Chapter VI: Major findings and Conclusion

The main objectives of this research were to carry out dual model based studies to determine intelligent investment decision, based on socio economic factors, product features, level of financial literacy, sources of information and expert opinion towards investment decisions, to name a few. This has led the investigator to take up several research activities such as identification of major six investment avenues, seven major product features pertaining to the avenues, constructing the research design, collection of primary and secondary data, analyzing the statistical certainty of the data, processing the data using fuzzy and statistical models.

The fuzzy model has been taken up for study for appropriate quantification, fuzzification and defuzzication (rule based) of qualitative primary data, such as opinion of respondents and experts to arrive at proper decisions and for further analysis.

The statistical analysis of the data together with the results was compared with the earlier model available in the literature clearly indicate the proposed model is more appropriate for this study. Major findings of this research, recommendations to surmote the limitations of this study and future scope of this research are listed below:

Respondents having a maximum income of Rs.2, 00,000 have a tendency to maintain bank deposits and they do not want to invest in other avenues. Respondents who are in the income group of Rs.2, 00,000 to 3, 00,000 are prone to savings mainly to avail tax benefits. Most of the respondents who are earning more than Rs.3,00,000 are interested in
investing in real estate rather than in other avenues. Nearly three fourth of the respondents are rural and they invest in post office, mutual fund, real estate and gold.

The responsibility and the accountability imparted on the generations in the society makes the respondents to have the repayment of the debt as the foremost financial objective. The subsequent objective is the education of the children followed by the comfortable and contended retirement life. This shows that Indian society is highly conservative and they want to be safe and secure throughout their life rather than securing speculative profits. The respondents are willing to invest in single investment avenue only if they have other source of income. For the multiple investment avenues, the respondents prefer the increase in the current income. Flexibility of changing the scheme of the fund and the professional management of Asset Management Companies tops the priority in selecting the mutual fund as the investment avenue by the respondents. The respondents are satisfied in investing in gold because of its liquidity, appreciation in capital value and the gold can be transferred into any form of ornaments. The respondents in selecting the bank deposit as an investment avenue prefer prompt payment of interest and additional facilities offered by the banks for the deposits. The respondents are very much interested in investing in real estate because they feel contented if they live in an own house which is also worthy fixed asset.

The respondents were dissatisfied with the investment in gold because of fear of theft, loss due to impurity and the price fluctuations. The respondents feel that the future return from the post office investment and bank deposit will not meet the inflation in future. Respondents feel that the changes in SEBI/Government regulation, political stability, changes in the exchange rates and the scams in stock exchanges have a direct
impact on the rate of return in the mutual fund investments. The respondent has ranked the flexibility of mutual fund as first and professional expertise of fund managers as the second rank with respect to satisfaction. Out of 153 respondents preferring mutual fund, 39.2% prefer the growth schemes as rank one, 42.5% prefer the income schemes as the second rank and 50.3% prefer the balanced schemes as third. The respondents consider the next best alternative for profitable investment in business as the foremost reason for preclosure of mutual fund and the necessity of meeting medical expenses for the family members is considered as the foremost reason for preclosure of shares. The occupational pattern of the respondents influence the reasons for dispossession for all the six investment avenues selected for the study. Depending upon the level of income and the occupational position, the respondents want to change the mode of Investment Avenue. As gold can be easily marketable, the respondents consider it an alternative source of earnings in case of emergencies. Next to gold, bank deposits, post office deposits are considered as an investment which is more liquid. The appreciation in capital value of the real asset has made the respondents to invest in it and this is highly useful in case of meeting of educational needs of their children in future.

