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A STUDY ON INVESTMENT ALTERNATIVES

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ABSTRACT

Many market participants today consider the experiences of the Indian capital market to be in the past, as a result of the significant shift in the investing pattern of small stock investors. Trading stocks can be a lucrative option for investors. Companies raise capital from individual savings by issuing shares in their company. One component of a company's ownership is its equity shares. When one purchases these shares, they become a member of the company and are eligible to receive advantages from it. For those who are familiar with the fundamentals of trading securities, trading equities is a breeze. When an investor follows a consistent pattern in making investment decisions, we say that they have an investing pattern. When making investment decisions, stock traders would do well to familiarise themselves with the investing habits of small equity investors. Due to changes in the stock market landscape, investors' attitudes have been altering. A taste of share market success is within reach for those who have access to precise and trustworthy information. For these disadvantaged retail investors, the authorities (such as SEBI, NSDL, etc.) should host additional seminars and education initiatives.

INTRODUCTION

Allocating capital with the expectation of a return at a later date is known as investment. The economy and society both get the rewards of investment. We can invest in your economy and help it grow internationally with the help of modern capitalism. In the past, investments could only have been valuable assets like bank accounts, jewellery, or rare stones; however, this is no longer the case. Many people today are aware of the benefits of investing, but few are willing to take substantial risks with their money. This is especially true when it comes to the stock market and other investment vehicles. They can't pick the greatest investment possibilities because industry and business trends move so fast. New investors can get some good pointers on how to spend their money in this research report. The economic growth of your country and the world can be enhanced by urging people to save more money.

Investment and life insurance plans known as Unit Linked Insurance Plans (ULIPs) are rather common. There is investment protection and insurance coverage in unit linked insurance plans. In addition to life insurance, this plan often gives investors the potential to create wealth. Your investment in a ULIP grows tax-free and deductible according to Section 80C, and you won't have to pay withholding taxes on your matured returns because of Section 10 (10D).

Investors in ULIPs can expect returns that are determined by the mix of equity, debt, and hybrid funds. Returns on ULIPs can be really high when the market is performing well. Fees for ULIPs are high, varying between 2 and 4 percent.

The average yearly return for investors in unit linked insurance plans is 20.53%.

The value of an investment in a unit-linked insurance plan may treble in three and a half years.

Investment in Direct Equity: Investing in direct equity carries a greater degree of risk but also offers the possibility of extremely large rewards. Any prospective investor should be OK with a 50% capital loss because of the extreme risk involved with direct stock transactions. Any individual interested in purchasing shares of stock must open a "Demat Account."

REVIEW OF LITERATURE

1. Shyamala Krishnamurthy & Dr. Vanathi Vembar (2025)

New investment opportunities in India were examined in the report "Alternative Investment Options in India: A Comprehensive Overview," which covered topics like commodities, hedge funds, private equity, real estate, and venture capital. Alternative investments, despite the increased risk and regulatory hurdles, offer diversification advantages and possibilities for long-term growth, according to the authors.

2. Ashok Soni and G. L. Malviya (2024)

Findings from "A Comparative Study on Risk and Return Analysis of Investment Avenues" evaluated several investment options, including gold, stocks, mutual funds, real estate, fixed deposits, and post

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office schemes. While traditional investments offered security but lesser returns, the analysis indicated that equities and gold produced higher returns from 2020 to 2025.

3. The year 2023, according to Omkar Ganesh Darekar

Investments driven by artificial intelligence and sustainable finance are just two examples of the modern investment choices that the author of "The Investment Landscape of Tomorrow" looked at. Young investors' rising familiarity with and comfort with digital investment platforms were two key takeaways from the study.

4. Paladon Trinley (2022)

In "Alternative Investment Funds in India: A Theoretical Perspective," the authors traced the history and significance of AIFs in the country. The research found that AIFs have better return potential and diversity than other investment vehicles, but that liquidity and transparency are still issues.

5. Dr. Raju G. and Vincent Paul S. (2021)

The digital investing behaviour systematic literature review looked at stock market actions and investor psychology from 2005 to 2020. Investment decisions are heavily impacted by a lack of financial awareness as well as behavioural biases, according to the study.

