Research Paper | Finance & Investment Management

A Study on Investment Behavior of Young Unmarried Individual – With reference to Jalgaon branch office of Religare Securities Ltd.

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ABSTRACT

The objective of this study is to make appraisal of investment management skills of Young Unmarried Clients at Jalgaon Branch Office of religare securities. The study is based on primary data that is collected though a questionnaire. It is designed to record some indicators like objectives, risk profile, awareness of various investment avenues, rate of savings and allocation of assets between risky and risk free investment avenues.The study reveals that clients have good awareness of various investment avenues but their investment approach have some lacunas where company needs to focus so that customer return can be increased.

KEYWORDS : Investment Management, Rational of Investment, Investment Attributes

Introduction: Religare Securities Ltd

Religare Securities Ltd. (RSL) is a wholly owned subsidiary of Religare Enterprises Limited (REL), an emerging markets financial services group. RSL is one of the market leading securities firms in India serving over a million clients across both Offline and Online platforms. Through its extensive footprint extending to over 500 cities, the company offers Equity, Commodity and Currency broking services as well as depository participant services. RSL is a member of the NSE, BSE, MCXSX, USE and a depository participant with NSDL and CDSL. RSL also offers TIN facilitation & PAN facility at select branches - a unique service to help an individual with PAN, TAN and TDS/TCS returns related requirements. In addition, RSL is an NSDL-appointed enrolment agency for AADHAAR UID (Unique Identification Number) and an AMFI-registered mutual fund distributor. (About RSL)

Young Unmarried Individual Stage: Investment Implication

At this stage of life, expenses can be kept limited and Individual can take the maximum risk. Expenditure at this stage is less as compared to other life stage. Hence an individual can devote his maximum saving to risky investment avenues. At this stage individual must save his income for future expenditure and restrain expenses on lifestyle product. Do not over indulge in luxury items. Spend on only those items which are necessary for personal well-being. This is the time when individual can start accumulating small amounts of money which will help building up wealth. Step wise responsibilities coming around the corner would be: Rental in case of change of residence; expenses during and after marriage; increase in monthly expenses after marriage (in case spouse is non-working) from the same income; building up the amount of down payment to buy your own house and thereafter EMI burden will increase.

In short from the time individual start earning till the time he get married; is one of the best periods for accumulating money which would be useful in the period after his marriage and till his increase in income matches with his increase in expenses. The important thing is not what individual earn or spend but the important thing is how much he save. Inculcate the habit of saving & growing wealth of young unmarried individual.

Plan for Young Unmarried Individual:

1. Cover all your risks. E.g. Mediclaim, Death risk, Home/Office insurance
2. Estimate all the probable expenses which can come up in the next 3 years. Invest in fixed deposits, short term debt funds and liquid funds depending on the maturity period. Make a cash flow of your estimated savings for the next three years.
3. After the short term funds have been provided for estimate the amount of minimum monthly investment that can be done starting from now. Divide the amount in equity, balanced and MIP's depending on the risk that you can take and invest in systematic investment plan's
4. Young unmarried individual can bear maximum risk. So he may invest in highly risky instrument which provide high returns on investment.
5. The risky & risk free alternative ratio for young unmarried individual is 80% to 20%.
6. Saving rate should be at least 50% of individual's income. [I am young unmarried, where do i invest?, 2011]

Objectives:

- To Study the Basic Principles of Investment & Investment Management.
- To put up ideal investment attributes for Yong Unmarried Individual.
- To find out the gap between ideal investment behavior and actual investment behavior of Yong Unmarred clients of Religare Securities Ltd.
- To identify the drawbacks in investment behavior of clients of Religare Securities Ltd.
- To suggest the appropriate measures to Religare Securities Ltd. for rationalizing the investment behavior of its clients.

Scope of the Study:

- This study is very important for individual clients as well as Religare Securities Ltd, Jalgaon.
- Clients of the religare securities will be able to do self appraisal and identify their strength and weakness in relation to investment management.
- They will be provided with right approach of investment considering their life stage.
- Religare Securities will able to know the area of improvement in customer services to their clients.

Research Methodology:

- **Type of Research:**

it is a survey research method collecting actual facts and figures. It is descriptive in nature using both primary and secondary data. Secondary data is used to conceptualize the objective, nature and scope of the survey. And primary data is used to collect actual facts regarding proposed problems in objectives.

- **Types of Data:**
o **Primary data:**
Primary data were collected through structured questionnaire methods. Primary data includes actual facts about objectives, risk profile, awareness of various investment avenues, rate of savings and allocation of assets between risky and risk free investment avenues etc.

o **Secondary data:**
Secondary data were collected through various sources such as Books, journals, Magazines, official's reports; websites etc. secondary data includes basic concepts of investment, its characteristics, process, and ideal investment for Yong Unmarried Individual. As well as it includes fundamental theories regarding how to design and conduct the questionnaire survey.

