. Conversion of coins or money into an economic asset or a claim on destiny money for a return is a generalised, investing technique. This return is for saving, primarily economic saving, parting with liquidity, and, lastly, incurring a risk because of the uncertainty about the real return, the time and cost of regaining financial control, budgetary safety, and the risk of return variability. Take a look at the current situation; financing refers to financial savings in the form of shares, Securities, Bonds, Mutual Funds and other capital marketplace instruments. The goal of every investing strategy is to maximise return while maintaining a level of risk that is acceptable. A method of accomplishing the goal is to

allocate assets among various funding classes. Younger people have more chances than older people; a well-paid CEO will be less reliant on present portfolio earnings than a crippled person on workmen's compensation and so on. An individual's goal might be current income, financial appreciation, or achieving perfect equilibrium. If the investor prefers capital appreciation, the traders must have the temperament to weather market fundamental declines.

### **Components of Investment**

1. Profit: Investors buy and sell financial instruments in order to profit from them. Both current income and capital gain are included in the return.
2. Risk: Risk is the possibility of losing money due to the fluctuation of investment returns. Every investment has the risk of losing money. It might be a loss of investment, yet risks and profits are inextricably linked.
3. Time: When it comes to finance, time is everything. The length of time is determined by the purchasers' attitude toward 'buy' and 'hold' coverage.
4. A serious investor must consider the following significant kinds of investing opportunities:
  - A. Safeguarding investments
  - B. Tax-advantaged investing
  - C. Investing in term deposits
  - D. Investing for profit
  - E. Emotional commitment
  - F. Funding for expansion

### **Investor Profile**

An investor profile or style describes a person's financial options, such as:

1. The length of time that an investment is kept (Long-term or Short-term)
2. Risk Tolerance.

3. The degree of variety (if one invests in all sorts of investments or simply one)
4. Defensive or cyclical shares, value inventory, boom stocks, excellent stocks
5. Stocks have a little or large market capitalization
6. Familiarity with derivatives
7. Domestic or international diversification
8. Self-control or through an investing fund, among others. Determinants of an Investor type

The investor's profile is determined by objective developments such as:

- The investor's own earnings
- Family Earnings
- Age

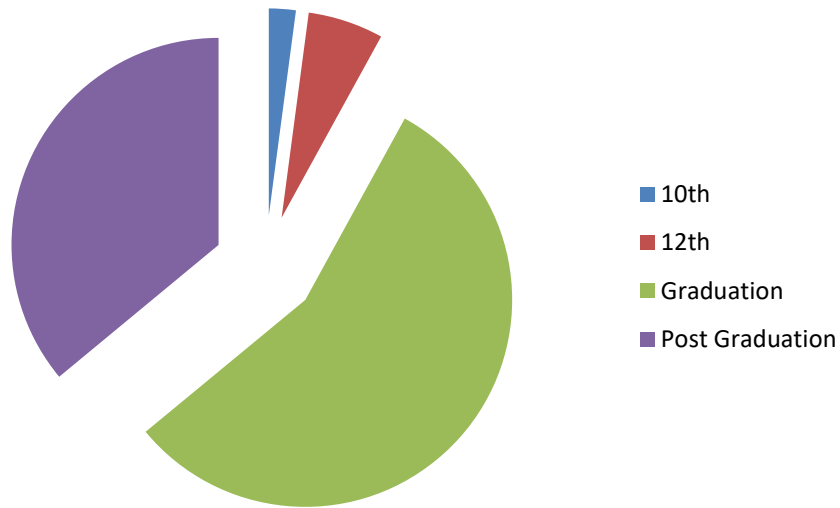
Furthermore, there are other subjective attitudes, particularly while investing in Capital Markets, such as one's mood (feelings) and beliefs (cognition).

- Certain other factors, particularly when determining the choices of children, also play a role, including:
  - Social Norms—If spending money in a certain way is highly typical among a given age group in society, you may expect individuals to comply to it to some extent.
  - Peer Group—especially among children, excessive compliance with a friend group can be problematic.

### **Profile of respondents in this Study**

A fair amount of respondents, approx. 56%, have an education level of graduation that makes a person knowledgeable enough to reason his/her decision.. Figure 11 shows the educational background of the respondents.

