

INVESTMENT IN EQUITY-INDIA BULLS

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ABSTRACT

New ideas and innovation have always been the hallmark of progress made by mankind. At every stage of development, there have been two core factors that drive man to ideas and innovation. These are increasing return and reducing risks in all facets of life. The securities market is no different. The endeavor has always been to maximize returns and to minimize risk. A lot of innovation goes into developing financial products centered on these two factors. The different securities market product such as Equity, Derivatives, and IPO's and Bonds are compared to know the investors preference towards these products whether it satisfies their objectives of high return and low risk. The project title "Investors Preference related to Securities Market" is the attempt to find out which product in securities market is mostly preferred by the investors and the reason for selecting that product, and what advantages it has over other products. The main objective of this study is to find out how profitable it would be for an investor if he invests in Securities market. The research work is descriptive in nature. The primary data is collected from the investors by using questionnaire, and trading details from the Research Company and secondary data is collected from books such as NCFM module on Equity and Derivatives and other security analysis books and magazines. The major findings of the study were Equity is the most preferred product by the investors followed by Derivatives, Bonds and Ipo. Each investor tries to maximize his welfare by choosing the optimum combination. That's the reason the most preference is given to Equity. But in the case of derivatives is most of the investors are unaware about the derivative products. . Recently that happened in case of IPO is 75 companies were about to come but due to economic situations only 25 companies has come out in issuing it. Bonds are debt instrument, is highly risky that's the reason investors hesitate to invest in Bonds. Few suggestions are, measures must be taken to increase their awareness towards other products. The investors are suggested to invest their money in different avenues under various industries or sectors. More

companies should enter into the derivative segment. Investors should see to the market fluctuations before investing in IPO. The SMC Company can also educate the investors about the importance of the other products such as derivatives, IPO and bonds. It is thus seen that investor education involves imparting information on a wide range of topics, which at present a single agency is providing. The investors have to get the best advice from these sub-brokers before investing

1. INTRODUCTION

An **investor** is a party that makes an investment into one or more categories of assets --- equity, debt securities , real estate, currency, commodity, derivatives such as put and call options, etc. --- with the objective of making a profit.

An **investor** is a party that makes an investment into one or more categories of assets --- equity, debt securities , real estate, currency, commodity, derivatives such as put and call options, etc. --- with the objective of making a profit. The term "investor protection" defines the entity of efforts and activities to observe, safeguard and enforce the rights and claims of a person in his role as an investor. This includes advise and legal action. The assumption of a need of protection is based on the experience that financial investors are usually structurally inferior to providers of financial services and products due to lack of professional knowledge, information and/or experience.

A **stock trader** or a **stock investor** is an individual or firm who buys and sells stocks in the financial markets. Many stock traders will trade bonds (and possibly other financial assets) as well. Individuals or firms trading equity (stock) on the stock markets as their principal capacity are called stock traders. Stock traders usually try to profit from short-term price volatility with trades lasting anywhere from several seconds to several weeks.

The stock trader is usually a professional. Persons can call themselves full or part-time stock traders/investors while maintaining other professions. When a stock trader/investor has clients, and acts as a money manager or adviser with the intention of adding value to their clients finances, he is also called a financial advisor or manager. In this case, the financial manager could be an independent professional or a large bank corporation employee. This may include managers dealing with investment funds, hedge funds, mutual funds, and pension funds, or other professionals in equity investment, fund management, and wealth management. Several different types of stock trading exist including day trading, trend following, market making, scalping (trading), momentum trading, trading the news, and arbitrage.

On the other hand, stock investors are firms or individuals who purchase stocks with the intention of holding them for an extended period of time, usually several months to years. They rely primarily on fundamental analysis for their investment decisions and fully recognize stock shares as part-ownership in the company. Many investors believe in the buy and hold strategy, which as the name suggests, implies that investors will buy stock ownership in a corporation and hold onto those stocks for the very long term, generally measured in years. This strategy was made popular in the equity bull market of the 1980s and 90s where buy-and-hold investors rode out short-term market declines and continued to hold as the market returned to its previous highs and beyond.

