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A COMPARATIVE STUDY ON DIFFERENT INVESTMENT OPTIONS

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ABSTRACT

The study titled "A Comparative Study on Different Investment Options at Kotak Securities Ltd." seeks to examine and contrast different investment options accessible to Indian investors in terms of risk, return, liquidity, and appropriateness for various financial objectives. Stocks, mutual funds, fixed deposits, bonds, property, and gold are some of the more conventional and contemporary investment alternatives reviewed in the report.

The goal is to learn about the features, benefits, and dangers of each investment vehicle so that people can make educated choices. Secondary data included in the study came from sources such as financial portals, research reports, and publications published by Kotak Securities. **Analytical tools like graphical trend portrayal, average return analysis, and risk-return comparison have been utilised. The results are useful for determining which investment opportunities are suitable for a certain investor's risk tolerance and financial goals.

KEYWORDS: Investment Options,Risk and Return Analysis,Financial Planning,Investor Decision-Making,Portfolio Diversification

INTRODUCTION

Since the pandemic, people's investment strategies have evolved significantly. Nowadays, individuals prioritize both financial gain and security. You may invest your money in a variety of ways nowadays, from buying insurance that invests for you to simply putting it in the market. Possibilities and dangers are inherent in every path.

The use of equity mutual funds is one common investment strategy. The money that these funds collect from individuals is then invested in the stock market. They are overseen by experts. Are able to provide you with respectable profits. You can get going without spending a fortune. You can get in and out rather easily.

* Those who wish to put money into the market but are unsure of how can consider them.

You won't need to fret over the whereabouts of your funds because they are overseen by experts.

Another option for investing is a unit-linked insurance plan, sometimes known as a ULIP. You are insured by them. Put your money to work simultaneously. Insurance costs are a portion of your total. All the remaining money is put into investments. In order to qualify for the tax benefits, you must hold your funds for a minimum of five years. 1. ULIPs are a choice for those who wish to combine insurance with investment.

Sections 80C and 10(d) can provide you with tax benefits. Equities, which are similar to owning a portion of a corporation, are another option. Even if they're hazardous, they might pay off if the company succeeds. Be wary because the market can see wild swings all caps.

For those who are game to take chances and still want a piece of the action, equities are a viable choice. Each of these investment strategies is unique. The minimum amount to start, the maximum amount you can keep, and the taxes you must pay are all governed by their regulations. Hazards and advantages are associated with them as well. Therefore, knowing the distinctions among equities, mutual funds, and ULIPs is crucial. Consider your budget and your long-term objectives while making this decision. So that you can make an informed choice, this research will attempt to clarify the distinctions..

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LITERATURE REVIEW

P. Verma and R. Sharma (2025) This research looked at the effects of online trading platforms on the actions of individual Indian investors. The authors discovered that social media and mobile apps are becoming more important tools for investors. Trading frequency and risk-taking behaviour among young investors are influenced by convenience, rapid information, and technological trust, according to the research.

Kumar (2024) and S. Reddy After the stock market recovered from the epidemic, this study looked at how investors' biases affected their decisions. The results showed that overconfidence and herd behaviour were the main psychological elements influencing investment choices. A decrease in illogical investing decisions can be achieved through increasing financial literacy, according to the authors.

Sustainable and environmental, social, and governance (ESG) investment attitudes among Indian stock market investors were the subject of this study by A. Gupta (2023). Companies with good sustainability practices were selected by environmentally conscious investors, according to the report. It came to the conclusion that individual investors in metropolitan areas are becoming more knowledgeable about ESG investment.

Authors K. Narayan and V. Singh (2022) looked into how COVID-19 affected stock market conduct. Market volatility and uncertainty prompted more speculative trading, according to the study. Because of the economic uncertainty and widespread panic that accompanied the epidemic, investors favoured investments with shorter time horizons.

D. Patel (2021) looked into how social media affects people's decisions to invest in the stock market. According to the study's findings, young retail investors are profoundly impacted by financial influencers and online investment forums. A major factor in determining investor sentiment, the author found, is digital communication channels.

Investors' behavioural finance elements impacting market fluctuations were examined in the study by N. Bhatia and R. Mehta (2020). Emotional responses, panic selling, and loss aversion were the most common during times of market volatility, according to the results. The study's primary finding was that investor education can help people make more informed decisions.

