

CHAPTER 6

FINDINGS AND CONCLUSION

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6.1 Introduction

The researcher has analyzed the data by using various statistical as well as analytical tools like MS Excel and SPSS 17.0 is used for testing of hypotheses. Researcher has drawn findings, suggestions and conclusions with the help of analysis. The researcher has attempted to study the investment preferences of individual investors as per Life Cycle Stages. Research has arrived at few findings.

6.2 General Findings

Following are the general findings based on analysis of data.

1. Majority of respondents invest their disposable income up to 20%.
2. Most of the sample investors having one earning adult in their family.
3. Majority of sample investors invest their money in their own name.
4. Majority of respondents are investing their money for medium term duration i.e. 1 year to 3 years.

6.3 Specific Findings

Specific findings are drawn from the analysis are as follows:

Part-I - Descriptive Analysis

1. As per demographic profile, 45 respondents are post graduates, 60 respondents are Salaried Employees and 58 respondents having Monthly Household Income between Rs. 10001 – Rs. 20000. (Table No. 5.2.1.1)
2. According to Life Cycle Stages, 20 respondents are unmarried, 20 respondents are retired persons and remaining 80 respondents are married having children's. (Table No 5.2.1.2)

Part-II - Overall Analysis

1. Investors are mostly prefer for the financial advice from Financial Consultant, Agents and Sales Executives having rank 1st, 2nd and 3rd by 60, 32, and 31 respondents respectively. Least preference is given to Family members, Friends and Relatives advice having 4th, 5th and 6th rank by 28, 34 and 69 respondents respectively. (Table No 5.2.2.3)

2. Chartered Accountants and Tax Consultant ranked 1st and 2nd by 47 and 32 respondents respectively for Tax Planning advice. Least preference is given to Friends and others by 21 and 54 respondents. (Table No 5.2.2.4)

3. Investors are more aware about Bank Fixed Deposits, Land Property and Life Insurance ranked 1st, 2nd and 3rd respectively having weightage of 38.00, 35.33 and 34.20 respectively. Least awareness of the investors about National Savings Schemes/Certificate, Government Bonds/Debentures and Currency having 9th, 10th and 11th rank respectively and having weightage 28.47, 24.27 and 22.40 respectively. (Table No 5.2.2.5)

4. Investors having more preference for investment in Land Property, Life Insurance and Bank Fixed Deposits having 1st, 2nd, and 3rd rank with weightage 31.73, 31.40 and 30.53 respectively. Least preference is given for the investment in Provident Fund, Government Bonds/Debentures and Currency with 9th, 10th and 11th rank respectively with weightage 26.07, 25.53 and 19.60. (Table No 5.2.2.6)

5. Investors are getting information about investment avenues from Local Contacts, Sales Executives and Television ranked 1st, 2nd and 3rd by 33, 25 and 18 respondents respectively. Least information is getting from relatives and radio ranked 10th and 12th by 26 and 70 respondents. (Table No 5.2.2.7)

6. Investors are considering the factors for investment. 1st, 2nd and 3rd rank is given to Return, Safety and Liquidity by 70, 51 and 50 respondents respectively. 4th, 5th and 6th rank is given to the Risk, Tax Benefit and Other Factors by 60, 50 and 113 respondents respectively. (Table No 5.2.2.10)

7. Investors having motives for investment ranking 1st, 2nd and 3rd to Maximum Return, Security Purpose and Capital Appreciation by 62, 32 and 33 respondents respectively. Least preference is given to the Child Marriage, Hedge against Inflation and Other Motives ranked 8th, 9th and 10th by 43, 46 and 110 respondents respectively. (Table No 5.2.2.11)

8. Investors are more satisfied from Life Insurance, Land Property/Real Estate and Precious Metals ranked 1st, 2nd and 3rd having weightage 31.40, 30.73 and 30.27 respectively. Investors are least satisfied about Government Bonds/Debentures, Equity Shares and Currency ranked 9th, 10th and 11th having weightage 26.73, 25.00 and 23.73 respectively. (Table No 5.2.2.12)

Part-III - Life Cycle Stage Wise Analysis

Stage I – Young Unmarried Stage

9. Investors are preferred for financial advice from Financial Consultant and Family Members ranked 1st and 3rd by 8 and 8 respondents respectively. Least preference is given to Friends and Relatives advice ranked 5th and 6th by 8 and 12 respondents respectively. (Table No 5.2.3.1)

10. Chartered Accountants and Tax Consultant ranked 1st and 2nd by 5 and 4 respondents respectively for Tax Planning advice. Least preference is given to Friends and Others Sources ranked 7th and 8th by 4 and 7 respondents. (Table No 5.2.3.2)

