INVESTMENT STRATEGIES AND WEALTH MANAGEMENT

Kunj Patel1, Snehal Shah2

1Student, 2Assistant Professor
B.K School of Professional and Management Studies (DPPG), Gujarat University, Ahmedabad, Gujarat (India)
Email: 1Kunj98724@gmail.com, 2shah.snehal04@gmail.com

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 invest 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 invested 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

Table 1: 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.

Table 2:
NORMALITY TEST

| Tests of Normality | Kolmogorov-Smirnova | 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

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-Square Test -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?

| Annual Income (INR) | Up to 25% | 25%-50% | 50%-75% | More than 75% | Total |
|---------------------|-----------|---------|---------|---------------|-------|
| 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             | 47    |
| **Total**            | **90**    | **64**  | **30**  | **16**        | **200** |

Chi-Square Tests

|                  | Value | df | Asymptotic Significance (2-sided) |
|------------------|-------|----|-----------------------------------|
| Pearson Chi-Square | 19.000¹ | 3  | 0.026                             |
| Likelihood Ratio  | 23.080 | 3  | 0.027                             |

Assumption:
1) 20 cells (50%) have expected count less than 5. The minimum expected count is 0.2.

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 dependent 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

| Occupation               | 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) |
| 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 | 6.050¹ | 4  | 0.023                             |
| Likelihood Ratio  | 29.830 | 4  | 0.021                             |
NofValidCases | 200
---|---
Assumption: 1) 10 cells (32.1%) have expected count less than 5. The minimum expected count is 40.

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

| How much of your income do you invest/save? (Approximately) | Do you have Financial Advisor? |
|---|---|---|
| | No | Yes | Total |
| 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<sup>a</sup> | 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 dependent 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.

---

73 | Page

Volume 1 Issue 2
April – June 2022
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.

REFERENCES
[1] Ms. M. Kothai Nayaki and Mrs. P. Prema, “A Study on Indian Individual Investors’ Behavior”, Indian Journal of Finance
[2] V. Shanmuga Sundaram and V. Bala Krishnan, “Investment decision-making – a behavioral approach”, International Journal of Business Innovation & Research, vol. 4, Nov 6, 2010
[3] Panchal Nilam, Performance Evaluation of Mutual Funds: A study of Selected Diversified Equity Mutual Funds in India, International Journal of Research in Engineering, IT and Social Sciences, May, 2018, 2250-0588, International, Main, Paper in Journal, Journal, Article, 6.452, 8, Both
[4] Altfest, L. (2007). *Personal financial planning*. 1sted. Boston: McGraw-Hill Irwin.
[5] P. (2014). *Journal School of Thought on Retirement Income*. [online] Onefpa.org.
[6] Panchal Nilam, Financial Planning and Long-Term Asset-Mix Decision: An analysis of factors determining Investment Decision, *International Journal of Marketing, Financial Services & Management Research*, Vol.3 (3), MARCH (2014), ISSN 2277-3622
[7] Kapoor, J., Dlabay, L. and Hughes, R. (2004). *Personal finance*. 1sted. Boston: McGraw-Hill. Wade D,
[8] Panchal Nilam, M. Shanti Devi, Comparison of Indian Stock Market with Foreign stock markets and Gold Index, Recent trends in Business and Management Himalaya Publishing House Private Limited 2018 National Chapter 978-93-5299-478-6
[9] C.R.Kothari, Research Methodology, Wishwa Prakaran
[10] Panchal Nilam, Behaviour of Indian Financial Market and Performance of Exchange Traded Funds compared to Nifty 50, International Journal of Research in Social Science, Feb, 2018, 2249—2496, International, Main, Paper in Journal, Journal, Article, 6.278, 8, Both
[11] Tripathi, S. (2020). A Study on Adoption of Digital Payment through Mobile Payment Application with Reference to Gujarat State. *International Journal of Trend in Scientific Research and Development*.
[12] Prasanna Chandra, Investment analysis and portfolio management, Tata McGraw Hill Education Pvt Ltd.
[13] Panchal Nilam, Personality Traits And Demographic Characteristics: The Impact Analysis of Investors Towards Investment Avenues, International Journal of Research, Jan, 2018, 2236-6124, International, Main, Paper in Journal, Journal, Article, 5.7, 7, Both
[14] P. Sashikala and R. Siva Prasad Ravi, “A Study on the Effect of Demographic on the choice of Investments and Ability to take risk”. Review of Business and Technology Research Vol.3, No.1, 2010, ISSN 1941-9414