**Figure 11: Educational distribution of respondents**



Source: own creation

Our sample set had a 41% of female population. Figure 11 is a visual representation of that.

**Figure 12: Gender distribution of respondents**

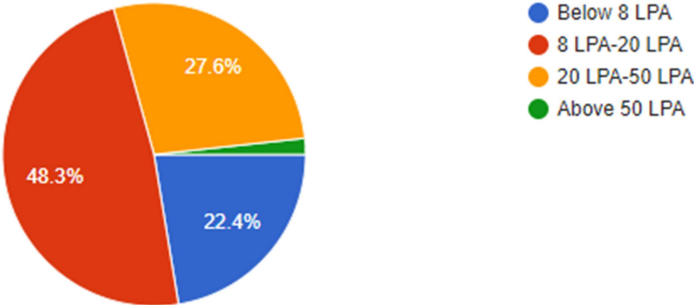


Source: own creation

The figure below shows the income distribution of the respondents. Approx. 48% of the respondents lay in the bracket of below 8 LPA of annual income. Whereas the categories of 8

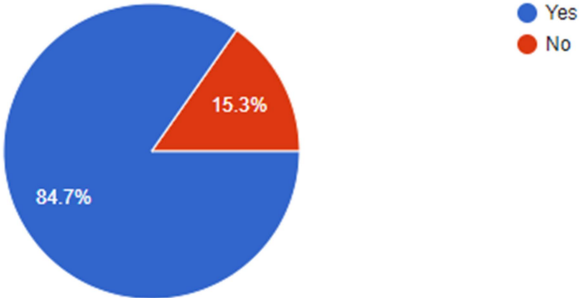
LPA-20 LPA and 20 LPA-50 LPA have almost equal number of respondents. Above 50 LPA has the least number of respondents making it an exclusive class.

**Figure 13: Income distribution of respondents**



Source: own creation

**Figure 14: Respondents who invest their wealth**

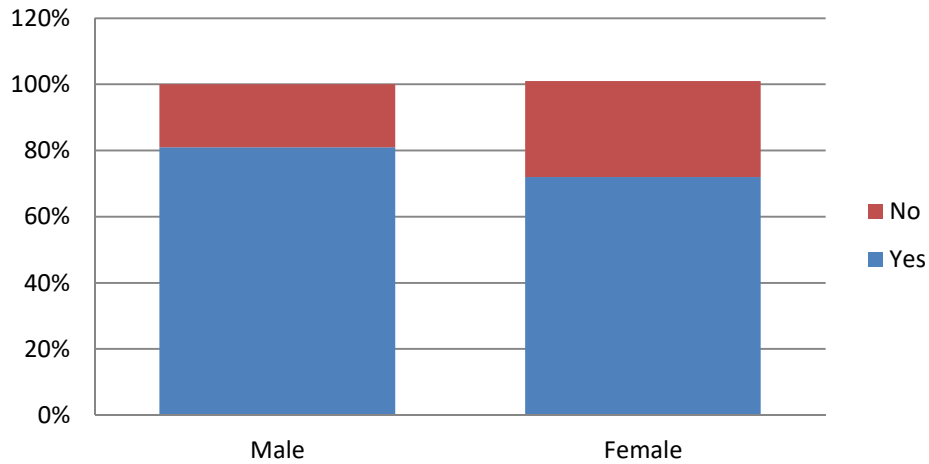


Source: own creation

The graph above reveal about 84.7% of respondents invested their money in at least one of the investment options available to them.

**Figure 15: Gender wise distribution of Respondents who invest their wealth**

**Chart Title**



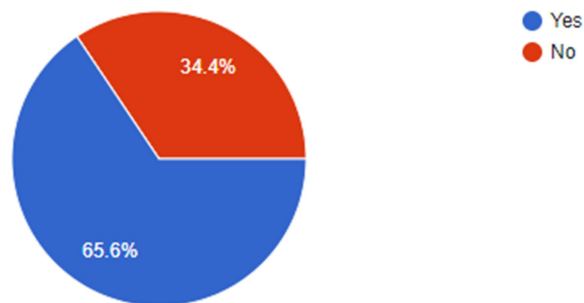
Source: own creation

Males respondent were more inclined towards the idea of investing compared to females. About 80% of the males were investing some money regularly.