11. Investors are getting information about investment avenues from Television, Friends and News Papers ranked 1st, 2nd and 3rd by 8, 5 and 4 respondents respectively. Least information is getting from Radio and Relatives ranked 11th and 12th by 8 and 7 respondents. (Table No 5.2.3.3)

12. Investors are considering the various factors for investment and allotted 1st, 2nd and 3rd rank to Return, Safety and Liquidity by 15, 8 and 10 respondents respectively. Least rank 5th and 6th is given to the Tax Benefit and Other Factors by 10 and 19 respondents respectively. (Table No 5.2.3.4)

13. Investors having motives for investment ranking 1st, 2nd and 3rd to Maximum Return, Capital Appreciation and Security Purpose by 12, 6 and 6 respondents respectively. Least preference is given to motives like Child Marriage and Other Motives ranked 9th and 10th by 8 and 20 respondents respectively. (Table No 5.2.3.5)

Stage II – Young Married Stage

14. Investors are preferred for financial advice from Financial Consultant, Sales Executives and Agents ranked 1st, 2nd and 3rd by 16, 9 and 10 respondents respectively. Least preference is given to Friends and Relatives advice ranked 5th and 6th by 13 and 16 respondents respectively. (Table No 5.2.3.6)

15. Chartered Accountants, Tax Consultant and Sales Executives ranked 1st, 2nd and 3rd by 9, 6 and 5 respondents respectively for Tax Planning advice. Least preference is given to Friends and Others Source advice ranked 7th and 8th by 5 and 8 respondents. (Table No 5.2.3.7)

16. Investors are getting information about investment avenues from Local Contacts, Sales Executives and Financial Consultant ranked 1st, 2nd and 3rd by 12, 9 and 6 respondents respectively. Least information is getting from Relatives and Radio ranked 11th and 12th by 13 and 18 respondents. (Table No 5.2.3.8)

17. Investors are considering the various factors for investment and allotted 1st, 2nd and 3rd rank to Return, Safety and Liquidity by 18, 14 and 15 respondents respectively. Least rank 5th and 6th is given to the Tax Benefit and Other Factors by 10 and 18 respondents respectively. (Table No 5.2.3.9)

18. Investors having motive for investment ranking 1st, 2nd and 3rd to Maximum Return, Security Purpose and Capital Appreciation by 18, 13 and 16 respondents respectively. Least preference is given to motives like Tax Savings and Other Motives ranked 9th and 10th by 10 and 19 respondents respectively. (Table No 5.2.3.10)

Stage III – Young Married with Children Stage

19. Investors are preferred for financial advice from Financial Consultant and Agents ranked 1st and 2nd by 11 and 5 respondents respectively. Least preference is given to Family Members and Relatives advice ranked 5th and 6th by 6 and 10 respondents respectively. (Table No 5.2.3.11)

20. Chartered Accountants, Tax Consultant and Sales Executives ranked 1st, 2nd and 3rd by 9, 8 and 4 respondents respectively for Tax Planning advice. Least preference is given to Brokers and Others Sources ranked 7th and 8th by 7 and 11 respondents. (Table No 5.2.3.12)

21. Investors are getting information about investment avenues from Local Contacts, Sales Executives and Financial Consultant ranked 1st, 2nd and 3rd by 4, 7 and 6 respondents respectively. Least information is getting from Relatives and Radio ranked 11th and 12th by 11 and 13 respondents. (Table No 5.2.3.13)

22. Investors are considering the various factors for investment and allotted 1st, 2nd and 3rd rank to Return, Safety and Liquidity by 18, 9 and 7 respondents respectively. 5th and 6th rank is given to the Tax Benefit and Other Factors by 8 and 19 respondents respectively. (Table No 5.2.3.14)

23. Investors having motives for investment ranking 1st, and 2nd to Maximum Return and Security Purpose by 18, and 7 respondents respectively. Least preference is given to motives

like Child Marriage, Hedge against Inflation and Other Motives ranked 8th, 9th and 10th by 6, 11 and 19 respondents respectively. (Table No 5.2.3.15)

Stage IV – Married with Older Children Stage

24. Investors are preferred for financial advice from Financial Consultant, Family Members and Sales Executives ranked 1st, 2nd and 3rd by 14, 7 and 7 respondents respectively. Least preference is given to Relatives advice ranked 6th by 18. (Table No 5.2.3.16)

