

INVESTMENT STRATEGIES AND WEALTH MANAGEMENT

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ABSTRACT

This study is to analyse and understand the investment strategies and preferences of investors, their awareness about products and services provided by the company and how to manage the wealth for their future perspective. The present changing economic environments have forced difficult decision for common people or naïve investor to invest and manage their wealth to overcome the financial crisis in their life. The investment strategy is a plan, which is created to guide an investor to choose the most appropriate investment portfolio that will help them to achieve their financial goals within a particular period of time. By increasing personal wealth, investing can contribute to higher, overall economic growth and prosperity. The Specific types of investments provide other benefits for the investor, corporate as well as the society.

Keywords: Investment Strategies, Naïve investor.

INTRODUCTION

In heavily-indebted developing countries like India, revival in private investment is a necessary component of economic growth. Over the past decade, it has been experienced growth regarding the increasing awareness of investors' behavior through research.

There are many people in our country who know how to earn the money but did not know how to investment them and manage their wealth efficiently, which later becomes a major financial crisis for that person or his/her family during some critical circumstances. Which later feel them guilty about themselves that if they would have investment their money or managed their wealth, then this day should not be faced by them?

Financial literacy is the method by which investors can develop their understanding of financial concepts, products, markets and risks. Investment is one of the foremost concerns of every individual investor as their small savings of today are to meet the expenses of tomorrow. Today the financial services sector has become highly diversified offering the investor with a wide range of investment avenues. With proper investment strategies and financial planning investor can increase personal wealth which will contribute to higher economic growth.

Wealth management is a knowledge business and deals with customers who have specific short and long-term investment plans and cash flow requirements. They need to feel valued and unique; unsurpassed investment performance is one of their key expectations.

Investment is one of the important macroeconomic variables. Its fluctuations are subjected to the amount of volatility of output and income and most economists link high rates of investment to long run economic growth. In the current economic scenario, individuals are perceived to invest money for a secure future as it becomes a critical factor in the present lifestyle as well as continued existence of the same.

LITERATURE REVIEW

(GnanaDesigan C, 2006) studied women investors' perception towards investment. The investment pattern of women differs significantly from their counterparts. However, age of the women investors does not determine their awareness about the various investment avenues. That said, the educational qualification of women also does not impact their choice of investment avenues.

(Jamshidinavid, Chavoshani, &Amiri, 2012) stated that the preference of investors depends on numerous factors such as age, gender, income, and education and these factors become the bases for their investment decision. Furthermore, the research describes the relationship of individual investors with their personal characteristics and limited demographic variables.

(Dharamsi, 2010) discussed several investment strategies and suggested that mutual funds have now become a popular investment choice for individuals due to the awareness efforts taken by the Association of Mutual Funds in India (AMFI). The education programs conducted by AMFI have by and large, helped in increasing awareness levels regarding investment in mutual funds and have also popularized them as a great tax saving instrument.

(Totala, 2016) investigated different investment instruments to guide the salaried persons based on various schemes considering the factors such as revenue, risk factors, maturity period, assets of the portfolio, salaries, return safety and security.

(Vaidehi&Vijayakumar, 2016) affirmed that different investors were found to employ distinct while considering the option of investment in diverse investment avenues. This paper postulated the need for considering the pattern of investment made by individuals to have a better understanding of the investment behavior in response to the varying market by developing diverse approaches for the different investors.

OBJECTIVE OF STUDY

- To find out the most preferred investment options among the new investors in India.
- To study the factors influence investment choice of new and inexperienced investor.
- To study the factors impact investment strategies of new and inexperienced investors in India.
- To study and analyse the saving and investment motives and trend of the investors.
- To segment the investors based on their saving and investment motives.
- To give them advices for proper selection of assets and other investment instruments to diversify their wealth to earn a passive income.

RESEARCH METHODOLOGY

Research Design: Descriptive research is chosen for this particular study in order to obtain complete and accurate information.

Sampling Area: Gujarat

Sample Size: Sample size of this particular study is of 200 respondents.

Sampling Technique: Structured questionnaire was sent to investors by circulation of google form of different cities of Gujarat.

Sampling Technique: Google form sent to investors with structured questionnaire.