The study by S. Jain (2019) looked at how different demographics affect people's choices to put their money into the stock market. Major factors influencing investing preferences were found to be income level, education level, and age, according to the study. Compared to elder investors, younger ones shown a greater propensity for taking risks.

Investor knowledge of stock market investing prospects was the subject of this study by M. Iyer and P. Rao (2018). A more financially literate investor was more likely to favour a diverse portfolio and a longer time horizon, according to the results. The writers came to the conclusion that raising awareness programs boost confidence in investing.

R. Kothari (2017) looked at how people feel about the potential rewards and risks of investing in stocks. According to the study's findings, investors are looking for bigger returns in riskier investments, yet they lean more toward moderate-risk options. Different levels of income and experience were associated with different perceptions of risk.

Researchers V. Agarwal and K. Mishra (2016) looked at how stock market traders' biases including anchoring and loss aversion affect their decisions. Psychological biases have a major impact on stock picking and trading habits, according to the study. Fundamental analysis was frequently disregarded by investors when they made investing selections.

Investor satisfaction with internet trading services was examined in this study by P. Srinivas (2015). The results indicated that investor satisfaction was affected by ease of use, cheap broking fees, and quick processing of transactions. The author came to the conclusion that investor involvement is positively affected by technology adoption.

T. Joseph and L. Das (2014) investigated what influences individual investors' choices when it comes to stock market investments. Major elements impacting investing choices were found to be safety, liquidity, and return. Financially successful and well-respected businesses were the ones that investors wanted to back.

The study looked at how investor mindsets affect market fluctuations (A. Chandra, 2013). The results showed that market rumours and emotional reactions have a big impact on stock prices. The author recommended that investors should be more knowledgeable about the basics of the market.

The investing habits of wage earners were the subject of this study by R. Suresh and M. Naidu (2012). The majority of salaried investors favoured moderate-risk assets and methodical investment methods, according to the report. Reasons to invest mostly included a desire for financial security and stability.

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Investor conduct during times of market uncertainty was examined by K. Prakash (2011). According to the study's findings, when the economy is in a slump, investors are extra careful and seek out safer investment options. Confidence among investors was severely impacted by market volatility.

The study examined the factors impacting individual stock market investors in India (B. Gupta and S. Arora, 2010). Investment decisions were found to be heavily impacted by predicted returns, corporate reputation, and expert advice. Financial advisors and brokers were greatly relied upon by investors.

This research by N. Kapoor (2009) looked at how investors reacted when the world economy crashed. Panic selling and decreased market involvement were the results of anxiety and uncertainty, according to the study. During the crisis, investors started putting their money into things with less risk.

The authors, R. Banerjee and D. Sen (2008), investigated how investors' actions were affected by the state of the economy. Investor confidence and investment decisions are greatly impacted by inflation, interest rates, and economic growth, according to the study.

P. Sharma (2007) examined the tastes of individual stock market investors. Shares of well-known corporations with consistent dividend programs were more attractive to investors, according to the research. The majority of investors exhibited a cautious attitude towards their investments.

Individuals' knowledge of and engagement with stock markets were the subjects of this research by S. Krishnan and R. Iqbal (2005). Investment participation was limited due to a lack of financial expertise and market awareness, according to the findings. In order to increase participation in the market, the authors suggested instituting investor education programs.

Gudimetla, A. (2018) The purpose of the study was to determine if theme mutual fund designs could consistently produce satisfactory returns. To evaluate and compare the returns of chosen theme funds to their benchmark indexes, a variety of risk-adjusted performance metrics were employed. The results showed that although some thematic funds did better than the market at different times, it wasn't always the case. This study shed light on the topic of thematic mutual funds and came to the conclusion that historical performance is not a good indicator of future results.

Gudimetla and Raghunatha Reddy published a paper in 2018. The purpose of the research was to determine if sector-specific mutual fund schemes may provide better returns for investors relative to the risks they took. We used a number of risk-adjusted performance metrics and benchmark comparisons to evaluate the sectors mutual funds that made the cut. Investors should thoroughly assess sectoral risks and market trends before to making investment decisions, since the study found that sector-specific mutual funds may present appealing investment opportunities.

I am Aruna Gudimetla. 2015 was the year. Researchers in India set out to test the market timing and selectivity skills of sector mutual fund managers in the country. Using risk-adjusted return metrics and well-established performance assessment methodologies, we assessed the efficiency of a few sector mutual funds. The results showed that different sector funds had differing degrees of success when it came to market timing and stock selection. In order to achieve better investment returns, the study found that management experience is crucial, and that selectivity skills were more important than market timing abilities in determining fund success.