6. Dr. Suryakant Kumar's work from 2020

The article "Investors Behaviour in Various Investment Avenues in India" analysed the most popular investment options in the country, including stocks, bonds, mutual funds, and insurance. Because of their lack of knowledge and comfort with financial matters, investors, according to the report, prefer low-risk investment options.

7 in 2019, Rajesh ADJ Jeyaprakash, Senthil Arasu, and Vijay Maddikera

Investment fads and risk-adjusted returns were the foci of the research on equity mutual funds in India. The results showed that, in the long run, a diversified mutual fund portfolio does better.

8, Sedigheh Mahdavi et al. (2018)

The use of artificial intelligence (AI) for investment risk management and forecasting was covered in the LLM survey on financial investments. The research found that in today's markets, investment analysis powered by AI improves the precision of decisions.

9.G. Velmurugan, V. Selvam, and N. Abdul Nazar did research in 2017.

In "An Empirical Analysis on Perception of Investors Towards Various Investment Avenues," the researchers looked at how people feel about investing in gold, houses, insurance, stocks, and savings accounts. When making an investment, security and liquidity were determined to be the most important factors.

10.Omer Berat Sezer, Ahmet Murat Ozbayoglu, and Mehmet Ugur Gudelek (2016)

Artificial intelligence (AI) investment analysis was the focus of the comprehensive study on deep learning-based financial forecasting. The research found that using machine learning algorithms to make stock market investment predictions is more accurate.

Research Gap

Although numerous studies have examined various investment alternatives such as equities, mutual funds, fixed deposits, gold, real estate, insurance, bonds, and post office savings schemes, there remains a significant research gap in providing a comprehensive comparison of these investment avenues based on risk, return, liquidity, safety, tax benefits, and investor preferences. Most previous studies have focused on a limited number of investment options or specific investor groups, with less emphasis on the influence of emerging investment alternatives such as Exchange Traded Funds (ETFs), Real Estate Investment Trusts (REITs), Alternative Investment Funds (AIFs), digital investment platforms, and sustainable investment products. Moreover, the changing economic environment, technological advancements, financial literacy, and evolving investor behaviour have significantly influenced investment decisions, yet these factors have not been adequately integrated into existing research. Therefore, the present study seeks to bridge these gaps by comparatively evaluating both traditional and modern investment alternatives, enabling investors to identify the most suitable investment options based on their financial objectives, risk tolerance, and expected returns.

Conceptual Framework

The conceptual framework of the study is based on the relationship between various investment alternatives and investors' investment decisions. It assumes that the selection and performance of

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investment avenues are influenced by key factors such as expected return, investment risk, liquidity, safety, tax advantages, investment horizon, inflation, market conditions, financial literacy, and investor preferences. These independent variables affect the attractiveness and suitability of different investment alternatives, including equities, mutual funds, fixed deposits, gold, real estate, bonds, insurance, ETFs, AIFs, and other financial instruments. The study evaluates these investment avenues by comparing their risk-return characteristics, liquidity, capital appreciation potential, and wealth creation capability. The framework proposes that a systematic evaluation of these factors enables investors to make informed investment decisions, optimize portfolio diversification, and achieve long-term financial goals while minimizing investment risk.

OBJECTIVES OF THE STUDY

1.One goal is to analyse the chosen securities' risk and return profiles.
2. To research other investing options.
3The third objective is to research ULIPS, mutual funds, and equities.
4.In order to determine whether investing approach (ULIPS, mutual funds, or stocks) would provide the best returns.