**Investment market awareness**

Further prodding into their investing behavior of the respondents, around 66% of them were already investing their wealth somewhere, at the same time approx.. 34% of the respondents said no to investing. However, it came into picture by later questions that they were not aware of the word investment and was having savings in some schemes.

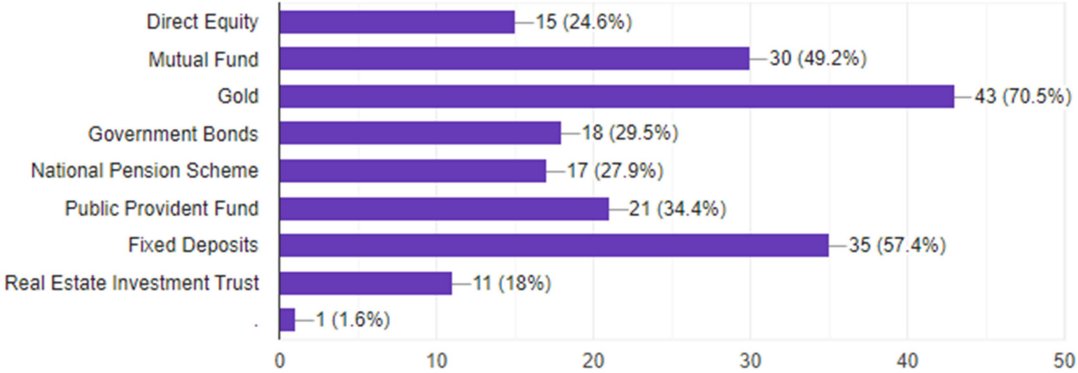
**Figure 16: Respondents knowledge of investment**





Source: own creation

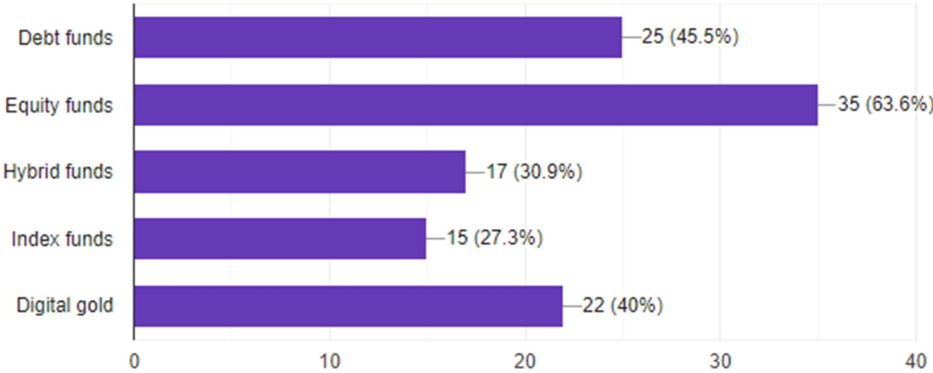
**Figure 17: Respondents knowledge of investment options available to them**



Source: own creation

Gold came as the clear winner when asked about the knowledge of investment options available to the respondents with around 71% of respondent recognizing it as an investment avenue and fixed deposit a clear second with approx. 58% of respondents having knowledge about the option. Mutual Funds came a surprising 3<sup>rd</sup> with half of the respondents being aware about the option.

