

A COMPARATIVE STUDY ON VARIOUS INVESTMENT OPPORTUNITIES, INCLUDING STOCKS, BONDS, MUTUAL FUNDS, AND REAL ESTATE, BASED ON FACTORS SUCH AS RISK, RETURN POTENTIAL, LIQUIDITY, AND TAX IMPLICATIONS

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ABSTRACT

A comparative study is a process of conducting studies of two or more subject with respect of their features. It is a comparison of their respective pro and cons. This way of a study helps in finding out a best thing from the compared things. Here I made a comparative study on direct investing in equity shares and investing in mutual funds. The objective of the study is to identify the reasons for preferring equity and mutual fund and also know about the factor which affecting the behavior of the investors while they invest into mutual fund and equity market. This study is in descriptive nature since it is based on primary data 's facts and findings of investigation in a structured manner. People need a systematic way of investing should go for mutual fund investing. If an investor has got time in making a market study and managing his/her portfolio, should invest in equity shares directly, otherwise go for mutual fund investing

Keywords: Equity, Equity market, Mutual fund, Investment.

INTRODUCTION:

The financial services sector provides financial services to people and corporations. This segment of the economy is made up of a variety of financial firms including bank, investment houses, lenders, finance companies, real estate

broker, and insurance companies. As noted above, the financial services industry is probably the most important sector of the economy, leading the world in terms of earnings and equity market Capitalization. Companies in the financial services industry manage money. For instance, a financial advisor manages assets and offers advice on behalf of a client. The advisor does not directly provide investments or any other product, rather, they facilitate the movement of funds between savers and the issuers of securities and other instruments. Individuals may access financial markets like stocks and bonds through investment services. Brokers either human or self-directed online services facilitate the buying and selling of securities, taking a commission for their efforts. Financial advisors may charge an annual fee based on assets under management (AUM) and direct several trades in the pursuit of constructing and managing a well-diversified portfolio. Hedge funds, mutual funds, and investment partnerships invest money in the financial markets and collect management fees in the process (Madhavedi& Bojja, 2022).

FINANCIAL FUNCTIONS:

- Providing the borrower with funds so as to enable them to carry out their investment plans.
- Providing the lenders with earning assets so as to enable them to earn

wealth by deploying the assets in production debentures

- Providing liquidity in the market so as to facilitate trading of funds
- Improving trading floors
- Facilitating balanced economic growth
- Facilitating credit creation.

STUDY ON EQUITY AND MUTUAL FUND:

- Stock investment refers to investing in company shares directly.
- People who can balance risk and return while dealing with direct equity are the winners.
- The risk associated with direct equity comes from complexity of information.
- It's not so easy to decode information's related to equity.
- Today mutual fund has emerged as one of the most popular financial investment plan.
- The mutual fund industry is rising and fast-growing segment of Indian financial market.
- It provides verity of scheme to suit the need and risk return profile of different categories of investment.

LITERATURE REVIEW

Rakesh H M: A STUDY ON INDIVIDUALS INVESTORS BEHAVIOR IN STOCK MARKETS OF INDIA (February, 2014), the investor plays a very important role in the stock market because of their big share of savings in the country. The Regulators of the stock market never can ignore the behaviour of individual investor. This study aims to understand the behaviour of individual investor in stock market, specifically their attitude and perception with respect to the stock market. A survey

is conducted to collect data relating to the above subject. Respondents were classified into different categories like income, profession, education status, sex and age. Primary data is collected from a sample of 150 investors of Mysore City, Karnataka, India. The study also attempts to find the factors affecting the investment behaviour of individual investors such as their awareness level, duration of investment etc.

