

## BEHAVIOUR OF INVESTOR ON INVESTMENT DECISION WITH SPECIAL REFERENCE TO MUTUAL FUND VS. TRADITIONAL INVESTMENT AVENUES- A REVIEW

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### ABSTRACT

*Investment decision-making is a dynamic practice in the form of mutual funds or conventional investment avenues. The loss of income from savings is actually greater pain than the pleasure of earning money. Investment decisions should never be taken on personal data and dynamic models that do not take account of the risk & returns of the global economy. Judgment can be described as the mechanism by which a particular alternative can be selected from a variety of possibilities.*

*Judgment is an activity that, after careful assessment, follows all the alternatives. Latest evidence reveals that average investors make sentiment-based rather than rational decisions; most investors are buying high on assumptions and sell low on panic humour.*

**Keywords:-** Investment Decision, Mutual Fund, Investor, risk, returns.

#### I. INTRODUCTION:

In addition to creating wealth, mutual funds provide investors with a range of benefits that should be taken into account when deciding on a strategy for a mutual fund. It provides the benefit of portfolio and asset allocation diversification. This may also help to limit the transaction fee by paying an additional fee or fee on the stock transaction of the person. The liquidity aspect of the mutual funds permits buyers the capacity to enter or exit mutual cash with relative ease.

Purchasers have a lot of picks open to them in today's market to park their money for the future. There is a plausible financing route for each variety of investors, whether you are looking for long-term savings, quick returns, low risk or excessive yields.

#### Return:

A return is the trade over time in the rate of an asset, investment, or undertaking, which can also be expressed in alternative rate or share shift phrases. While a poor return marks a loss, a fantastic return reflects profits.

#### Risk:

Both investments require a certain risk diploma. In finance, chance refers to the diploma inherent in a financing decision of uncertainty and/or potential monetary loss. In general, as funding risks increase, traders are looking for higher returns in order to compensate themselves for taking those risks.

#### Liquidity:

Liquidity in financial markets refers to how quickly a financing can be sold before the

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price has a negative effect. The larger the liquid financing, the more easily (and vice versa) it can be sold, and the less difficult it is to promote it for an honest fee or a modern market value. All else being equal, at a top rate, extra liquid property changes and illiquid property trades at a discount.

### Hedge against inflation

To take action to limit the discount on the lending fee due to inflation. Inflation reduces the price of cash such that the return of an investment is not worth as much as it would have been when the investment was initially made. Inflation hedging helps to curb this pressure.

### Investment option available

1. Direct equity
2. Equity mutual funds
3. National Pension System (NPS)
4. Public Provident Fund (PPF)
5. Bank fixed deposit (FD)
6. Senior Citizens' Saving Scheme (SCSS)
7. Pradhan Mantri Vaya Vandana Yojana (PMVVY)
8. Real Estate
9. Gold

## II. REVIEW OF LITERATURE

1. Priti Mane:- Discussed the view of customers with regard to the mutual funds they preferred, the schemes they choose, the reasons behind such choices. This study dealt with various investment options preferred by individuals, along with and apart from mutual funds, such as postal saving schemes, recurring deposits, bonds, and shares. It concludes that share-market-related mutual funds and investors do not take advice from the advisory authority to direct them in their mutual fund investments, so it is difficult to choose a mutual fund scheme beneficial to them.

2. Awais et al.:- It analyzed the variables affecting investors' decision-making processes. According to their work, investor choices depend on the severity of the risk variables. Finally, they noted that the increased level of understanding of financial reports and the increased capacity to analyse that information could boost the willingness of investors to jump into riskier assets to produce good returns by effectively managing investments.
3. Shukla:- This research proposal aims to discuss the investment's preference for investment options and the analysis centred solely on the salaried individual. The study concludes that on the basis of education, most respondents spent their money and invested in property investment and long-term investing. Investment criteria such as security and low risk are in effect for respondents.
4. Amudhan et al.:- The investment pattern of success of transactions of small amounts of shares, deposits, mutual funds, insurance, Chit Funds was examined. The investigator reported that the variables observed by the retail investor by behavioural finance theory empirical evidence are highly correlated. The result was an investment offer in the form of interest, dividends, rent, premium, pension gain or approval of the value of its regular capital to an individual's money in order to receive future revenue.
5. Vaidehi et al.:- It argued that as motivations and styles by various needs due to different investment strategies. It examines the need for better motivation of the behavioural pattern of the paper investors, the behaviour pattern can help investment advisors envision how investors react to the market schedules and enable them to develop successful customer allocation strategies. Long-term gains were achieved among the selected Factors that established the critical factor driven by dividends and growth potential, and the combination of high and low benefits, were the investment key

motivators. In particular, the investment categories of investors are selected by training credentials, occupation, age, income and sum of investment portfolio.