Research Gap

Numerous studies have been conducted on various investment avenues such as equities, mutual funds, fixed deposits, bonds, gold, and real estate. However, most existing research focuses on individual investment options rather than providing a comprehensive comparison of multiple investment alternatives. Furthermore, many studies primarily evaluate investments based on returns, while giving less attention to other critical factors such as risk, liquidity, safety, tax benefits, and investor preferences. The changing economic environment, fluctuations in financial markets, inflationary pressures, and the emergence of new investment products have significantly influenced investment decisions, yet limited recent studies have examined these changes in a comparative framework. Additionally, investor awareness and risk tolerance vary across demographic groups, but there is insufficient research analyzing how different investment options align with diverse investor profiles and financial objectives. Therefore, this study aims to bridge

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these gaps by conducting a comparative analysis of different investment options, helping investors identify the most suitable avenues based on their risk appetite, return expectations, and financial goals.

OBJECTIVES OF THE STUDY

- For the purpose of investigating potential investment avenues.
- The purpose of this study is to evaluate the relative merits of unit-linked insurance policies (ULIPS), mutual funds, and stocks in terms of risk and return, and to recommend an investment strategy to a prospective investor.
- In order to choose the investment plan that would fetch the highest profits in the long run.
- In order to get a better understanding of how the Income Tax Act of 1961 affects various investment options and their potential tax benefits

ANALYSIS AND DISCUSSION

4.1 Mutual Funds

4.1.1 SBI

Historical NAV for a period From 01-Jan-2025 to 31-Mar-2025					
SBI Mutual Fund					
SBI INFRASTRUCTURE FUND					
NAV date	**Net Asset Value**	**Returns**	**Average Returns**	**Difference**	**D*D**
01-Jan-25	49.9589				
02-Jan-25	50.3612	0.8053	-0.1302	0.9354	0.8750
03-Jan-25	50.0241	-0.6694	-0.1302	-0.5392	0.2907
06-Jan-25	48.7675	-2.5120	-0.1302	-2.3818	5.6731
07-Jan-25	49.0347	0.5479	-0.1302	0.6781	0.4598
08-Jan-25	48.8589	-0.3585	-0.1302	-0.2284	0.0521
09-Jan-25	48.4623	-0.8117	-0.1302	-0.6816	0.4645
10-Jan-25	47.7351	-1.5005	-0.1302	-1.3704	1.8780
13-Jan-25	46.6269	-2.3216	-0.1302	-2.1914	4.8022
14-Jan-25	47.2264	1.2857	-0.1302	1.4159	2.0048
15-Jan-25	47.4924	0.5632	-0.1302	0.6934	0.4808
16-Jan-25	47.9926	1.0532	-0.1302	1.1834	1.4004
17-Jan-25	48.157	0.3426	-0.1302	0.4727	0.2235
20-Jan-25	48.3942	0.4926	-0.1302	0.6227	0.3878
21-Jan-25	47.7599	-1.3107	-0.1302	-1.1805	1.3937
22-Jan-25	47.3678	-0.8210	-0.1302	-0.6908	0.4772
23-Jan-25	47.6032	0.4970	-0.1302	0.6271	0.3933
24-Jan-25	47.1302	-0.9936	-0.1302	-0.8635	0.7456
27-Jan-25	46.3117	-1.7367	-0.1302	-1.6065	2.5809
28-Jan-25	46.424	0.2425	-0.1302	0.3726	0.1389