25. Chartered Accountants, Tax Consultants and Sales Executives are ranked 1st, 2nd and 3rd by 12, 10 and 5 respondents respectively for Tax Planning advice. Least preference is given to Others Sources ranked 8th by 11 respondents. (Table No 5.2.3.17)

26. Investors are getting information about investment avenues from Sales Executives, Financial Consultant and Local Contacts ranked 1st, 2nd and 3rd by 10, 7 and 5 respondents respectively. Least information is getting from Internet and Radio ranked 11th and 12th by 9 and 19 respondents. (Table No 5.2.3.18)

27. Investors are considering the various factors for investment and allotted 1st, 2nd and 3rd rank to Safety, tax Benefit and Return by 17, 11 and 9 respondents respectively. 6th rank is given to the Other Factors by 20 respondents. (Table No 5.2.3.19)

28. Investors are having various motives for investment, its ranking 1st, 2nd and 3rd to Security, Tax Saving and Maximum Return given by 17, 8 and 10 respondents respectively. Least preference is given to motives like Hedge against Inflation and Other Motives ranked 9th and 10th by 11 and 20 respondents respectively. (Table No 5.2.3.20)

Stage V – Pre-Retirement Stage

29. Investors are preferred for financial advice from Family Members and Agents ranked 1st and 3rd by 10 and 6 respondents respectively. Least preference is given to Financial Consultant and Relatives advice ranked 5th and 6th by 4 and 6 respondents respectively. (Table No 5.2.3.21)

30. Chartered Accountants, Members and Tax Consultant ranked 1st, 2nd and 3rd by 7, 5 and 5 respondents respectively for Tax Planning advice. Least preference is given to Other Sources ranked 8th by 11 respondents. (Table No 5.2.3.22)

31. Investors are getting information about investment avenues from Local Contacts, Television and News Papers ranked 1st, 2nd and 3rd by 6, 4 and 4 respondents respectively. Least information is getting from Internet ranked 11th by 6 respondents. (Table No 5.2.3.23)

32. Investors are considering the various factors for investment and allotted 1st, 2nd and 3rd rank to Return, Safety and Tax Benefit by 10, 10 and 7 respondents respectively. 5th and 6th rank is given to the Risk and Other Factors by 10 and 19 respondents respectively. (Table No 5.2.3.24)

33. Investors having motives for investment ranking 1st, 2nd and 3rd to Security Purpose, Child Education and Maximum Return by 7, 4 and 8 respondents respectively. Least preference is given to motives like Hedge against Inflation and Other Motives ranked 9th and 10th by 12 and 18 respondents respectively. (Table No 5.2.3.25)

Stage VI – Retirement Stage

34. Investors are preferred for financial advice from Financial Consultant, Agents and Sales Executives ranked 1st, 2nd and 3rd by 7, 6 and 7 respondents respectively. Least preference is given to Relatives advice ranked 6th by 7 respondents respectively. (Table No 5.2.3.26)

35. Chartered Accountants and Tax Consultant ranked 1st and 2nd by 5 and 3 respondents respectively for Tax Planning advice. Least preference is given to Friends and Others Sources ranked 7th and 8th by 5 and 6 respondents. (Table No 5.2.3.27)

36. Investors are getting information about investment avenues from Television, News Papers ranked 1st and 2nd by 4 and 6 respondents respectively. Least information is getting from Internet ranked 12th by 9 respondents. (Table No 5.2.3.28)

37. Investors are considering the various factors for investment and allotted 1st, 2nd rank to Safety and Return by 9 and 8 respondents respectively. 5th and 6th rank is given to the Tax Benefit and Other Factors by 9 and 18 respondents respectively. (Table No 5.2.3.29)

38. Investors having motives for investment ranking 1st, 2nd and 3rd to Security Purpose, Capital Appreciation and Maximum Return by 12, 8 and 7 respondents respectively. Least preference is given to motives like Hedge against Inflation and Other Motives ranked 9th and 10th by 9 and 14 respondents respectively. (Table No 5.2.3.30)

Part-IV Testing of Hypotheses

39. When Spearman's Rank Correlation Coefficient is calculated, it is found that Correlation Coefficient between Stage I and Stage II is 0.818, Stage I and Stage III is 0.682, Stage I and Stage IV is -0.136, Stage I and Stage V is -0.818, Stage I and Stage VI is -0.764. It clearly indicates that Correlation Coefficient becomes negatives when investors shift from Stage I towards Stage VI. So it is concluded that Investors preferences are different as per Life Cycle Stages. It clearly shows that Investment preference of the Young Unmarried Investors is different from the Retired Investors. It means Young Unmarried Investors does not have responsibilities or they are having few responsibilities and they have just started their career, so they invest in High Risky Investment Avenues i.e. Equity Shares, Currency, Mutual Funds, Land Property, Precious Metals and Life Insurance. When they shifted from Stage I towards Stage VI i.e. Retirement Stage, number of responsibilities are increases so they become defensive and invest in Low Risky Investment Avenues such as Bank Fixed Deposits, Post Office Schemes, Provident Funds, Government Bonds/Debentures, National Savings Schemes/Certificates.