**Figure 18: Respondents knowledge of investment options available to them**



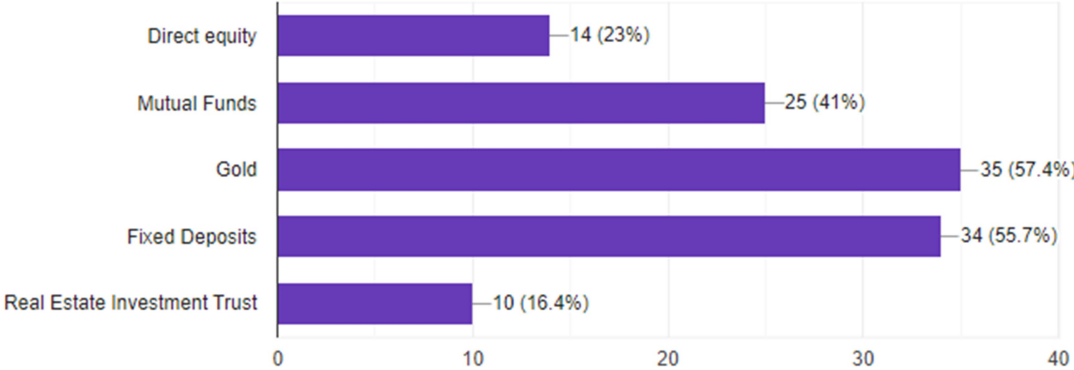
Source: own creation

To understand their knowledge about mutual funds, further investigating into their idea of it, it was surprising to know 64% of the respondents associated mutual funds with high risk and thus having information about equity funds. 45% of the respondents did believe to know about the debt funds which are low risk investment instruments. Digital gold mutual funds are still high into knowledge of investment at 40% after it being a physical commodity.

**Investment Vehicle**

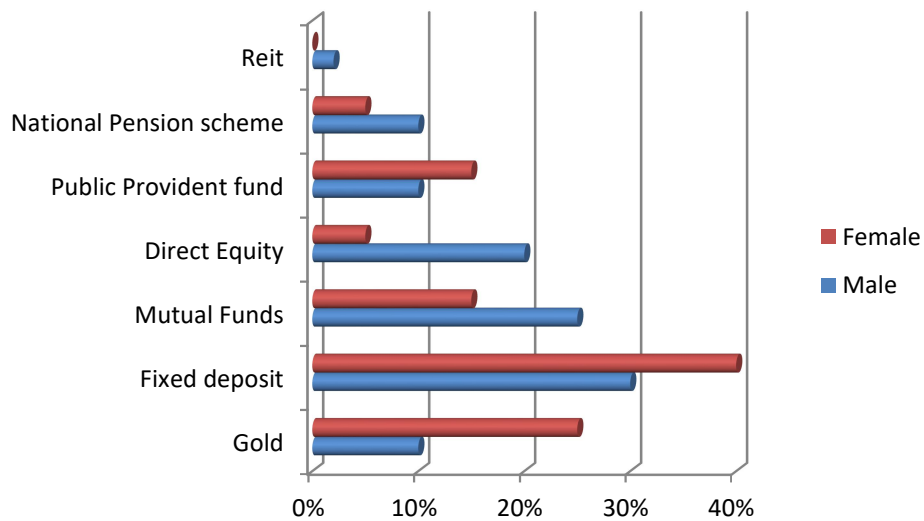
Gold and fixed deposits were the most opted investment options by the respondents followed by mutual funds. Since the sample is a semi urban population, they were skeptical of schemes like direct equity and REITs and it did not hold much ground for them.

**Figure 19: Distribution of investment portfolio**



Source: own creation

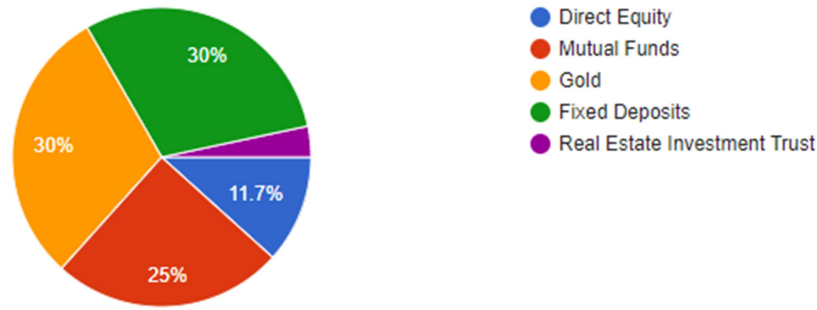
**Figure 20: Respondents knowledge of investment options available to them**



Source: own creation

The study of a well-known gender disparity in relation to investing portfolio alternatives. According to the poll, women prefer more traditional and proportionally more secure forms of saving/funding over more volatile and somewhat unusual modes. Approximately 40% of female respondents stated they prefer to put their money in bank accounts. While bank deposits were the most popular vehicle for males as well, they accounted for a significantly larger percentage for females. Even when it came to Gold, 25% of female respondents liked it, which was far more than the similar number for their male counterparts, which was just 10%. Men favour Mutual Funds the second most, with 25% preferring them above Equity Shares, but only 20% preferring Equity Shares. While just 10% of females preferred mutual funds, the vast selection was still significantly greater than the 5% in direct equity. According to the data, women prefer to invest in more stable and less volatile assets (the slightly better variety than adult males in case of Mutual finances additionally seems to assist a extra inclination in the direction of safer allocation).