- Sample Size: the data is collected from 13 Young Unmarried Individual clients of Religare Securities Ltd. during the period of 30.12.2013 to 31.01.2014.
- Data Collection Instrument: data is collected through structured questionnaire which includes 16 questions. Questionnaire is designed to record various indicators like objectives, risk profile, awareness of various investment avenues, rate of savings and allocation of assets between risky and risk free investment avenues etc.
- Tools and techniques of data analysis & Interpretation: data collected for the study is analyzed using average and percentage etc. and tables, charts and graphs are used for interpretation.
- Limitation of the Study:
- The study is limited to the client base of Jalgaon office of Religare Securities Ltd.
- The survey is concerned with Financial Transactions of client's that is confidential for everyone. Hence, reality may differ from the actual facts provided by the respondents. However researcher has taken all due care to avoid such errors by cross questioning.

Data Analysis & Interpretation of Data:
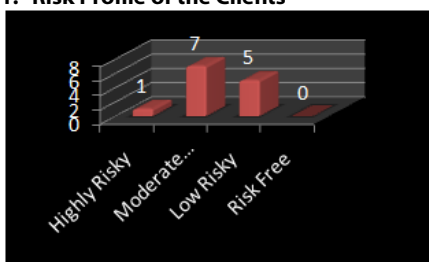**1. Risk Profile of the Clients**

Figure 1: Risk profile (Source: Primary Data)

Interpretation: Figure 1 reflects 7 clients (Majority) are ready to accept moderate risk in investment and 5 clients are ready to accept low risk. This suggests clients are not ready to accept risk according to their life stage.

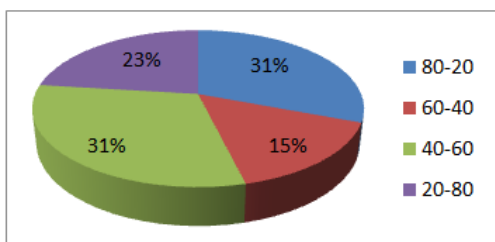**2. Allocation of assets between Risky & Risk Free Avenues**

Figure no.2: Allocation of Assets (Source: Primary Data)

Interpretation: Figure 2 reflects only 46 % of clients are adopting the idle ratio of asset allocation for risky and risk free investment avenues according to their age factor while rests of the clients (54 %) are not adopting idle ratio of assets allocation. Religare can strive to promote their clients to accept high risk so that they can generate high return on their investment.

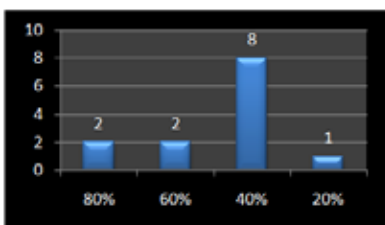**3. Rate of Savings**
Table no.3.4: Rate of Savings

Figure 3: Rate of saving (Source: Primary Data)

Interpretation: Figure 3 reflects only 30 % clients are saving money according to their age and remaining 70 clients are not. The rate of saving is low among majority of clients. There is scope to increase the savings and divert this amount to investment purpose.

4. Analysis of Objectives
Table no.2 Objectives behind Investment

Objectives	Objectives behind Investment		
	Options Opted	Out of	%
Wealth Creation	4	13	30.77
Tax Savings	8	13	61.54
Earn Returns	3	13	23.08
Future Expenses	1	13	7.69
Others	0	13	0.00

(Source: Primary Data)

Interpretation: Table 2 reflects Tax Saving is the most important driving factor for investment among the samples (61.54 %). Most important factor for Young Unmarried Individual is his Future Expenses like expenses on marriage, expenses on children education and their marriage etc is neglected by clients.

Findings:
- **Seriousness:**
The awareness of Young unmarried individual regarding various investment avenues is good. Also they monitor their investment at regular interval (Monthly & Yearly) this reflects that clients at Religare Securities are serious about their money matter.

- **Tenure of Investment:**
Majority of these clients are rationally investing for long term to medium term period as under this stage individual can commit their savings for long term.

- **Risk profile:**
Individuals in Young unmarried stage are not pursuing high risk according to stage of life.

- **Asset allocation:**
Clients under this stage are equally distributed among the 4 categories of asset allocation. That means assets allocation for risky and risk free investment avenues is not according to age.

- **Rate of saving:**
80-20 or 60-40 is most suitable for this stage. But rate of saving as well is not rational.

Conclusion:
Based on the above analysis, it is concluded that there is good awareness of various investment avenues among the clients of Religare Securities ltd. They have set rational objectives for their investment as well as they are investing for proper time period.

But the approach of the investment by the young unmarried individual of Religare Security Ltd is not rational. There is huge gap between the rational approach and actual approach adopted by its clients. Risk Appetite, Rate of savings and Asset Allocation for risky and risk free investment avenues is not rational according to their life stage.

Suggestions:
- Based on the above observed behavior, RSL can initiate Investor Awareness Programme to train the clients on various investment aspects like Risk, Asset Allocation Ratio for Risky and Risk Free Investment Avenues, rate of Savings according to age.
- Similarly it is not a onetime activity. RSL should continuously be in touch with its clients through the weekly or monthly publication on current affairs of the same.
- It can provide web based support to its client so that they can monitor and review their investment at their convenience at a regular interval.

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