NEED OF THE STUDY

Essentially, Investment Planning involves identifying your financial goals throughout your life, and prioritizing them. Instead, choose an option that matches your investment horizon.

The study is undertaken to understand Equity market and to find out the new opportunities to attract the investors towards the Equities according to their risk preferences. Before investing money in financial assets, investors should thoroughly know about the Economy, Industry, and Company. Along with measuring company's financial performance investors should also need to analyze the stock's price movements in secondary markets.

2. OBJECTIVES OF THE STUDY

- The primary objective of the project is to make an analysis of various investment decisions in **Indiabulls Securities**.
- The aim is to compare the returns given by various investment decisions.
- To cater the different needs of investor, these options are also compared on the basis of various parameters like safety, liquidity, risk, entry/exit barriers, etc.
- Investor's demographics influence choice of investment in **Indiabulls Securities**.
- To study the impact of investors risk preferences in **Indiabulls Securities**.
- To find out the reasons for investing in equities.
- To examine the various investment options which are available in the market?

SCOPE OF THE STUDY

- The study is conducted to understand the functioning of Equities in India Equity market.
- The choice of location for the study is based on the responses given by the investors of who are operating the stock market in twin cities

This study will helpful in understanding the behavior and risk preferences of investors.

3. Research methodology

Primary Data:

The study conducted by **Indiabulls Securities** .Official only subjective evaluation of indication of investors risk preferences among the various investors. The ground for this study is Hyderabad.

Information about the demographics of investors and risk preferences of investment among various investors collected through primary sources using a questionnaire collects the investor's responses and their investment behaviors.

Secondary Data:

Secondary data taken by through net and books.

Sample size: 100 Investors of **Indiabulls Securities**. Has been taken time period is 45 days. Pie charts, Bar charts have been used to show the investor preference.

Then the averages of returns over a period of 10 years are considered for the purpose of comparison of investment options. Then, critical analysis is made on certain parameters like returns, safety, liquidity, etc. Giving weightage to the different type of needs of the investors and then multiplying the same with the values assigned does this.

LIMITATIONS

- Primary data that will be the sample size of a 100 investors only.
- The time period is only for 45 days to do a project and the study will be done based on the data available within the time period only.
- The study is limited to twin cities investors only.
- The study is limited to only one stock broking company so we can't predict whole data for analysis.
- This study was only done with the help of investors and other officials.

4. TYPES OF INVESTMENT OPTIONS

A brief preview of different investment options is given below:

Equities: Investment in shares of companies is investing in equities.

Stocks can be brought/sold from the exchanges (secondary market) or via IPO's – Initial Public Offerings (primary market). Stocks are the best long-term investment options wherein the market volatility and the resultant risk of losses, if given enough time, are mitigated by the general upward momentum of the economy. There are two streams of revenue generation from this from of investment.

1.Dividend: Periodic payments made out of the company's profits are termed as dividends.

2.Growth: The price of the stock appreciates commensurate to the growth posted by the company resulting in capital appreciation.

On an average an investment in equities in India has a return of 25%. Good portfolio management, precise timing may ensure a return of 40% or more. Picking

the right stock at the right time would guarantee that your capital gains i.e. growth in market value of stock possessions, will rise.

Bonds: It is a fixed income (debt) instrument issued for a period of more than one year with the purpose of raising capital. The central or state government, corporations and similar institutions sell bonds. A bond is generally a promise to repay the principal along with fixed rate of interest on a specified date, called as the maturity date. Other fixed income instruments include bank deposits, debentures, preference shares etc.

The average rate of return on bond and securities in India has been around 10-13% p.a.

