

PERSONAL WEALTH MANAGEMENT
SPECIAL REFERENCE WITH
INVESTMENT PATTERN OF SALARIED INDIVIDUALS

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An economy of any nation with savings invested on various options available to the people is always an economically powerful nation. Savings form an important part of any nation investment. Investment refers to the commitments of funds now, in anticipation of future positive return. Spectrum of investment is needed wide in a developing economy like India.

Individuals are aware about the different investment avenues keeping in mind the factor “*Higher the risk, higher the return*”. Individuals consider the investment avenues like Savings Account, Fixed Deposit, Public Provident Fund, Life Insurance, Gold, Silver, etc. have safer and low risk investment avenues against Share Market, Bonds, etc. Salaried individuals even though concentrate on the above mentioned first group. They know the second group is more riskier with huge returns.

This study tries to focus upon the various factors like awareness level of the individual before investment like safe and lower investment avenues, high risk investment avenues, traditional investment avenues, emerging investment avenues, etc. Study tries to bring-out the individual awareness and risk taking avenues of individuals while investing in different investment avenues.

“ In investing money, the amount of interest you want should depend on whether you want to eat well or sleep well”

- J Kenfield Morken

Investment is the employment of funds with aim of achieving income and grown in value of investment are waiting for a reward. It is an allocation of monetary resources to the assets that are expected to yield some gain or positive return over a given period of time. Investment aim at multiplication of money at higher or lower rates depending upon whether it is long term or short term investment and whether is tis risky or risk-free investment. Investment activity involves creation of assets or exchange of assets with profit motive. An investment in knowledge pays the best interest.

Investment is a commitment of a persons' fund to derive future income in the form of interest, dividends, rent, premium, pension benefits or appreciation of the value of their principle capital. Most of the investments are considered to transfer of financial assets from one person to another. Various investment options are available with differing risk-return trade off. Investment refers to the concept of deferred consumption which may involve purchasing an asset giving a loan or keeping funds in a bank account with the aim of generating future returns. Our need is to invest and earn return on the idle resources and generate a specific sum of money for a specific goal in life and to make a provision for an uncertain future. One of the important reasons why one needs to invest wisely is to meet the cost of inflation.

Objective of the study:

- Know the mode of investment
- Study factors influencing the investment pattern of salaried individuals.
- Factors influencing enquiries in to the profile. Portfolio practices, experiences, preferences and risk. Perceptions and intentions of salaried individuals.

Need for the study.

This analysis on individual investors' behaviour is an attempt to know the profile of the investor and also know the characteristics of the investors so as to know their preference with respect to their investments. This study also tries to unravel the influence of demographic factors like age on risk tolerance level of the investor.

Scope.

Analysis is based upon investors' pattern for investment preference, awareness during normal time, inflationary and recessionary period. Analysis focuses on the information from the salaried people about their knowledge, perception and behaviour on different financial products.

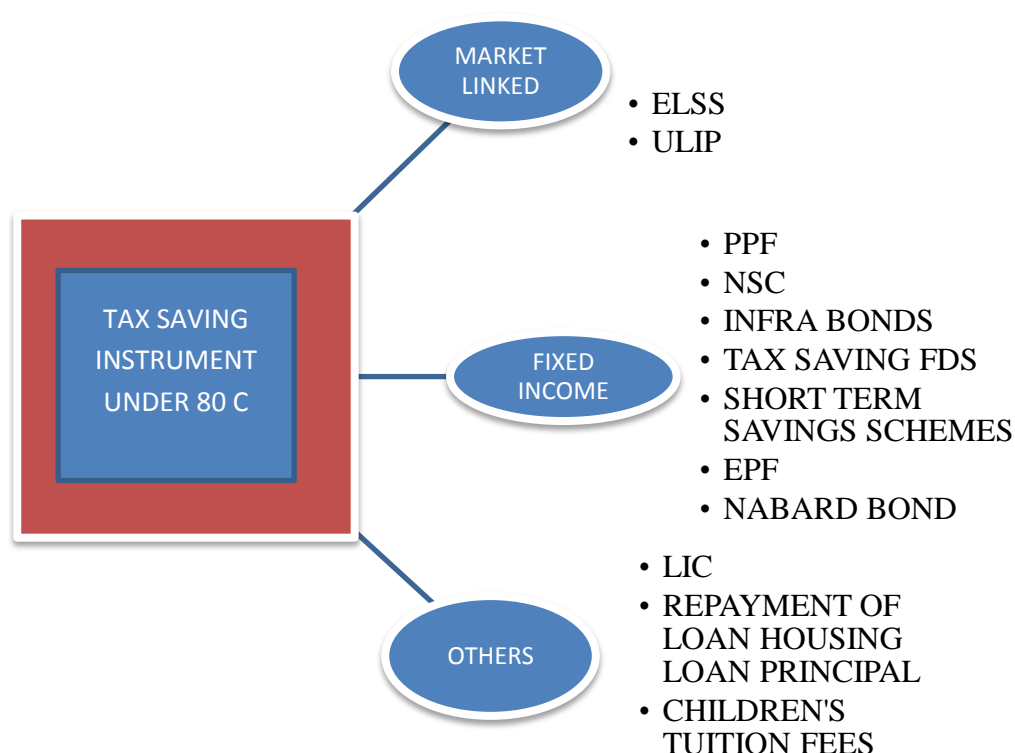
1. Numbers of Financial Instrument in the market are large.
2. Limited to 100 people.

Features of an investment programme

- Safety

- Liquidity
- Income stability
- Appreciation and purchase power stability
- Legally and freedom from care
- Tangibility

Under section 80C of the income tax act, certain investments are deductible from gross total income. This tax exemption is available across individual tax slabs. If you earn 4 lakhs per annum and make investment of 1 lakh in 80C instruments then taxable amount will be 3 lakhs



SEC 80 C has been provided to encourage long term savings and investments. You should choose a combination of fixed income and market linked investments depending on your age and risk profile.

Economy was witnessing an increasing trend in gross domestic savings as a proportion of GDP till 2010-11 with 32.2% but now it is showing a decreasing trend of 27.8%.

Research Methodology Design.

Samples collected through questionnaires

Data collection primary and secondary.

Questionnaire consisted of :- Closed end questions, Dichotomous questions, Multi-choice questions.

Findings

- Study reveals that major sources for investment option are television, friends and relative.
- Salaried individual prefer to invest in private sector.
- Individuals discuss with families and friends before making an investment.
- Salaried individual prefer mid-term investment.
- Individuals are aware about different tax benefits.
- They are aware about investment avenues like life insurance, fixed deposit, gold, real estate etc.,
- Majority consider fixed deposit, gold/silver, savings account, post office saving schemes as a safe and low investment options.
- Majority consider forex chit fund mutual fund, hedge fund etc., as higher risk investment avenues.

Suggestions:

1. Television is a effective tool in marketing
2. Government should come up with more instruments.
3. For avoiding risk, Fixed Deposit, Provident Fund, National Savings Scheme, Post office schemes and Life insurance will be a better option.
4. Mutual Fund, Hedge Fund need to make more avenues among salaried individuals.

Conclusions:

Section of a perfect investment avenue is a difficult task to an individual. Effort is made to identify the taste and preference of a sample of individuals by convenience and show bad sampling. There are some commences in the investing pattern of salaried individuals. Individuals prefer to invest in fixed deposit which gives risk free return. Individual with high income, well educated, independently are conservative and like to play safe. Investments product designer can design product which can cater to the individuals who are low risk tolerant. Tax savings and use television as an effective marketing for keeping in mind individuals are keen to invest in interim products.