

**“ A STUDY ON ANALYSIS OF
INVESTMENT DECISION ON INVESTORS”**

(With Special Reference to Davanagere City)

A

Project Report

Submitted to Davanagere University, Davanagere

For the award of the degree of

MASTER OF COMMERCE

BY

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CHAPTER 1

1.1 INTRODUCTION

Savings and Investments form an integral part of one's life. Investments refer to the employment of funds with an objective of earning a favorable return on it. In other words, investment is a process, where money is being utilized with a hope of making more money.

Investment is the commitment of money that have been saved by deferring the consumption and purchasing an asset, either real or financial with an expectation that it could yield some positive future returns.

There is a plethora of investment avenues, each associated with varied risk-return trade-offs. Every investment avenue is distinct in its characteristic, which makes the investment decision fascinating. The investor thus needs to carefully analyze each of its characteristics and build a basket of assets that suits his risk profile and complies with his objectives and goals. Hence, investment decision making is a fascinating task to the investor.

There are different categories of investors. The investment strategies differ from each other, with regard to size of the investment, time-period, objectives, risk appetite etc. The investors can be classified into,

- Individual investors
- Corporate
- Institutional investors – Domestic and Foreign
- Pension Funds
- Government

tolerance level of an investor risk tolerance tends to be subjective rather than objective.

Generally, investors with a low risk tolerance act differently with regard to risk than individuals with a high risk tolerance. Investor with a high level of risk tolerance would be comfortable with market volatility while low risk tolerance individual require stability and are average to uncertainties.

According to the analysis done it has been proved that income age and occupation of the respondents do not have any significant relationship with risk.

Conclusion

This study confirms the earlier findings with regard to the relationship between age and risk tolerance level of individual investors.

The individual investor still prefers to invest in financial products which give risk free return. This confirms that most investors even if they are high income, well educated, salaried, entrepreneurs are conservative investors prefer to play safe.

The various factors identified in the study also helped in providing some valuable inputs regarding the investor's pattern, their preference and priorities.