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29-Jan-25	47.3253	1.9415	-0.1302	2.0716	4.2916
30-Jan-25	47.2099	-0.2438	-0.1302	-0.1137	0.0129
31-Jan-25	47.871	1.4003	-0.1302	1.5305	2.3424
03-Feb-25	46.6232	-2.6066	-0.1302	-2.4764	6.1327
04-Feb-25	47.2819	1.4128	-0.1302	1.5430	2.3808
05-Feb-25	47.4507	0.3570	-0.1302	0.4872	0.2373
06-Feb-25	47.3859	-0.1366	-0.1302	-0.0064	0.0000
07-Feb-25	47.2624	-0.2606	-0.1302	-0.1305	0.0170
10-Feb-25	46.4443	-1.7310	-0.1302	-1.6008	2.5626
11-Feb-25	45.6024	-1.8127	-0.1302	-1.6825	2.8310
12-Feb-25	45.4401	-0.3559	-0.1302	-0.2257	0.0510
13-Feb-25	45.2506	-0.4170	-0.1302	-0.2869	0.0823
14-Feb-25	44.5504	-1.5474	-0.1302	-1.4172	2.0085
17-Feb-25	44.392	-0.3556	-0.1302	-0.2254	0.0508
18-Feb-25	44.0921	-0.6756	-0.1302	-0.5454	0.2975
19-Feb-25	44.4561	0.8255	-0.1302	0.9557	0.9134
20-Feb-25	44.4799	0.0535	-0.1302	0.1837	0.0337
21-Feb-25	44.3327	-0.3309	-0.1302	-0.2008	0.0403
24-Feb-25	43.7574	-1.2977	-0.1302	-1.1675	1.3631
25-Feb-25	43.6902	-0.1536	-0.1302	-0.0234	0.0005
27-Feb-25	43.3347	-0.8137	-0.1302	-0.6835	0.4672
28-Feb-25	42.4812	-1.9696	-0.1302	-1.8394	3.3834
03-Mar-25	42.4341	-0.1109	-0.1302	0.0193	0.0004
04-Mar-25	42.5776	0.3382	-0.1302	0.4683	0.2193
05-Mar-25	43.3321	1.7721	-0.1302	1.9022	3.6184
06-Mar-25	43.9166	1.3489	-0.1302	1.4790	2.1876
07-Mar-25	44.1612	0.5570	-0.1302	0.6871	0.4721
10-Mar-25	43.6988	-1.0471	-0.1302	-0.9169	0.8407
11-Mar-25	43.7332	0.0787	-0.1302	0.2089	0.0436
12-Mar-25	43.5313	-0.4617	-0.1302	-0.3315	0.1099
13-Mar-25	43.2993	-0.5329	-0.1302	-0.4028	0.1622
17-Mar-25	43.5608	0.6039	-0.1302	0.7341	0.5389
18-Mar-25	44.1131	1.2679	-0.1302	1.3980	1.9545
19-Mar-25	44.8211	1.6050	-0.1302	1.7351	3.0107
20-Mar-25	45.1976	0.8400	-0.1302	0.9702	0.9412
21-Mar-25	45.9208	1.6001	-0.1302	1.7302	2.9937
24-Mar-25	46.3716	0.9817	-0.1302	1.1119	1.2362
25-Mar-25	46.11	-0.5641	-0.1302	-0.4340	0.1883
26-Mar-25	45.8601	-0.5420	-0.1302	-0.4118	0.1696
27-Mar-25	46.0056	0.3173	-0.1302	0.4474	0.2002

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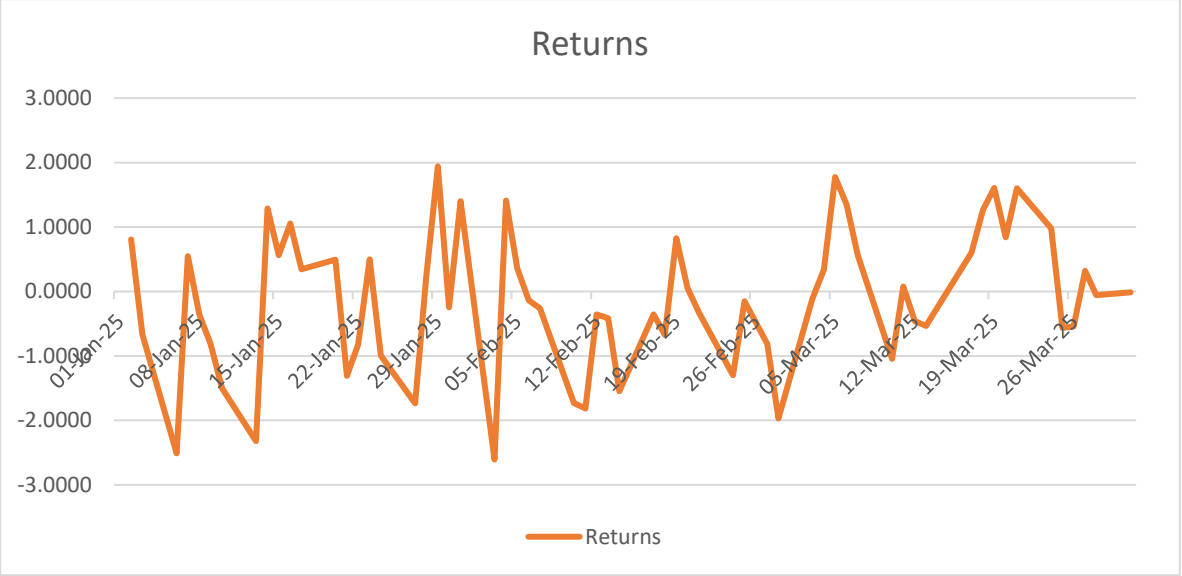
28-Mar-25	45.9798	-0.0561	-0.1302	0.0741	0.0055
31-Mar-25	45.9741	-0.0124	-0.1302	0.1178	0.0139
		-0.1302			73.1294