DATA ANALYSIS AND INTERPRETATION
MUTUAL FUNDS
ADITYA BIRLA GROUP – MONEY MARKET FUND

DATE	NAV	RETURNS	AVERAGE RETURNS	DIFFERENCE	D*D
31-03-2025	41.2512				
01-01-2025	41.2339	-0.0420	-0.0256	-0.0164	0.0003
02-01-2025	41.2257	-0.0223	-0.0256	0.0033	0.0000
03-01-2025	41.2163	-0.0204	-0.0256	0.0052	0.0000
04-01-2025	41.1869	-0.0714	-0.0256	-0.0458	0.0021
05-01-2025	41.1816	-0.0129	-0.0256	0.0127	0.0002
08-01-2025	41.1743	-0.0177	-0.0256	0.0079	0.0001
09-01-2025	41.1660	-0.0202	-0.0256	0.0054	0.0000
10-01-2025	41.1588	-0.0175	-0.0256	0.0081	0.0001
11-01-2025	41.1363	-0.0547	-0.0256	-0.0291	0.0008
12-01-2025	41.1291	-0.0175	-0.0256	0.0081	0.0001
15-01-2025	41.1223	-0.0165	-0.0256	0.0090	0.0001
16-01-2025	41.1151	-0.0175	-0.0256	0.0081	0.0001
17-01-2025	41.1078	-0.0178	-0.0256	0.0078	0.0001
18-01-2025	41.0763	-0.0767	-0.0256	-0.0511	0.0026
19-01-2025	41.0717	-0.0112	-0.0256	0.0144	0.0002
20-01-2025	41.0640	-0.0188	-0.0256	0.0068	0.0000
23-01-2025	41.0570	-0.0170	-0.0256	0.0085	0.0001
25-01-2025	41.0333	-0.0578	-0.0256	-0.0322	0.0010
25-01-2025	41.0252	-0.0222	-0.0256	0.0034	0.0000
29-01-2025	41.0148	-0.0229	-0.0256	0.0027	0.0000
30-01-2025	41.0069	-0.0193	-0.0256	0.0063	0.0000

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31-01-2025	40.9995	-0.0180	-0.0256	0.0075	0.0001
01-02-2025	40.9778	-0.0530	-0.0256	-0.0274	0.0007
02-02-2025	40.9702	-0.0186	-0.0256	0.0070	0.0000
05-02-2025	40.9593	-0.0266	-0.0256	-0.0010	0.0000
06-02-2025	40.9509	-0.0205	-0.0256	0.0051	0.0000
07-02-2025	40.9374	-0.0330	-0.0256	-0.0074	0.0001
08-02-2025	40.9169	-0.0501	-0.0256	-0.0255	0.0006
09-02-2025	40.9093	-0.0186	-0.0256	0.0070	0.0000
12-02-2025	40.9020	-0.0178	-0.0256	0.0077	0.0001
13-02-2025	40.8963	-0.0139	-0.0256	0.0116	0.0001
14-02-2025	40.8937	-0.0064	-0.0256	0.0192	0.0004
15-02-2025	40.8732	-0.0502	-0.0256	-0.0256	0.0006
16-02-2025	40.8667	-0.0159	-0.0256	0.0097	0.0001
19-02-2025	40.8609	-0.0142	-0.0256	0.0114	0.0001
20-02-2025	40.8550	-0.0144	-0.0256	0.0111	0.0001
21-02-2025	40.8483	-0.0164	-0.0256	0.0092	0.0001
22-02-2025	40.8268	-0.0527	-0.0256	-0.0271	0.0007
23-02-2025	40.8192	-0.0186	-0.0256	0.0070	0.0000
26-02-2025	40.8109	-0.0203	-0.0256	0.0052	0.0000
27-02-2025	40.8039	-0.0172	-0.0256	0.0084	0.0001
28-02-2025	40.7976	-0.0154	-0.0256	0.0101	0.0001
29-02-2025	40.7708	-0.0657	-0.0256	-0.0401	0.0016
01-03-2025	40.7640	-0.0167	-0.0256	0.0089	0.0001
04-03-2025	40.7566	-0.0182	-0.0256	0.0074	0.0001
05-03-2025	40.7354	-0.0520	-0.0256	-0.0265	0.0007
06-03-2025	40.7284	-0.0172	-0.0256	0.0084	0.0001
07-03-2025	40.7221	-0.0155	-0.0256	0.0101	0.0001
11-03-2025	40.7225	0.0010	-0.0256	0.0266	0.0007
12-03-2025	40.7149	-0.0187	-0.0256	0.0069	0.0000
13-03-2025	40.7107	-0.0103	-0.0256	0.0153	0.0002
14-03-2025	40.6851	-0.0629	-0.0256	-0.0373	0.0014
15-03-2025	40.6754	-0.0238	-0.0256	0.0017	0.0000
18-03-2025	40.6686	-0.0167	-0.0256	0.0089	0.0001
19-03-2025	40.6617	-0.0170	-0.0256	0.0086	0.0001
20-03-2025	40.6518	-0.0254	-0.0256	0.0012	0.0000
21-03-2025	40.6319	-0.0490	-0.0256	-0.0234	0.0005
22-03-2025	40.6259	-0.0148	-0.0256	0.0108	0.0001
26-03-2025	40.6267	0.0020	-0.0256	0.0276	0.0008