Project Instruments: Questionnaire

Analysis Technique: Chi Square test

Statistical Tools: MS Excel. SPSS, MS Word

Sources of data: The study is based on primary data that is collected using structured questionnaire.

1) Primary Data :

Based on random sampling, 200 participants participated in the survey. Primary data was collected from entrepreneurs, students, housewives, working persons, retired persons, businessman, businesswomen, etc in India. Independent respondent was also contacted.

2) Secondary Data:

Data collected from the secondary sources are from a vast area of scholarly writings that are made in the respective field.

DATA ANALYSIS AND INTERPRETATION

Table1: The following statistics shows Frequency Distribution of Demographic Attributes for the respondents

Gender of Investor

		Percent	Cumulative Percent
Valid	Female	39.5	39.5
	Male	60.5	100.0
	Total	100.0	

Age of Investor

		Percent	Cumulative Percent
Valid	18 to 29 years	35.5	35.5
	30 to 41 years	14.5	50.0
	42 to 53 years	27.5	77.5
	54 years and above	22.5	100.0
	Total	100.0	

Education Qualification of Investor

		Percent	Cumulative Percent
Valid	High School	18.0	18.0
	Non Graduate	17.5	35.5
	Graduate	54.0	89.5
	Post Graduate	10.5	100.0
	Total	100.0	

Annual Income of Investor

		Percent	Cumulative Percent
Valid	Up to Rs. 150000	21.0	21.0
	Rs 150001 to Rs 300000	14.5	35.5
	Rs 300001 to Rs 500000	30.5	66.0
	Above Rs 500001	34.0	100.0
	Total	100.0	

Interpretation:

- In the demographic analysis, it is found that male respondents (60.5%) are nearly twice the female respondents (39.5%). Majority of the respondents i.e., 35.5% are from the age group of 18-29 years.
- This category is followed by 14.5% respondents who are from the age group of 30-41 years. The respondents belonging to the age group of 42-53 years are 27.5%.
- 22.5% of the respondents are above the age of 58 years and above. It is also found that the majority of the respondents accounting to 24% are students, followed Businessman/Businesswomen, Salaried, Housewives, Retired by are 22%, 21.5%, 18.5% and 14% respectively.

Table2:

NORMALITY TEST

Tests of Normality						
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Level of importance of Bank Fixed Deposits	.266	200	.000	.813	200	.000

Level of importance of Post Office Savings	.232	200	.000	.872	200	.000
Level of importance of Mutual Funds	.212	200	.000	.890	200	.000
Level of importance of Life Insurance	.221	200	.000	.885	200	.000
Level of importance of Equity Share Market	.215	200	.000	.905	200	.000
Level of importance of Commodity Market	.239	200	.000	.893	200	.000
Level of importance of Real Estate(Property)	.191	200	.000	.914	200	.000
Level of importance of Gold/Silver	.223	200	.000	.888	200	.000
Level of importance of Crypto Currency	.207	200	.000	.897	200	.000
a. Lilliefors Significance Correction						

(Source data: Research Data)

Interpretation

From the above Normality table for checking the level of importance investment avenues for Investors demography profile towards investors preference it had been noticed that the P value for all the component are less than 0.05 which indicates the rejection of Null Hypothesis due to which they are not normally distributed among each other and hence needs to go with Non-Parametric version of testing for further analysis as a part of providing inferential statistics.

Reliability Test:

It is the largely commonly used test for analyse the reliability of the responses collected for different types of likert scale based questions .A value of over 0.7 is widely acceptable .

Reliability Statistics

Table:3

Reliability Statistics	
Cronbach's Alpha	N of Items
.792	9

(Source: Primary Data)

Interpretation:From the above table, it was noticed that reliability of all the 9 factors taken together was 0.792 in which all the 200 responses were examined. Thus,it can be achieve that individual item are reliable.

Inferential Analysis

Chi-SquareTest -1

H0 : There is no significant relation among the variables. If 'p' value is more than 0.5, it is more significance level so it will rejected province. Hence it is conferred that there is no significant association between variable.

H1 : There is significant relation among the variables. If 'p' value is less than 0.5, it is less than of significance level so it will accepted province. Hence it is conferred that there is significant association between variable.