Yield on Investment (ri) = -0.1302

This is the formula for variance: ∑▒d^2/(n-1) = Risk (α) = √(2&variance) = 1.198843, which equals 1.094917.

The R-squared value is the risk-to-return ratio, which equals 8.41209 is the result of dividing 1.094917 by -0.1302.

Graphical representation



Interpretation: The market is somewhat unstable at the moment. On January 2, 2025, the NAV reach a high of 50.3612, and on February 25, 2025, it drops to 43.6902. The average returns are negative at -0.1302, the risk is 1.094917, the variance is 1.198843, and the coefficient of variation is negative at -8.41209. These numbers show that there is a clear risk of losing money. It is probable that an investor will lose money if they join the market at its peak and leave at its low point during this time.

FINDINGS

- **SBI:**
- **MUTUAL FUNDS**: With average returns of -0.1302, risk of 1.094917, variance of 1.198843, and coefficient of variation of -8.41209, it is evident that there is a danger of losing money in SBI.
- **EQUITY**: Profits are large due to a low risk (1.387117), a high variance (1.924094), and a low coefficient of variance (26.4041)..
- **ULIPs**: A low variance of 0.000212, average returns of -0.0267, and a coefficient of variation of -0.54581 indicate a minimal risk.
- **NIPPON:**
- **MUTUAL FUNDS**: Losses occur in NIPPON due to a risk of 1.510689, average returns of -0.1372, variance of 2.2822, and a negative coefficient of variation of -11.0098.
- **EQUITY:** With a coefficient of variation in the negative term of -1.45676, a risk of 0.93116, average returns of -0.6392, and variance of 0.867059.

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- **ULIPs**: We have a low risk of 0.77352, a high coefficient of variation of 33.10945, and average returns of 0.0234 with a variance of 0.598335.

➢ **AXIS:**

- **MUTUAL FUNDS**: Huge loss and danger are possible outcomes with a coefficient of variation of -21.8599, an average return of -0.0347, a variance of 0.574658, and a risk of 0.758062.
- **EQUITY**: There is a variance of 0.932221, an average return of 0.0704, a risk of 0.965516, and a coefficient of variation of 13.71443.
- **ULIPs**: With a delta of -0.59044 and a risk of 0.014993, the average return is -0.0254. The variance is 0.000225.

SUGGESTIONS

Why NIPPON's high and consistent performance in insurance indicates strong and steady growth potential among total investment possibilities.

- Consequently, NIPPON will be the top choice for investors in ULIPs. Not only is NIPPON doing well, but so are SBI and AXIS.
- SBI will be the secondary option in Equity later on. The long-term potential rewards from investing in equities are substantial, but the risks are severe.
- AXIS is slightly ahead of NIPPON in terms of equity. In terms of equity, SBI is considered top, followed by AXIS.
- Therefore, it is imperative that the investor put their money into SBI's equity, which is now yielding positive returns; if that fails, they should give AXIS equity, which is yielding positive returns as well, second choice. The negative returns make NIPPON the least preferred option.

Because of the low returns for all three companies, mutual funds are not a popular choice for investing.

CONCLUSION

Based on my research, I have determined that insurance policies offer the best return on investment (ROI) compared to other investment options such as mutual funds, stocks, and unit trusts (ULIPs). The next step is to invest in the company's stock; given that both SBI and AXIS are doing well, SBI is the clear favourite. For long-term returns, investors should consider NIPPON with ULIPS, which is outperforming the market. Equities are a close second, while mutual funds are last on the list of recommended investments due to their bad performance.

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