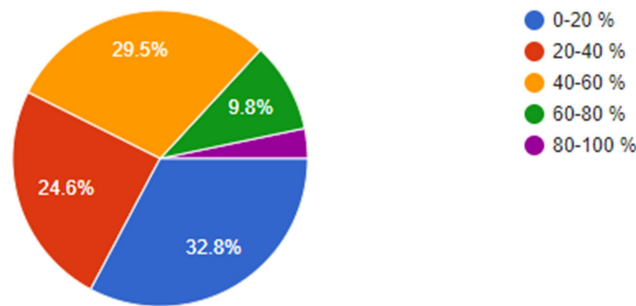
**Figure 20: Respondents' preferred method of investing their wealth**



Source: own creation

In an attempt to understand their knowledge about their investment pattern, survey further investigated into their preferred way of investing, upon which, fixed deposit and gold were highest opted option for parking their wealth with mutual funds coming quite close at 2<sup>nd</sup> preference as compared to direct equity and REITs.

**Figure 21: percentage of savings respondents invest in their preferred investment option**



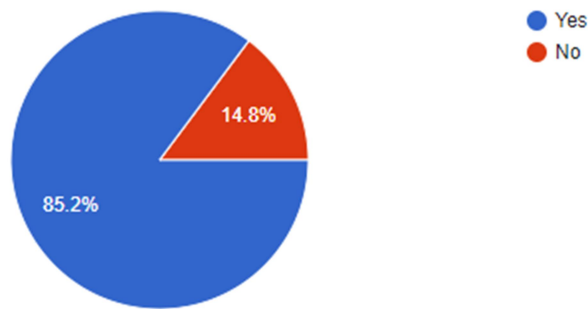
Source: own creation

About 32% of respondents saved 0 to 20% of their savings on their preferred option of investment with 20-40% a close second slab most respondents saved their incomes. They happen to be around 3% of respondent who invested almost all of their saving in one investment options, thus keeping all their eggs in one basket.

## Insurance

The survey additionally asked if respondents had a lifestyles insurance policy due to the fact whilst it is no longer exactly the type of funding an Equity Share or a Debenture is, it's miles however visible to be regularly held by means of people and new alternatives like ULIP's and so forth. Which are greater marketplace-oriented have emerged.

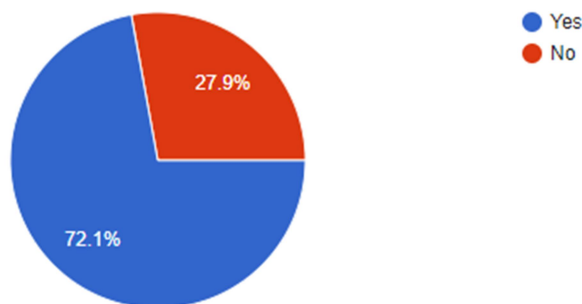
**Figure 22: Respondents having insurance policy/policies**



Source: own creation

When asked about if they have an insurance policy, most of them said yes. Approx. 85%of the respondents had an insurance policy or more than one.

**Figure 23: Respondents having insurance as an investment**



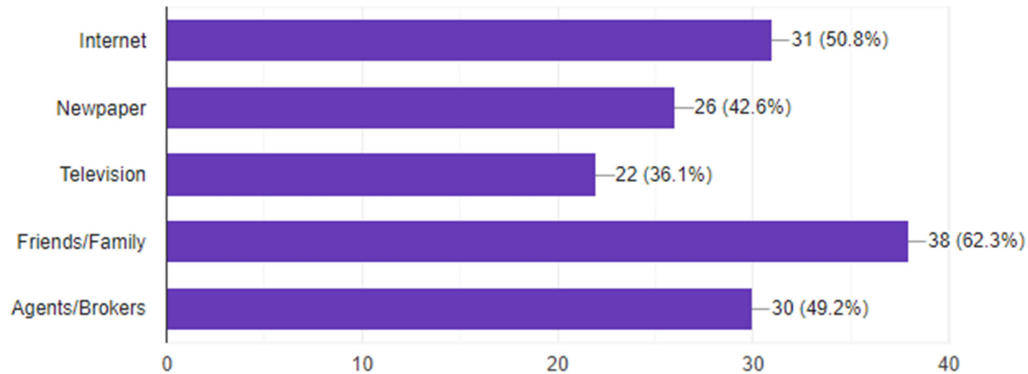
Source: own creation

With insurance companies offering insurance plus saving schemes and the likes of ULIPs, a lot of respondents were fallen into the trap of believing insurance as a long term investment and