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27-03-2025	40.6169	-0.0251	-0.0256	0.0015	0.0000
28-03-2025	40.6125	-0.0108	-0.0256	0.0148	0.0002
		-0.0255			**0.0188**

Average returns=**-0.0255**

Variance=$\frac{\sum D^2}{N-1}$
=0.000308944

Risk(σ)=$\sqrt[2]{Variance}$
=0.137279125

GRAPHICAL REPRESENTATION



INTERPRETATION

From the above table and graph it represents the risk and returns of Aditya Birla Group Money Market Fund for a period of 3 months i.e. from 01-Jan-2025 to 31-Mar-25, the Aditya Birla Group has average returns of 0.0255, Variance of 0.0003 , Risk of 0.1372.

FINDINGS

- **MUTUAL FUNDS**
  Aditya Birla Group has average returns of 0.0255, Variance of 0.0003 , Risk of 0.1372.
  HDFC has average returns of 0.0329, Variance of 0.0005 , Risk of 0.1810.
- **EQUITIES**
  Aditya Birla Limited has average returns of -0.3465 , Variance of 5.0970, Risk of 17.6330.
  HDFC Bank Limited has average returns of -0.0074 , Variance of 1.6662 , Risk of 10.0818.
- **ULIPS**
  Aditya Birla Ulip Fund has average returns of **0.0527** , Variance of 0.3328 , Risk of 4.5061.
  HDFC Ulip Fund has average returns of 0.0869 , Variance of 1.1766 , Risk of 8.4719.

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SUGGESTIONS

Certainly! Here are some suggestions based on the provided data:

Diversification: Consider diversifying your investment portfolio across different asset classes (mutual funds, equities, ULIPs) and across different companies. This can help spread risk and potentially improve overall returns.

Risk Management: Assess your risk tolerance and investment goals. If you have a lower risk tolerance, you may want to lean towards investments with lower risk profiles, such as mutual funds with lower variance and risk metrics.

Performance Analysis: Evaluate the historical performance of each investment option relative to its risk. Look for consistent performers with a balance of risk and return that aligns with your investment objectives.

Long-Term Perspective: Keep a long-term perspective when investing. Short-term fluctuations in returns are common, but focusing on the long-term potential of your investments can help ride out market volatility.

Consultation: Consider consulting with a financial advisor who can provide personalized advice based on your financial situation, goals, and risk tolerance.

Research: Continuously educate yourself about investment options, market trends, and economic indicators to make informed decisions.

Remember, there's no one-size-fits-all approach to investing, and it's essential to tailor your investment strategy to your individual circumstances and goals.

CONCLUSION

- HDFC generally exhibits higher average returns, variance, and risk compared to Aditya Birla Group across mutual funds, equities, and ULIPs.
- Aditya Birla Group tends to have lower risk metrics (variance and risk) compared to HDFC in all categories.
- Investors should carefully consider their risk tolerance, investment objectives, and market conditions when making investment decisions.
- Diversification across different asset classes and companies can help spread risk and potentially improve overall portfolio performance.
- Consultation with a financial advisor is advisable to develop a personalized investment strategy based on individual circumstances and goals.
- In conclusion, while HDFC may offer higher potential returns, it also comes with higher risk. Aditya Birla Group presents a lower-risk option, but with potentially lower returns. The optimal choice depends on individual investor preferences, risk tolerance, and financial goals.

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