Pritam P. Kothari & Shivangi C. Mundari: A STUDY OF INVESTORS ATTITUDE TOWARDS MUTUAL FUND WITH SPECIAL REFERENCE TO INVESTORS IN SOLAPUR CITY (2013) the role of Indian mutual fund industry as significant financial service in financial market has really been noteworthy. In fact, the mutual fund industry has emerged as an important segment of financial market of India, especially in channelizing the savings of millions of individuals into the investment in equity and debt instruments. Mutual funds are seemingly the easiest and the least stressful way to invest in the stock market. Quite a large amount of money has been invested in mutual funds during the past few years. Any investor would like to invest in a reputed Mutual Fund organization. Mutual funds are financial intermediaries concerned with mobilizing savings of those who have surplus and the canalization of these savings in those avenues where there is a demand for funds. These intermediaries employ their resources in such a manner as to provide combined benefits of low risk, steady return, high liquidity and capital appreciation through diversification and expert management. Reforms in the Indian economic system and the opening up of the economy have been the reasons for the tremendous growth in the Indian capital market. This study analyses the impact of

different demographic variables on the attitude of investors towards mutual funds. Apart from this, it also focuses on the benefits delivered by mutual funds to investors. To this end, 200 respondents of Solapur City, having different demographic profiles were surveyed. The study reveals that the majority of investors have still not formed any attitude towards mutual fund investments.

Sushil Moir (2014) examined about —A Comparative Study on Stock Market and Mutual Fund Industry. The aim of this study was to compare the stock market and mutual fund. Survey method was secondary data and research design is descriptive data. The finding of this study was revealed that mutual fund is a low-risk low profit form of investment, the stock market is a high risk high profit one and the stock market is full of risks but if manage to overcome it, then become successful.

Dibben K. K., Lithia (2017) examined about —Mutual Funds, Stocks and Banks: A Study on the Changing Perspectives of Investments. The aim of this study was to analyse the real and nominal returns from Banks, Mutual Funds and Stocks. To suggest the best investment platform based on the risk-return dynamics. Survey method was financial data of 10 years have been collected for the purpose of evaluation from the Financial Year (FY) starting 2007 to 2017. The samples are selected based on Judgmental sampling which involves the choice of funds and companies based on the report published by the rating agency (CRISIL) and the stock samples were chosen based on the market capitalization. The findings of this study were revealed that a mutual fund has outperformed among the other investment alternatives in terms of return and risk and the reason behind this could be thirteen of

millennial investors. The real return from the Mutual funds with an average half yearly return of 7.15% is an exemption.

Noronha (2007) has evaluated the performance of 11 equity schemes of three asset management companies with the help of Sharpe and Treynor measure for a period April 2002- March 2005. The study found that equity, tax plan and index funds offer diversification and are able to earn better returns as compared to sector specific funds. The study is a commendable work on performance of mutual funds highlighting the better earning capacity of equity, tax plans and index funds.

OBJECTIVE

- o Provide information about pros and cons of investing in equity and mutual fund
- o To study relationship between the risk and return of equity share and mutual fund
- o To identify reason for preferring mutual fund and direct equity investment
- o To study the preference of the target investors for equity mutual fund and direct equity.

RESEARCH METHODOLOGY:

Research design: This study is in descriptive nature since it is based on primary data's facts and findings of investigation in a structured manner. It investigates the connection between demographic characteristics and other variables such as personality traits, investor attitude bias, and investment behavior.

Source of data: The study's data was gathered from primary sources. And the data was gathered using a questionnaire form.

Sampling method: Convenience sampling is the practice of selecting respondents who are "convenient" to the researcher.

Sample frame: equity and mutual fund investor Sample size: 105 respondents

DATA ANALYSIS:

occupation	Frequency	Percent	Valid Percent	Cumulative Percent
salary	30	28.6	28.6	28.6
business	28	26.7	26.7	55.2
professional	17	16.2	16.2	71.4
housemaker	15	14.3	14.3	85.7
student	15	14.3	14.3	100.0
Total	105	100.0	100.0	

By analysing the above table no, it is clear that 28.6% investors are salaried people who are invest their money in stock market, it is followed by 26.7% of them are businessman, 16.2% them are professional people, 14.3 of them are students and housemaker who are invest money from their occupation.