Mutual Fund: These are open and close-ended funds operated by an investment company, which raises money from the public and invests in a group of assets, in accordance with a stated set of objectives. It is a substitute for those who are unable to invest directly in equities or debt because of resource, time or knowledge constraints. Benefits include diversification and professional money management. Shares are issued and redeemed on demand, based on the funds net asset value, which is determined at the end of each trading session. The average rate of return as a combination of all mutual funds put together is not fixed but is generally more than what earn is fixed deposits. However, each mutual fund will have its own average rate of return based on several schemes that they have floated. In the recent past, Mutual Funds have given a return of 18 – 35%.

5. Data analysis and interpretation

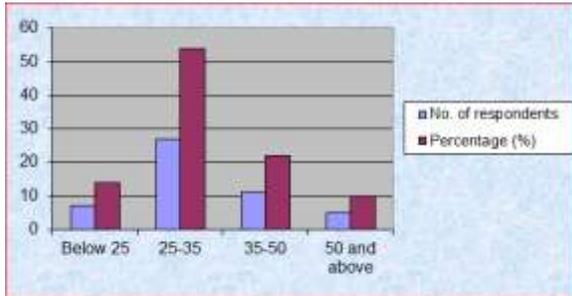
1. What is your age?

Type of respondents(in years)	No. of respondents	Percentage (%)
Below 25	14	14
25-35	54	54
35-50	22	22
50 and above	10	10

DATA INTERPRETATION: The above table shows that 27 respondents that means the maximum

no. of investor's ages are in between 25 to 35 and 11 respondents of investor's age is in between 35 to 50, 7 respondents age is below 25 and 5 respondents age is 50 and above.

CHART 1 It shows the age categories of respondents and percentage of each category.



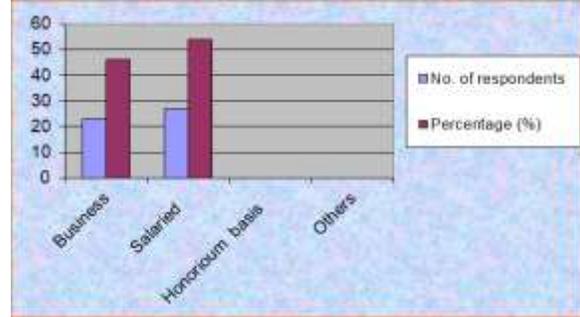
DATA INTERPRETATION: The chart shows that 54 % of respondents that means the maximum number of investor's ages are in between 25 to 35, 22% of investor's ages in between 35 to 50, 14% of respondents age is below 25 and 10% of respondent's age is in between 25-35.

2. What is your occupation?

Occupation of respondents	No. of respondents	Percentage (%)
Business	46	46
Salaried	54	54
Honorium basis	0	0
Others	0	0

DATA INTERPRETATION: The above table shows that 27 respondents occupation is salaried based employees and rest of them are doing business no one is there in remaining two types of respondents.

CHART2 This table shows the type of occupation of respondents and percentages of different types of respondents.



DATA INTERPRETATION: The chart that 54% of respondents occupation is salaried based employees and rest of them are doing business no one is there in remaining two types of respondents.

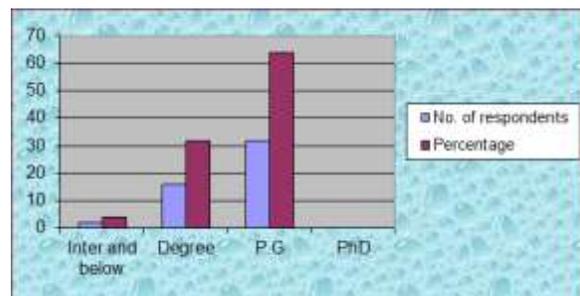
3. What are your educational qualifications?

Type of respondents	No. of respondents	Percentage
Inter and below	4	4
Degree	32	32
P.G	64	64
PhD	0	0

DATA INTERPRETATION: The above table shows that 32 investors are post Graduates, 16 investors of them and 2 investors qualification is inter and below.