Table 1: Table showing analysis of Annual Income and Percentage of respondent's saving for investment

		What percentage of your savings do you invest in Mutual Funds?				Total
		Up to 25%	25%-50%	50%-75%	More than 75%	
Annual Income (INR)	Up to Rs. 150000	6	1	10	5	22
	Rs 150001 to Rs 300000	38	37	11	6	92
	Rs 300001 to Rs 500000	26	14	5	2	47
	Above Rs 500001	20	12	4	3	
Total		90	64	30	16	200

Chi-Square Tests			
	Value	df	Asymptotic Significance(2-sided)
Pearson Chi-Square	19.000 ^a	3	0.026
Likelihood Ratio	23.080	3	0.027
N of Valid Cases	200		

Assumption:
1) 20 cells (50%) have expected count less than 5. The minimum expected count is .02.

Answer: Here, the value of Chi-square P value/Likelihood ratio (0.027) is less than value of alpha (0.05). Thus, H₀ is rejected. Hence, we can say that the percentage of respondent's saving for investment is depended **on the annual income of the respondent.**

Chi-Square Test – 2

Occupation and Preferred Time Period for investment

Null Hypothesis (H₀): The preference of Time Period for investment is not dependent on the occupation of the respondent.

Alternate Hypothesis (H₁): The preference of Time Period for investment is dependent on the occupation of the respondent.

Table 2: Table showing analysis of Occupation and Preferred Time Period for investment

		What is your preferred Time Period for investment			Total
		Short term (0-1 Years)	Medium term (1-5 Years)	Long term (More than 5 Years)	
Occupation	Salaried	13	17	16	46
	Businessman/Businesswomen	14	4	30	48
	Student	15	13	12	40
	Housewives	9	7	10	26
	Retired	15	15	10	40
Total		66	56	78	200

Chi-Square Tests			
	Value	df	Asymptotic Significance(2-sided)
Pearson Chi-Square	6.050 ^a	4	0.023
Likelihood Ratio	29.830	4	0.021

NofValidCases	200		
Assumption: 1)10 cells(32.1%)haveexpectedcountlessthan5.Theminimumexpectedcountis40.			

Answer: Here, the value of Chi-square P-value/Likelihood ratio(0.021) is less then value of alpha(0.05). Thus, H₀ is rejected. Hence, we can say that the preference of Time Period for investment is depended on the occupation of the respondent.

Chi-Square Test-3

Percentage of respondent's saving for investment in Mutual Fund and Consulting from Financial advisor before investing.

Null Hypothesis(H₀): The consultation from financial advisor before investing in Mutual fund by respondent is not dependent on the Percentage of respondent's saving for investment in Mutual Fund.

Alternate Hypothesis(H₁): The consultation from financial advisor before investing in Mutual fund by respondent is not dependent on the Percentage of respondent's saving for investment in Mutual Fund.

Table 3 : Table showing analysis of Percentage of respondent's saving for investment and Consulting from Financial advisor before investing.

		Do you have Financial Advisor ?		
		No	Yes	Total
How much of your income do you invest/save? (Approximately)	Up to 25%	43	47	90
	25% to 50%	19	30	49
	50% to 75%	16	26	42
	More than 75%	10	9	19
Total		88	112	200

Chi-Square Tests

	Value	df	Asymptotic Significance(2-sided)
Pearson Chi-Square	3.983 ^a	8	0.011
Likelihood Ratio	3.043	8	0.015
NofValidCases	200		

Assumption:

1)5 cells(23%) have expected count less than 5. The minimum expected count is 15.

Answer: Here, the value of Chi-square P-value/Likelihood ratio (0.015) is less than value of alpha(0.05). Thus, H₀ is rejected.

Hence, we can say that the consultation from financial advisor before investing by respondent is not depended on the Percentage of respondent's saving for investment.

FINDINGS

This project is mainly concerned with the analysis of perception of investors of Gujarat towards the investments strategies and wealth management ways.

Majority of the investors prefer investment after getting proper information from their preferred sources like online service providers, Internet, Family/ Friend, Financial Planner or Advisors.

Safety, income, capital growth, Future use are the factors taken into consideration before investment.

CONCLUSION

The purpose of the study is to understand the individual investors preference to invest; their investment strategy; their risk, liquidity and tax considerations; and the behavioural biases that impact their investment decision making. Also to develop a habit of investment among the new and inexperienced investors and also to diversify their wealth so that they can earn the extra or side income to secure their future.

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