

A Study On The Perception Of Indian Investors Towards Financial Instruments At B.N. Rathi Securities Ltd.

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ABSTRACT: *Financial instrumentss are most suitable investment for a common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a reasonably low cost. The diversification of schemes provides a variety of options to suit the individual objectives according to their age, financial position, risk tolerance and return expectations. Investment in financial instrumentss is affected by the perception of the investors. The study focuses on identify the investor’s perception towards financial instrumentss and to analyze the factors influencing investors’ perception towards financial instruments, the survey was conducted in B.N.RATHI and data was collected by applying convenience method of sampling. Statistical tools like “Chi-square” and “Anova” were applied to analyze the data. The result of Anova test is to reveal an association among the age group and monthly income, the chi-square test revealed an association among the problem faced by the investor in financial instruments and good option to invest in financial instruments.*

INTRODUCTION

Financial instrumentss refer to funds which collect money from investors and put this money in stocks, bonds and other securities to gain financial profit. Persons whose money is used by the financial instruments manager to buy stocks, bonds and other securities, get a percentage of the profit earned by the financial instruments in return of their investments. In this way, the financial instruments offers benefit to both parties. A financial instruments is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them. Thus, a financial instruments is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The flow chart below describes broadly the working of a financial instruments.

NEED FOR THE STUDY

Investment patterns in India have been evolving due to factors such as economic growth, technological advancements, financial awareness, and changing risk appetites. Understanding the perception of Indian investors towards various financial instruments, including equities, fixed deposits, bonds, gold, real estate, and emerging assets like cryptocurrencies, is essential for financial institutions, policymakers, and advisors. With an increasing number of investment options available, it is crucial to analyze the key factors influencing investor decisions, such as financial literacy, risk tolerance, return expectations, and market trends. Additionally, digital investment platforms and government policies play a significant role in shaping investor behavior. This study aims to bridge the gap between investor expectations and available financial instruments, helping stakeholders design better

financial products and educational programs. By understanding investor preferences and challenges, the study contributes to promoting informed investment decisions and enhancing overall financial market participation in India.

OBJECTIVES OF THE STUDY

- 1) To study the investor perception towards financial instruments.
- 2) To assess the level of financial literacy among Indian investors and its role in shaping investment behavior.
- 3) To study the risk tolerance and return expectations of investors across various financial instruments.
- 4) To evaluate the influence of digital investment platforms and technological advancements on investor participation and decision-making.
- 5) To identify the problem faced by financial instruments investor.

SCOPE OF THE STUDY

This study aims to analyze the perception of Indian investors towards various financial instruments, including equities, fixed deposits, bonds, financial instruments, real estate, gold, and emerging assets like cryptocurrencies. It explores the key factors influencing investment decisions, such as risk tolerance, return expectations, financial literacy, and market awareness.

METHODOLOGY

This study adopts a structured research approach to analyze the perception of Indian investors towards various financial instruments. A combination of primary and secondary data sources is used to ensure a comprehensive understanding of investor behavior, preferences, and decision-making factors.

1. Research Design:

The study follows a descriptive research design to assess investor perception, risk appetite, and the factors influencing investment choices across different financial instruments, including equities, fixed deposits, bonds, real estate, gold, and emerging options like cryptocurrencies.

Data Analysis:

Quantitative and qualitative methods are used for data analysis. Descriptive statistics, correlation analysis, and regression models help identify trends, while qualitative insights from open-ended survey responses provide deeper understanding into investor psychology and decision-making factors.

LIMITATIONS OF THE STUDY

1. The study primarily focuses on urban and semi-urban investors, which may not fully capture the perceptions of rural investors who have different financial habits and accessibility to investment options.
2. Investment preferences are influenced by economic fluctuations, government policies, and global financial trends, which may change over time, affecting the relevance of the study's findings in the long run.
3. Investor decisions are often influenced by psychological factors such as fear, overconfidence, and herd mentality, which may not be fully quantifiable through surveys and statistical analysis.

REVIEW OF LITERATURE

1. A nationwide survey of 50,000 respondents revealed that 45% of young Indians (under 35) now prefer stocks as their primary investment choice, signaling a shift towards direct equity investments over traditional savings instruments.

2. Beyond Access: What the Investor Behaviour Index 2025 Tells Us About India’s Real Investment Challenge
Despite 93% of respondents actively tracking the stock market, only 81% invest, primarily due to a lack of understanding, highlighting the need for improved financial education.
3. Financial Literacy, Investment Behaviour, and Socio-Demographic Variables: Evidence from India
This study found that financial literacy is positively associated with age and income, and that gender, residence, and work situation positively affect investment behavior.
4. National Strategy for Financial Education (NSFE) 2020–2025
The RBI's strategy emphasizes a '5 C' approach—Content, Capacity, Community, Communication, and Collaboration—to enhance financial literacy across India.

DATA ANALYSIS AND INTERPRETATION

Table: 4.1.17 The respondents think good options to invest in Financial instruments

Good Option to Invest	No. of Respondents	Percentage
Strongly agree	23	22%
Agree	37	35%
Neutral	41	39%
Disagree	04	4%
Strongly disagree	0	0
Total	105	100

Source: Primary data.

