



A Study on Investment Pattern with Special Reference to Small and Medium Capitalization Companies (for Way2wealth Securities (Pvt) Ltd, Coimbatore)

KEYWORDS

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INTRODUCTION TO THE STUDY:

Investment is parting with one's fund, to be used by another party, user of fund, for productive activity. It can mean giving an advance or loan or contributing to the equity (ownership capital) or debt capital of a corporate or non-corporate business unit. Generalized, investment means conversion of cash or money into a monetary asset or a claim on future money for a return. This return is for saving, parting with saving or liquidity and lastly for taking a risk involving the uncertainty about the actual return, time of waiting and cost of getting back funds, safety of funds, and risk of the variability of the return.

The cornerstone of any investment strategy is to maximize the return while maintaining a tolerable risk. The process of allocating assets among several investment categories is a way of achieving the goal. Younger people can assume greater risk than one who is retired; a highly paid executive will be less dependent on current portfolio income than will a disabled person on workmen's compensation and so forth. The goal of an individual may be current income, capital appreciation or an acceptable balance. If the investor decides on capital appreciation, the investors should have the personality to ride out major decline in the market. These are decisions that only the investor can make after careful consideration.

STATEMENT OF THE PROBLEM

India has world's largest number of professionally qualified and also more working peoples. Along with this, the Indian family system has undergone a dramatic change resulting in more and more nuclear families in the urban cities nowadays. This change in the family systems has given an opportunity to work outside and actively participate in all fields. The rare evolution, made the researcher to study about the investment pattern in the small and medium capitalization companies. Investment is having its strong base in India for many years and so, a study about investment pattern in the small and medium capitalization companies is an appropriate one.

SCOPE OF THE STUDY

India is now one of the fastest economically growing nations. With its vast economy, Indians have a lot of options to invest their savings. This study undertaken for Way2wealth Securities Pvt Ltd aims to study the investors' attitude towards various investment alternatives and to study the customers' perception on investing in small and medium capitalization companies. The study would also analyze the awareness level of investors in small and medium capitalization companies. The study has been done by preparing a questionnaire which contains prospective questions put forth to the investor's. The responses help in analyzing the profile and investing habits of the investor and factors influencing the investor in investing in small and medium capitalization companies.

OBJECTIVES OF THE STUDY

- ❖ To analyze the investing habits of the investor.

- ❖ To analyze investors risk and return preferences of the investment
- ❖ To analyze the factors influencing the investor in choosing the types of investments.

METHODOLOGY

Research methodology is a way to systematically solve the research problems. It may be understood as a science of studying how research is done scientifically. It includes the overall research design, the sampling procedure, data collection method and analysis procedure.

❖ RESEARCH DESIGN

Research design stands for advance planning of the methods to be adopted for collecting the relevant data and the techniques to be used in analysis, keeping in view the objectives of the research and availability of time. Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of this research is description of state of affairs as it exists at present.

❖ Geographical Area

The study was undertaken in Coimbatore city.

❖ PERIOD OF STUDY

The period of study is January 2013- April 2013.

❖ SOURCE OF THE DATA

The Primary data was collected from the individuals residing in Coimbatore City, with the help of the questionnaire, which was prepared after getting inputs from the experts and executives in Way 2 wealth. Secondary data were collected from reports, brochures, magazines, and Investors guide hand out for mutual fund by Association of Mutual Fund in India book. The concept of mutual funds and company details were collected from the companies' intranet and from the company officials.

❖ DATA ANALYSIS

The data collected through the questionnaire from the investors are tabulated and analyzed to find out the investment pattern through percentage analysis, chi-square and Ranking.

❖ SAMPLE TECHNIQUE

The sample technique taken for the study was convenient sampling

LIMITATIONS OF THE STUDY

- ❖ Validity and Reliability of the data depends on the truthfulness of the responses from the public.
- ❖ The size of the sample compared to the population is very small and hence it may not represent the whole population.
- ❖ The geographical area of this study is confined only to Coimbatore city.

REVIEW OF LITERATURE

Schmidt & Sevak (2006)¹ Earlier studies conclude that women invest their asset portfolios more conservatively than their male counterparts. Women's investment has historically been lower than men's for several reasons, including social and various demographic concerns. However the differences continue to be significant even after controlling for individual characteristics.

Lopes (2007)² In making any investment decision risk aversion and financial literacy is a major factor. Although different literature available on risk define it variedly but in common the world risk refers to situations in which a decision is made whose consequences depend on the outcomes of future events having known probabilities

Viktor Danielsson (2010)³ People who invest capital in promising project as a profession called venture capitalists. They are constantly looking for new investment opportunities. Recently, media have observed a growing interest in forest land as capital investment.

TOOLS USED FOR ANALYSIS

The following are the tools applied on the responses given by the respondents to analyze and derive the result.