hoping to fulfill their long term responsibility with those schemes. 72% of the respondents believed there are investing and increasing their wealth through an insurance policy.

### Source of Information

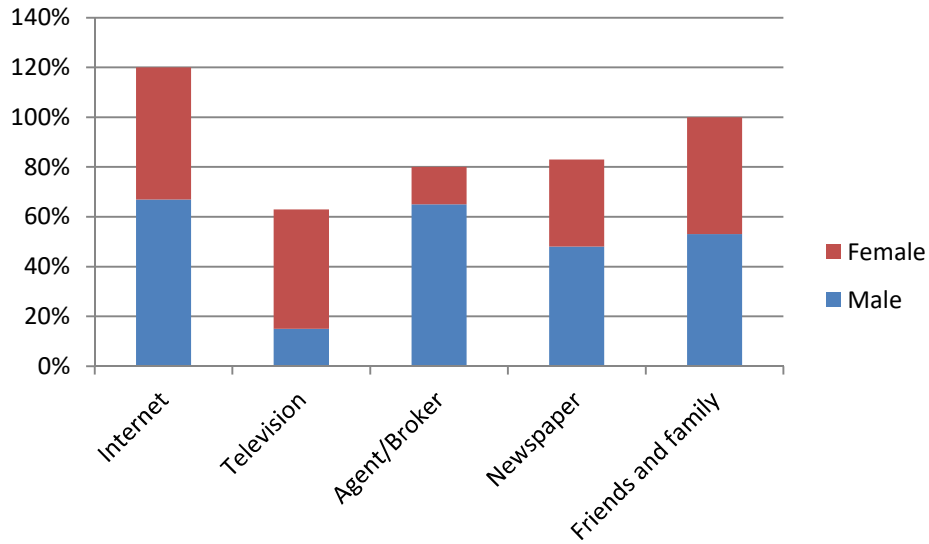
**Figure 24: Source of investment information to respondents**



Source: own creation

It is assumed that after an individual invests, he will need some baseline data to work with (to maintain as a great deal of speculation out of the funding as viable). The distribution of record supply is seen in Figure 19. All of the respondents had several sources of information on their investment. However, the most well-known source of information / influence has been family and friends, followed by the mass Internet, agents and brokers, and so on. Television were understandably the least influencing supply of data this is a working population and do not have much time to process information through TV which requires one to sit idle at one place. 50% of the respondents said that agents have had an impact on their funding decisions as they convinced them to buy an insurance as an investment plan. A good 51% of the respondents did rely on information on internet, including social media, media houses on internet, blogs, informational sites, investment platforms and many more, however taking their funding decisions independently.

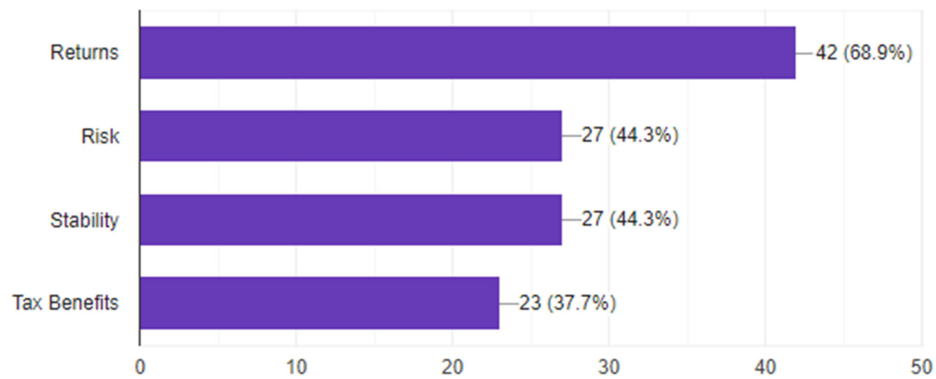
**Figure 25: Gender wise Source of investment information to respondents**



Source: own creation

### Factors influencing investment decision

Figure 26: Determinants of investing



Source: own creation

Respondents appreciated to maintain a couple of options while choosing their investment alternatives. However, Returns on funding have been glaringly the maximum considered aspect followed by risk and stability involved in an investment option.