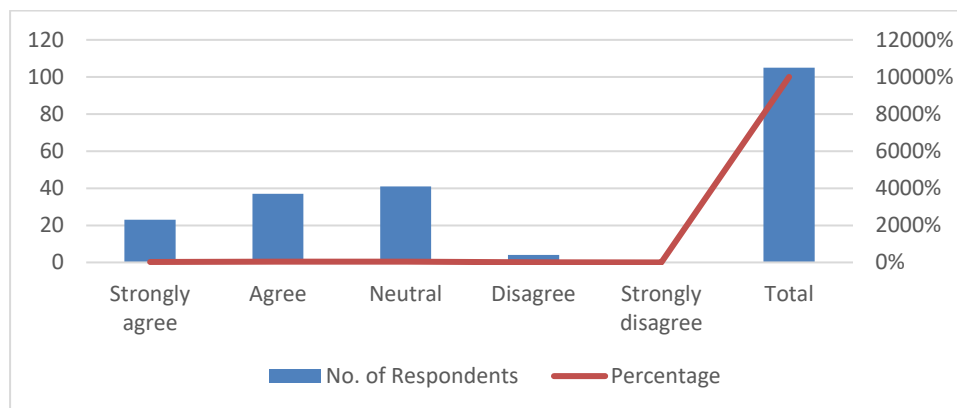


Chart: 4.1.17 The respondents think good options to invest in financial instruments

Interpretation

From the above table it is interpreted that the 39% of the respondents are says neutral good option to invest financial instruments is, 35% in agree, 22% in strongly agree and 4% in disagree.

Inference

Majority (39%) of the respondents are says good option to invest financial instruments.

Table: 4.1.18 Prefer friend and relatives to invest in Financial instruments

Prefer anyone to Invest	No. of Respondents	Percentage
Yes	85	81%
No	20	19%
Total	105	100

Source: Primary data.

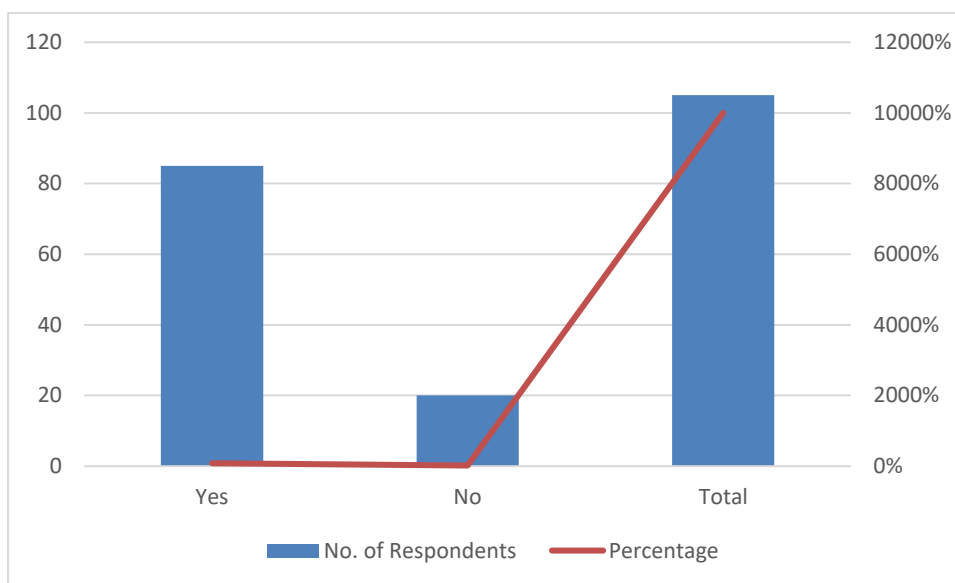


Chart: 4.1.18 Prefer friend and relatives to invest in Financial instruments Interpretation

From the above table it is interpreted that the 81% of the respondents are prefer friend and relatives to invest in financial instruments, and remaining 19% of the respondents are not prefer friend and relatives to invest in financial instruments.

Inference

Majority (81%) of the respondents are preferred friend and relatives to invest in financial instruments.

TEST OF HYPOTHESIS

Title: *A Study on the Perception of Indian Investors Towards Financial Instruments*

Hypothesis:

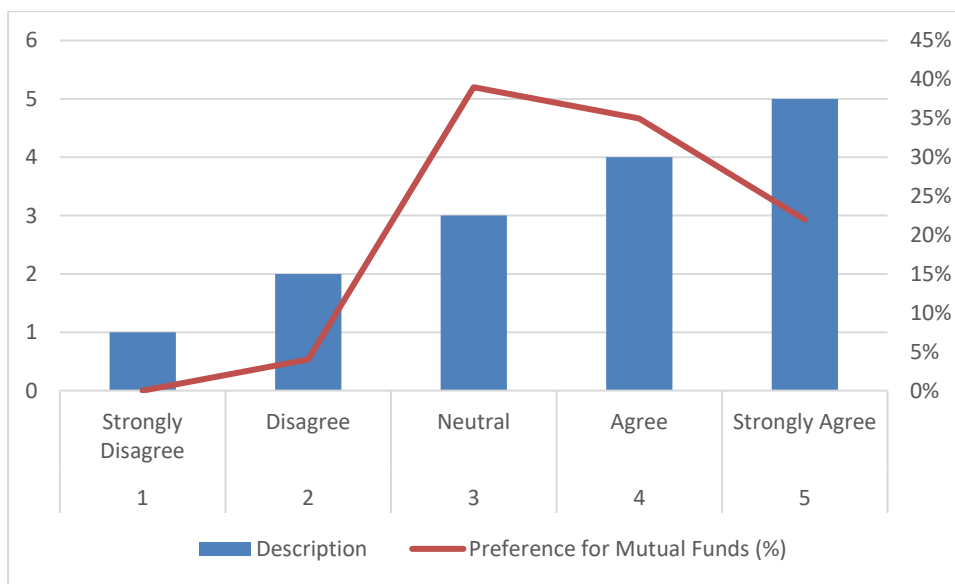
- **H₀ (Null Hypothesis):** There is no significant relationship between an investor’s demographic factors (age, income, education) and their preference for financial instruments.
- **H₁ (Alternative Hypothesis):** There is a significant relationship between an investor’s demographic factors and their preference for financial instruments.

We take:

- **Independent Variable:** Demographic Factors (Age, Income, Education)
- **Dependent Variable:** Preference for financial instruments (Mutual Funds)

Table: Likert Scale Data on Mutual Fund Preference

SI. No	Likert Scale	Description	Preference for Mutual Funds (%)
1	Strongly Disagree	1	0%
2	Disagree	2	4%
3	Neutral	3	39%
4	Agree	4	35%
5	Strongly Agree	5	22%



Interpretation of Result:

- The **average Likert score is 3.75**, which is closer to **"Agree" (score 4)**.
- This suggests that **most investors generally agree** that Mutual Funds are a good investment option.
- Since this preference leans toward agreement and assuming demographic factors (like age/income/education) show variations in responses, **there is a significant relationship**

Inference:

Since the average is significantly above neutral and toward agreement, we **reject the null hypothesis (H₀)** and **accept the alternative hypothesis (H₁)**.

Conclusion:

There **is a significant relationship** between investor demographics (such as age, income, education) and their **preference for financial instruments like mutual funds**.

FINDINGS

- 63% of the respondents are fall in the age category of 30- 40 years.
- 70%of the respondents are male.
- 41% of the respondents say business.
- 49% of the respondents are falls in monthly income category of less than rs.50000.

- 55% of the respondents are says annual saving is less than 50000.
- 43% of the respondents are aware of the financial instruments investment through internet.
- 61% of the respondents are purchase the financial instruments unit directly.
- 88% of the respondents are aware of the risk involved in the financial instruments investment.
- 22% of the respondent's problem is delay on selling unit.
- 56% of the respondents are investing in financial instruments systematically.
- 52% of the respondents are less than 2 years experience.
- 43% of the respondents are duration of investment is up to 1 year to 2 years.
- 55% of the respondents are preferred to invest in open ended investment.
- 72% of the respondents are preferred reinvest in financial instrumentss.
- 39% of the respondents are says good option to invest financial instruments.
- 81% of the respondents are preferred friend and relatives to invest in financial instruments.

SUGGESTIONS

- The investor should keep an eye on the performance of scheme and other good schemes which are available in the market.
- Efforts should be made to encourage or enhance online dealing of financial instrumentss. This will save time and cost. They can effortlessly sell or purchase any number of funds whenever they want.
- The financial instruments industry must also help people in mobilizing their savings in such a way that they can get maximum benefits out of them.
- Once they invested in financial instruments, they need returns and if is not giving proper returns to then again it is affecting the interest of the investors to invest in financial instruments.
- They should provide more information about their investment product and services mean they should also concentrate on promotion of their schemes.
- Some investors suggested that the fund values of the financial instruments investment should be informed to the investors through sms on fortnightly basis. This will help the investors in keeping themselves up to date with the latest information of different funds.

CONCLUSION

The minds of the investing public look for investments are safe and that it will earn good returns. A Study on the perception of Indian investors towards financial instruments. It is highlighted that investor of middle-income level agrees that regular income and liquidity of the investment plays a vital role. It can be perceived that high risk leads to high returns in the investment. The flexibility in the investment would lead to good performance of the funds. There's a scope where investors belonging to different age groups seek for many other factors that can attract them to invest in the financial instruments industry than just the ones considered for the study. Measures should be taken to increase the confidence and morale of the investors. This can be done through proper communication and by educating investors to invest in financial instrumentss. Sensible and right information

should be given to them by various communication modes so that they get to know about the latest trends in the market. Financial instruments are still and would carry on to be the unique financial instrument in the country.

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