How do you eat the risk associated with mutual fund				
	Frequency	Percent	Valid Percent	Cumulative Percent
low	26	24.8	24.8	24.8
medium	50	47.6	47.6	72.4
high	29	27.6	27.6	100.0
Total	105	100.0	100.0	

According to table 24.8 % investors are taking low risk for mutual fund, 47.6 % investors are taking medium risk, 27.6 % investors are taking high risk for investing in mutual fund.

Which mutual fund plan is best for you				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Balance plan	30	28.6	28.6
	Equity plan	60	57.1	87.1
	Income plan	15	14.3	100.0
	Total	105	100.0	100.0

By analysing the above table 28.6% investors are planning for balance plan, 57.1% investors are planning for equity plan, 14.3% investors are planning for income plan.

In this highly volatile market do you think about mutual fund is best for invest money?				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	69	65.7	65.7
	no	36	34.3	100.0
	Total	105	100.0	100.0

By analysing the above table is says that in this highly volatile market 69 % investors are thought about that mutual fund is best

for invest money in mutual fund and 34.3% investors are not ready to invest money in mutual in highly volatile market.

Which among the following is the safest investment option				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	equity	50	47.6	47.6
	Mutual fund	55	52.4	100.0
	Total	105	100.0	100.0

By analysing table out of 105 sample size 55% of the investors are say's mutual fund is the better investment option and the reaming 50% of the investors says that equity market is the better option.

Which is your trading strategy to invest in equity market				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Intraday trading	15	14.3	14.3
	Delivery trading	38	36.2	50.5
	Speculation	32	30.5	81.0
	Arbitrages	9	8.6	89.5
	Hedging	11	10.5	100.0
	Total	105	100.0	100.0

By analysing table 14.3% respondents are choosing intraday trading, 36.2% respondents are choosing delivery trading, 30.5% respondents are choosing speculation strategy, 8.6% respondents are choosing arbitrages and 10.5% respondents are choosing hedging strategy to invest in equity market

What are the sources of investment which is gives you to help in investment?				
	Frequency	Percent	Valid Percent	Cumulative Percent
	radio	14	13.3	13.3
	Stock broker	27	25.7	39.0
	Advisor	31	29.5	68.6
	Media	15	14.3	82.9
	Research report	10	9.5	92.4
	television	8	7.6	100.0
	Total	105	100.0	100.0

By analysing the table 29.5% investors are taking help of advisor for investment, 25.7% investors are taking help of stock broker for investment, 14.3 % investors are taking help of media for investment, 13.3% investors are taking help of radio for investment, 9.5% investors are taking help of research report for investment, 7.6% investors are taking help of television for investment.

LIMITATION OF THE STUDY:

- The study is limited to 105 investors
- o The study is limited to the city only.

- It is assumed that respondents are honest and true in expressing their view and fill questionnaire without any bias.

have enough money available for funding the higher education of one's children, for buying a house, or for one's own golden years.

FINDINGS:

- The first and the most findings is that investors study the industry, firms and market before taking investment decisions about investment.
- Among the total respondents 28.6% investors are salaried people who are invest their money and 14.3% investors who are students and housemaker invest money in investment avenues.
- Income of an investors is important factor which is affects his investment potential. Of the respondents 39.0% have their income level is less than 25000 and 6.7% respondents have their income level is more than 50000.
- Only 7.6% of the respondents are made investment in banks.
- o Future security and regular returns are the two main factors considered by investors while investing.

CONCLUSION:

- The main aim of the study was to examine the comparative analysis of Risk and Return for the Equity and Mutual Funds Companies.
- Investment in both equity and mutual funds are subjected to market risk.
- The study recommends new investors to go for in both mutual funds and equities, because of high risk and market instability
- Saving money is not enough. Each of us also need to invest one's savings intelligently in order to

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