## **Findings of the Study**

Following points can be pointed out by the above study:

1. Fixed deposits and Gold has been a trustworthy and preferred tool of wealth management among Indian household. Having said that this is also evident that it has been losing its sheen in past few years.
2. Mutual funds have emerged as a new star in investment department owing to its potential to quench all type of risk taking capacity through its large array of product and service offerings.
3. The study shows that mutual funds are on a growing spree even in times of crisis such as the past 2 years have been.
4. Equity market is still a finance person's space and requires a right amount of knowledge and understanding of its workings. This has been a major reason for stopping semi urban investors of Allahabad city from either entering or barging in a good amount of money.
5. There is a lack of financial literacy among good amount of the population since they have a shady idea of investment as a lot of them believing insurance to be an investment avenue.
6. Internet has become a basis of decision making in the recent past, however a word of mouth still holds ground for people before coming to any decision.

## **Conclusion**

To summarize the study, there has been major shift in investor perception in wealth investment in India, with fixed deposit being the favourite destination of investors. A small change is creeping in with emergence of mutual fund investment in the country.

Traditional savings methods such as put-up office programmes and fixed deposits are now obsolete. However, FDs and Gold are still widely evident in one manner or another. Safety and security, which have always been important factors in selecting investment orientation, are still important considerations. Today's investors have shown a desire for mutual funds. Investment in mutual funds under the Systematic Investment Plan is a popular investment option for young people. Mutual Funds also offer the benefit of requiring less financial knowledge because they



are managed by professionals while simultaneously delivering larger returns and opportunities than bank accounts.

A knowledgeable investor is a fantastic investor; it is possible to provide them with direction and information, but it must be done in a way that is consistent with their lifestyle - seminars and workshops are not the sort of choices to consider. Mastering is accomplished through podcasts, internet videos, message forums, and lessons. Social media platforms, such as Facebook, Twitter, and LinkedIn, as well as e-corporations and websites, may be used to raise awareness about the numerous options available to the semi-urban populace. As a result, investor training may play an important role in increasing traders' active engagement in the market, which can help them make more educated investments and earn higher profits.

## **Recommendations**

It is recommended that financial literacy to be increased among people in the region in order to increase investments in mutual funds and direct equity. It is also essential for people to diversify their investment portfolio in order to enhance their wealth in long run.

Internet has come across as an important source of information among the people of the city however it's still second to word of mouth. It is recommended to service providers to focus more on improving financial literacy and informing about risks and returns of products.

The study highlights investing approach keeping in view the demographical aspects of Allahabad city and can offer helpful insights to pioneer institution that are looking to target potential investors from semi urban cities in Uttar Pradesh.

In addition, the study will be a good resource for further academic researchers working on the domain of investment patterns of semi urban population. Student can use the study as reference material for further investigation in similar fields.

## **Limitations of Study**

This study can have potential limitations in terms of findings it offers. The study does not offer a wholesome view of investment environment in India. The work can be subject to biased views and can have multiple implications of explanation it offers. However, it has used primary data for investigation and hence derives its understanding from views and facts of its respondents.

The study is done at a certain time frame and thus is subjected to change with time.

Further studies on similar topics with categorized respondents can be done on the basis of the project.

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## **Annexure 1**

1. What is your Annual income?
2. What is your educational qualification?
3. What gender do you associate to?
4. Do you invest your money?
5. How many investment options do you know about?
6. Did you know about all of the investment options?
7. If yes, how many types of mutual funds did you know about?
8. Which of these options you invest in?
9. Which is your preferred type of investment?
10. Do you have an Insurance policy?
11. Do you buy insurance as an investment option ?
12. What is your source of information about investing?
13. What do you consider the most while investing in a investment option?
14. What percentage of your saving do you invest in your preferred mode of investment?