- ❖ Simple percentage
- ❖ Chi-square analysis
- ❖ Ranking

COMPANY PROFILE:

Way2Wealth is a premier Investment Consultancy Firm that has been launched with the aim of making investing simpler, more understandable and profitable for the investors. It brings a wide range of product offerings from Fixed Income Securities, Life Insurance and Mutual Funds to Equity and Derivatives (on the National Stock Exchange) for the convenience and benefit of its customers. Way2Wealth has over 40 easily accessible Investment Outlets spread across 20 major towns and cities in the country. The Venture Capital division came to be known as Global Technology Ventures and the Financial Intermediary Division was spun off as Way2Wealth in the year 2000.

Way2Wealth is promoted by Sivan Securities and Global Technology Ventures Ltd. Prudential ICICI provides further strength to Way2Wealth as strategic equity partner. Way2Wealth has a very credible management team, who has well over 100 man-years of experience amongst themselves. Way2Wealth has inherited these same values in addition to a base of 75,000 individual customers, over 300 corporate/institutional clients. Other companies in the group include Amalgamated Bean Coffee Trading Company Ltd. (one of the largest Coffee Exporters in India) and Café Coffee Day, a chain of youth hangout coffee parlors.

A) PERCENTAGE ANALYSIS

TABLE-1 Frequency of Investment of the Respondents

S.No	Frequency of Investment	No. of Respondents	Percentage
1	Every Month	80	40
2	Once in Three Months	52	26
3	Once in Six Months	14	7
4	Only in the Last Quarter of the Year	54	27
	Total	200	100

INFERENCE:

From the above table1 it is inferred that 40% of the respondents do their investments every month, 26% of the respondents invest every 3 months, 7% of the respondents invest once in six months and 27% of the respondents invest only in

the last quarter of the financial year.

B) CHI-SQUARE TEST INCOME AND RISK PROFILE

The study of relationship between Income and Risk profile by the respondents has been analyzed and presented in table2.

Null Hypothesis I

There is no significant relationship between Income and Risk profile.

TABLE-2 RELATIONSHIP BETWEEN INCOME AND RISK PROFILE

INCOME	RISK PROFILE			TOTAL
	LOW RISK	MEDIUM RISK	HIGH RISK	
Below 1 lakh	19	18	7	44
1,00,001 - 2 lakhs	22	37	19	78
2,00,001 - 3 lakhs	14	16	10	40
3,00,001 - 4 lakhs	9	11	6	26
Above 4,00,001	3	7	2	12
Total	140	176	94	200

Degree of freedom = 8
 Calculated value = 17.8
 Table value = 15.507 @ 5% level of significance

INTERPRETATION

The table 2 indicates that the calculated chi-square value (χ^2) is greater than the critical value at 5% level of significance which reveals that the value is significant. So null hypothesis is rejected. Hence, there is significant relationship between Income and Risk profile.

C) RANKING ANALYSIS

TABLE-3 Ranking Of THE FACTORS Influencing IN INVESTMENTS

S.No	factor	WEIGHTED AVERAGE SCORE	RANK
1	SAFETY	957	1
2	LIQUIDITY	587	4
3	REGULAR INCOME	612	3
4	CAPITAL APPRECIATION	653	2
5	EASE OF INVESTMENT	265	5

INFERENCE:

From the above table3 it is inferred that

- ❖ The Respondents have ranked SAFETY as First among the factors influencing Investments.
- ❖ The Respondents have ranked CAPITAL APPRECIATION as Second among the factors influencing Investments.
- ❖ The Respondents have ranked REGULAR INCOME as Third among the factors influencing Investments.
- ❖ The Respondents have ranked LIQUIDITY as Fourth among the factors influencing Investments.
- ❖ The Respondents have ranked EASE OF INVESTMENT as Fifth among the factors influencing Investments.

FINDINGS

- ❖ 40% of the respondents do their investments every month
- ❖ There is significant relationship between Income and Risk profile.
- ❖ Most of the respondents ranked Safety as First among the factors influencing Investments.

SUGGESTIONS

The purpose of investing in small and medium capitalization companies is to have a moderate return with minimum

risk. This can be achieved by a well diversified portfolio. This study found that small and medium capitalization companies is a well diversified portfolio performs well in the market. So the researcher likes to suggest that while investing, in the small and medium capitalization companies must consider maximizing the return and minimizing the risk. Investor study is also an important area that can be concerned. Proper repayments, timely communication, fair dealing are expected by the investors who have invested their money in various small and medium capitalization companies.

CONCLUSION

Running a successful small and medium capitalization companies requires thorough understanding of psychology of the investors. It is obligatory on the part of every small and medium capitalization companies to know what their investors' think about the fund and risk factors, towards investment. This study has made an attempt to understand the investment pattern of the investors. A proper diversification of portfolio will ensure an investor higher returns, higher safety, and high liquidity with minimum risk.

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