CHART3

The table shows the types of educational qualifications of respondents and percentages of different types of respondents.



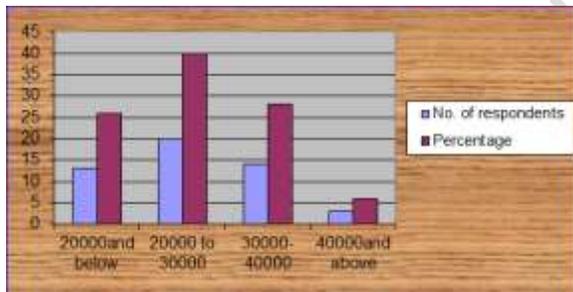
DATA INTERPRETATION: The Chart shows that 64% of investors are post graduates, 32% of them are graduates, 4% of them qualifications are inter and below.

4. What is your monthly income?

Monthly Income	No. of respondents	Percentage
20000and below	26	26
20000 to 30000	40	40
30000-40000	28	28
40000and above	6	6

DATA INTERPRETATION: The above tables shows that 20 of the respondents monthly income is between 20,000 to 30,000, 14 of them income is between 30,000 to 40,000, 13 of investors monthly income is 20,000 and below and rest of them income is 40,000.

CHART4: This chart shows monthly income of respondents and percentages of different types of respondents.



DATA INTERPRETATION: The above chart shows that 40% of the respondent's monthly income is between 20000 to 30000, 28% of them income is between 30000 to 40000, 26% of investors monthly income is 20000 and below and rest of them income is above 40000.

6. FINDINGS

- The study shows that most of the investor's lies in moderate risk preferred.
- The study shows that investor's demographics lies in moderate category.

- The highest number of investors who operate stock market preferred to invest in Equities because of early profits.
- Investors utilizing the company brokers report & financial reports as their data source to invest in Equities.
- Investors are investing in booming sectors like I.T.
- Investors are investing in real-estate business also.
- The more number of investors who operate stock market preferred to invest in equity because of more risk and simultaneously returns also there.

SUGGESTIONS

- When you buy a share of stock, you are taking a share of ownership in a company. Collectively, the company is owned by all the shareholders, and each share represents a claim on assets and earnings.
- The most common ways to divide the market are by company size (measured by market capitalization), sector, and types of growth patterns. Investors may talk about large-cap vs. small-cap stocks, energy vs. technology stocks, or growth vs. value stocks, for example.
- Over the short term, the behavior of the market is based on enthusiasm, fear, rumors and news. Over the long term, though, it is mainly company earnings that determine whether a stock's price will go up, down or sideways.
- A good stock may go up even when the market is going down, while a stinker can go down even when the market is booming.
- This is strongly recommended that the investor should have a proper guidance of well experienced Broker.
- The investor also should have the knowledge of analyzing financial position of company in which he wants to invest.

- The SEBI has to provide some tax benefits in order to attract investments in Equities.
- The investor also must be get some knowledge for other sources.

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Magazines

7. CONCLUSION

The study and analysis of the report deals with the different investment decisions made by different people. It explains about the investor preference towards Equities and their risk preferences. It explains the trading mode utilized by the people, preferable investment time, preferable data source and category of investment to invest in different market of the Equities.

There are several investments to choose from these include equities, debt, real estate and gold. Each class of assets has its peculiarities. At any instant, some of those assets will offer good returns, while others will be losers. Most investors in search of extraordinary investments try hard to find a single asset. Some look for the next infosys, other buys real estate or gold. Many of them deposit their savings in the Public Provident Fund (PPF) or post office deposits, others plump for debt mutual funds. Very few buy across all asset classes or diversify within an asset class. Therefore it has been widely said that "Don't put all your eggs in one basket". The idea is to create a portfolio that includes multiple investments in order to reduce risk.

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