6. Mishra:-Factors that established the critical factor driven by dividend and future growth, and the mix of high and low benefits, were the investment key motivators. In particular, the investment categories of investors are selected by training credentials, occupation, age, income and sum of investment portfolio. Gap of view measured on mutual funds with the help of 't' test. Individual investors have focused on income taxes and savings, but future returns are anticipated by large investors. Thus, mutual fund companies must give due significance to these sizes for their survival and development in the Indian context.
7. Rastogi:-the behavioral role of the investment option approach was analyzed. behavioral economics provides answer to several questions that gives sufficiently addressed by the normal theory of finance until now. The study concludes that the combined gender and occupation groups were not affected by personality biases.
8. Kumar:-To find out what plays a critical way in the observances of small investors before conclusive on investment, research was carried out. Safety, risk tolerance, profitability, investment length, 3 monthly return, share choice, long-term investment, possible return and investment undercurrents were affected by nine factors.
9. Muruganandam et al.:-It analysed evidence that the investor's intention to evaluate the investor's perceived risk and return on invested capital shares was discussed in their portfolio buildings and portfolio management strategies. It analyzed the evidence that the investor's purpose to determine the The impression of investors was that risk and return on investment shares were evaluated in their portfolio building and fund management strategies.
10. Selvi:-There are several studies available on shareholders' behavior towards investment options not been addressed and the traditional investment opportunities, bank deposits and gold are the most favoured avenues, while life guarantee schemes and post office options are receiving increased attention. She concluded that the majority of respondents did not preferred to put their savings in UTI and mutual funds.
11. Prasad et al.:-For this research descriptive research design and technique of convenience sampling, he found that the current condition in the investment sector is highly uncertain and volatile. The investor therefore evaluated the investment market with total consideration.
12. Thulasipriya:-The investment performance of Govt. employees was conducted grounded on the ANOVA Test, t-test and Freidman's Rating Analysis. She discovered that professional, salaried and independent employees favored to invest in tax benefits, safety and security, high returns, liquidity, etc., But he chose to invest his cash in private chits, private deposits and equity shares as a government employee. The investigator finally discovered that it is extremely risky to invest in private chits.
13. Ramanathan et al.:-Research was conducted to recognize the essentials of bank employees' investment collection and to understand risk appetite of knowledge of investment selection basics. Their significant and meaningful correlation is found to be positive and strong between sales and the investment avenue. In order to confirm, the banker must be aware of other investment views of capital market investment footage where the low plant reason for return is more important.
14. Kumar:- The types of views of small investors and their attitudes towards the capital market were observed. In the capital market, more investors have invested their savings and lost their savings. Few people have gone to lengths and faithful

suicide. Let's assume that savings is universal. We small investors have strong ability to magnetise. The law of attraction depends on everything. All the conditions, people and events in our lives are drawn to us. So why can't we raise money, then? It's all because of our narrow understanding of money and our insets. Our traditional thoughtfulness takes us back and makes us, in our lives, act low.

15. Reddy et al.: - Most investors were found to invest, which forced them to invest and saved more profit. The savings and risk mindset of an investor to adjust investing avenues ideas that investors make saving best investment. Investment avenues designed to find out the risk taking capacity to absorb risk key for their success. Any company and decision makers effect that investment of firms that of current processes and eventually to develop updated products and services.
16. Amir Barnea et al.: - A genetic factor may explain a large proportion of the variability between people. Specifically, genetic variations clarify the cross-sectional variation in the investment decisions studied.
17. Brad M. Barber et al.: - The investigator discovered that investor conduct may be influenced by operating expenses.
18. Brian M. Lucey et al.: - The investigator discovered the relationship between mood and asset pricing.
19. Ch. Pavani et al.: - The investigator found that, according to their understanding of the topic, investors invest in mutual funds with many preferences. It can be seen that the brand value was ranked first and the preference for growth was ranked second.
20. Halil Tunali et al.: - The researcher found that the determining factor in choosing an investment option is that before making an investment decision in order to achieve the goals, the investor calculates the return on investment and the investment duration.

21. Nicolas P.B. Bollen: - The investigator found that the compassion of the fund flow to lagging optimistic returns is greater than that of traditional funds in terms of insocially responsible funds. This finding is consistent with both the realistic model of learning, in which institutional investors have much more diffuse prior views about a socially responsible strategy.
22. Pravin N Mahamuni et al.: - The researcher noted that confusion has arisen between tax planning and financial planning. They assume that financial planning is tax planning, but both concepts are distinct. Tax planning is for short-term planning, i.e., long-term planning is for one year and financial planning.
23. Madhu Arora et al.: - There are more conservative women investors than men. Even when the return is lower, a large percentage of women like to invest in secured funds. Married women are also more likely to be less at risk than married men. Females mostly seem to abhor the use of wealth in a more secure, structured way that is less risky. They effectively manage their household budget, also arrange for rainy days distinct from male and male.

### III. CONCLUSION

We maintain cash reserve to our cover the emergency expenses in some situation we will liquidate the investments. For examples shares, gold and silver, investment in real estate, post office deposits, life insurance, etc. However, most investors have invested in bank deposits because of less risk. Investors invest in real estate for long term growth, but most investors not considered mutual fund as for their investment. Mutual funds will then offer more compliments and knowledge about how invest their savings in mutual funds and in the stock market will generate higher returns with limited risk.

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