

# Investors Insight into various Financial Instruments available in Stock Market with respect to Lucknow, India

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## Abstract

Stock Markets have importance in terms of considerate towards outlay by an Investor. Indian economy is developing and having huge middle class societal status and salaried persons. A survey analysis has been undertaken for 50 investors of Lucknow in India to value their insight into various Financial Instruments available in Stock Market. The results highlight that investors are aware of share and mutual fund, and majority are also aware of different options like bonds, debentures and derivatives. Also, maximum people invest in Mutual Funds and their investment decision is on the basis of their personal evaluation as well as invests because of influence of friends & relatives. This research paper is an attempt to study the investor's perception with respect to different possible options available in the stock markets in city Lucknow, India.

**Keywords:** Mutual Funds, Investments, Stock Market

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## INTRODUCTION

Financial markets facilitate the creation of financial assets. The statement underlies the concept of “financial intermediation” through which a common man expects a higher rate of return by providing his savings to the companies in the form of shares i.e, acquiring ownership in those companies in case of equities. Apart from equities, other dominant financial instruments like debentures, preference shares, exchange traded funds are available too.

Debentures or bonds are non-equity in nature. They offer a fixed rate of interest. Government securities are issued by RBI on behalf of Government of India and state governments in India. But due to lack of information and convenience, retail investors have not demonstrated their willingness to add these securities in their portfolio. However, with continuous efforts by RBI and banks these products are being promoted as an attractive option for retail investors as well. Retail investors can invest in government securities both through primary market as well as secondary market route. RBI allows retail investors to offer their bids in auction of government securities through non-competitive bidding. On the other hand, banks have started providing option to invest in these securities with IDBI Bank being the first bank to provide an online option for investment in government securities. Preference shareholders get a fixed rate of dividend, but do not offer voting rights in most situations. Preference shares are of two types- Convertible and non- convertible. Securities Exchange Board of India recently permitted the listing of non-convertible redeemable preference shares.

This research paper is an attempt to study the investor's perception with respect to different possible options available in the stock markets in city Lucknow, India.

## REVIEW OF LITERATURE

The growth of capital markets in India has been phenomenal. Various studies and research has been made on this topic . Here are the lists of few research papers that have been referred to for the purpose of the study.

Sarish Jain and Ajay(2011) have focussed on the comparison of performance of various schemes with special study of mutual funds. The safety feature of mutual funds has been discussed in detail. The paper does not discuss about investment in other financial instruments like stocks which offer greater chances of wealth creation though from the long term perspective viz-a-viz performance of mutual funds.

Anil Soni (2017) has emphasized on the relation between demographics of the investor like age, income, occupation etc and the amount of the investment.

Indu Gautam and Kavidayal (2016) have focussed the derivatives form financial instruments. It discusses about the perception on mainly three parameters, Awareness, Return on investment, and Risk perception.

Muhammed Juman, BK (2015) highlights that India is one of the most successful developing countries in terms of a vibrant market for exchange-traded derivatives.

Rashmi Makrand (2017) says that the role attitude plays in stock market investment compared to financial literacy has an influence on investor's decision making regarding financial matters.

## RESEARCH METHODOLOGY

### Objectives of The Study

- To find the awareness regarding types of Investment Instruments for Stock Market
- To identify various investment options investor has been investing.
- To find investor's influence on Investment decision

Sampling unit –The sampling unit of research included investors residing in Lucknow

Sample size –The sample size of 50 Investors was taken.

## ANALYSIS AND INTERPRETATIONS

### Demographic Profile of investors

Demographics	No. of respondents	Percentage of respondents
<b>Age</b>		
Less than 20 years	0	0
20-40	30	60
Greater than 40	20	40
	Total 50	Total 100
<b>Qualification</b>		
Matric	3	6
Graduate	26	52
Post Graduate	21	42
	Total 50	Total 100
<b>Occupation</b>		
Service	19	38
Profession	6	12
Business	15	30
Student	10	20
	Total 50	Total 100

Table 1

**Analysis & Interpretation:** As per Table 1, it was found that the major population of investors was greater in between 20-40 yrs. About 52% respondents were graduate. 38% of respondents were doing service.

### Whether respondents invest.

Investment Decision	No. of Respondents	Percentage of Respondents
Yes	45	90
No	5	10
Total	50	100

Table 2

### Analysis & Interpretation:

As per Table 2, it was found that 90% respondents are investing in different investment avenues and 10% who were non-investors.

- **Awareness regarding types of Investment Instruments**

Types of Investment Instruments	Percentage of Awareness
Shares	82%
Mutual Funds	76%
Debentures	66%
Bonds	54%
Derivatives	76%

Table 3

**Analysis & Interpretation** As per Table 3, Almost every respondents are aware of share and mutual fund, and majority of people are also aware of different options like bonds, debentures and derivatives.

- **Type of investment option the person has been investing**

Types	Percentage of Investments
Shares	64%
Mutual Funds	80%
Debentures	22%
Bonds	10%
Derivatives	24%

Table 4

**Analysis & Interpretation** As per Table 4, it is found that 80% invest in Mutual funds and 64% invest in Shares which indicates the importance attached in these.

- **Respondent's influence on Investment decision**

Sources	No. of Respondents	Percentage of Respondents
Self	24	48%
Friends & Relatives	9	18%
Service providers & consultants	5	10%
Newspapers & Advertisement	4	8%
Agents	3	6%
Not Invested	5	10%
Total	50	100%

Table 5

**Analysis & Interpretation:**

As per Table 5, it was found that multiple aspects for investing influenced respondents. 48% respondents take investment decision on the basis of their personal evaluation where as 18% respondents invest because of influence of friends & relatives, the consultant's influences 10% respondent and the advertisement influences 8% respondents. It can be stated that majority of the persons are influenced by their own while opting for investment tool.

**CONCLUSION**

The increasing participation can be gauged from the comparison of domestic inflows versus foreign inflows into the Indian markets in the year 2017. This research paper is an attempted to find investors perception with respect to different possible options available in the stock markets in city Lucknow, India. It can be concluded that government initiatives and positive outlook of the Indian economy have been proved to be effective in increasing the participation of Indians in the stock markets. As per Money Control figures i.e. 1 November 2017 to 27 November 2017, FII's (Foreign Institutional Investors) were net sellers to the extent of Rs 11,166.99 crores approximate while DII's (Domestic Institutional Investors) were net buyers to the extent of Rs 7697.72 crores approximate.

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