Rising inflation has an influence over the investment decision taken by the respondents. The respondents prefer to receive the return on investment half-yearly or annually as they always club the period of return with the obligations in life. If they receive monthly or quarterly, they will spend it as their regular income. 67% that is two-thirds of the respondents are always apprehensive about their investments for the future. 33% of the respondents feel that the economy will worsen further and they are pessimistic. The respondents give first preference to the advice of friends, relatives and
family members to invest in all above mentioned avenues except shares. For investing in shares, the respondents prefer to depend on the advice of the financial advisors and the personal source of information namely, friends and relatives who have also experienced in dealing with the shares. The frequent amendments in the regulations in sanctioning loan, interest rates of housing loans and property tax makes the respondents to think twice in investing in real estate. As the mutual funds are concerned, the respondents are highly dissatisfied with tax burden, capital loss and the errors in the allotment or documentation. The shares as an investment avenue are sold by the respondents only in case of crisis like meeting unexpected medical expenses for the family members. In case of mutual funds, the alteration in earnings and profitable opportunity plays an important role in deciding about the diversified portfolio.

By applying Chi-square test, it is found that the socio-economic factors namely, age, gender, educational qualification, occupation, annual income and place of residence do influence the type of investment avenues selected. Among the personal factors influencing the investment decisions, age factor has been ranked as first, health factor as second and family responsibilities has been ranked as a third factor. With respect to review of investment plan by the investors due to personal problems faced in investment, Tax Laws has been ranked as first; decision due to major life incident has been ranked as second and the awareness of new product in the market as the third factor. The macro events like investment environment and economic events play a minor role in influencing the plan review. The current income has no influence over the number of investments avenues. Gifts, loan and other income has influence over the number of investments avenues. In case of shares, the tax burden on the return, the capital loss due to frequent
price fluctuations, the errors in documentation and the higher cost of transaction tops priority for the dissatisfaction in investing in this avenue. In case of mutual funds, the higher cost of transaction, the complex calculations, the loss of capital and the change in the managerial personnel tops the reasons for dissatisfaction by the respondents. In case of shares, the respondents prefer the background of the promoters as the first factor and their stake in the company as the second factor influencing the decisions. The word of mouth given by the analyst through the news plays a significant role in investing in mutual funds and shares. The company’s financial analysis plays the secondary role because it provides the authentic and empirical information with the auditor’s report.

The security of the principal, capital appreciation, rate of return and minimum transaction cost are ranked in the order of priority by the respondents for both mutual funds and shares. Except the gender, there exists a relationship between the socio-economic factors and the level of financial literacy possessed by the respondents. The capital appreciation and the return on investment in the form of high dividend are most preferred factors in selecting the share as one of the investment avenue. As the post office instruments are completely controlled by the Government, there is less chance for bankruptcy and more chance for the prompt payment of the interest.

The financial experts top ranking investment preference for the criteria security of principal is real estate and the investors’ preference of investment product for the above criteria is gold. Both the financial experts and investors top ranking investment preference for the criteria liquidity is gold. The financial experts top ranking investment preference for the criteria stability of return is post office and the investors’ preference of investment product for the above criteria is bank deposit. The financial experts top
ranking investment preference for the criteria capital appreciation is gold and the investors’ preference of investment product for the same criteria is real estate. Both the financial experts and investors top ranking investment preference for the criteria tax benefit is post office. Both the financial experts and investors top ranking investment preference for the criteria better inflation resistance is real estate. The financial experts top ranking investment preference for the criteria concealability is gold and the investor’s preference of investment product for the above criteria is real estate.

The ranking preference of the experts as found by the fuzzy technique are in the following order post office, bank deposits, gold, real estate, shares and mutual fund. Similarly the ranking preference of the investors found using fuzzy techniques revealed the following order bank deposit, post office, real estate, gold, mutual fund and shares.

**Scope for further research:**

The research can be extended for the individual decision making among inter-district in Tamilnadu. The model can be extended to Indian economy and even to global economy including other parameters like money value optimization using intelligent technique. Further estimation can also be done in addition to forecasting with intelligent tools. Besides, statistical analysis of portfolio management which can exhibit other statistical properties can also be taken up for study in near future. Algorithm pertaining to statistical learning theory can be implemented for long-time forecasting, prediction and estimation.