6.4 Suggestions

Researcher has derived some findings based on the study. This study will help to the financial services providing companies as well as to the individual investors. This study has make few suggestions to the financial services companies for offering the financial products which is best suitable to the investors as well as satisfy their investment needs. And few suggestions to the individual investors for selecting the investment avenues as per their life cycle stage to satisfy their investment needs as well as for getting good returns on their investments.

a. Suggestions to the Financial Services Providing Companies:

1. It is suggested that, Financial Service Providing Companies has to adopt such marketing strategies that will help to the investors to understand the financial products clearly.
2. Firstly, Financial service Providing Companies has to understand the Life Cycle Stages of the Individual Investors as well as their investment needs.

3. By understanding investment needs of the individual investors as per their Life Cycle Stages, Financial service Providing Companies should suggest the various investment avenues to satisfy their wants.
4. Financial service Providing Companies can suggest investment options such as Equity Link Savings Schemes, Equity Shares, ULIP Insurance Plans, Various Equity Mutual Funds Schemes as well as Gold ETF's to the Investors who belong from Stage I and Stage II, because at the initial stages of their Life Cycle risk taking capacity of the investors is high.
5. Financial service Providing Companies can suggest investment options such as Pension Fund Schemes of Insurance Policy, Provident Fund, Public Provident Fund, Post Office Schemes, National Savings Certificates to the Investors belong from Stage V and Stage VI, because investors are shifting towards their retirement stage and when they shift towards their retirement stage, their risk taking capacity has decreased.
6. Financial service Providing Companies can suggest investment plan such as Child Education Insurance Plans, other insurance plans which can make a provision for their child Marriage, investment in gold, Gold ETF's, Land Property, Government's Bonds and Debentures, Infrastructure Bond's to the investors belong from Stage III and Stage IV, because as investors shift from stage II to the Stage III & IV their responsibilities towards their family has increased and his/her risk taking capacity decreases.

b. Suggestions to the Individual Investors:

1. It is suggested to the individual investors that, he/she firstly understand that his/her life cycle stage, then decides his/her family responsibilities or future obligations, motives.
2. It is suggested that investors belong from Stage I and Stage II, they can invest their money in investment options such as Equity Link Savings Schemes, Equity Shares, ULIP Insurance Plans, Various Equity Mutual Funds Schemes as well as Gold ETF's because at the initial stages of their life cycle, they have less responsibilities as well as their risk taking capacity is high.
3. It is suggested that investors belong from Stage III and Stage IV, they can invest their money in investment options such as Child Education Insurance Plans, other insurance plans which can make a provision for their child Marriage, investment in gold, Gold ETF's, Land Property, Government's Bonds and Debentures, Infrastructure Bond's because at this stage

of their life cycle, the responsibilities has been increases and their risk taking capacity is reducing.

4. It is suggested that investors belongs from Stage V and Stage VI, they can invest their money in investment options such as Pension Fund Schemes of Insurance Policy, Provident Fund, Public Provident Fund, Post Office Schemes, National Savings Certificates, Gold, Government's Bond's and Debentures, Land Property etc. because as their age increases or when they shift towards retirement stage their risk taking capacity decreases.

6.5 Conclusion

This study has made an attempt to understand the Life Cycle Stages of the individual investors with connection to the preference and selection of investment avenues, financial advice for investment, motives behind investment, factors consider and Sources of information. In demographic profile Age, Income, Occupation, Sex and Educational Qualification have been studied.

Hypotheses have been set to test and to reach conclusions. It shows that Investment Preferences of the individual investors has been changes as per Life Cycle Stages. This study is based on the investment preferences as per Life Cycle Stages of the individual investors of satara city. So it will help acquaint us with the investment preferences of the local investors. It will help to find scope and opportunities for the future trends in the area. Also it will help in findings business potential in this area regarding mutual fund, insurance and other such options. Also this study is expected to contribute to incorporate future and new trends in the investment pattern in the area. This study will help to the financial service companies and Industry. It also helps to the economy and nation as a whole.