A study on small investor's perception towards portfolio management

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Abstract: This paper deals with investors perception towards portfolio management in the current scenario of financial market an individual investor has a number of alternatives of investment avenues some gives high return with high risk while some other financial products give less return with less risk, but sometimes they may give opposite result. Therefore, investors choice in the available investment products in finance market depends on his objectives of investment. Those to get a high return with low risk are possible when investor is properly planned about his requirement and the amount of funds available for investment. If investor properly plan and systematically compare his requirement with funds available, he can get what he wants with minimum risk. This is possible only be constructing the investment portfolio according to his goal set up and the strategies planned.

Keywords: Hyderabad stock exchange (HSE), national stock exchange (NSE), Bombay stock exchange (BSE), open dealer integrated network (ODIN),security exchange board of India(SEBI)

Introduction:

The main objective of portfolio management is to get more return with minimum risk. If there is problem to manage and in reviewing the portfolio depending on market condition, there are some advisory agencies which stand to guide those small investors.

Small investors investment portfolio management is totally depends on personal requirements or factors like tax benefits, safety, profitability future uncertainty, risk taking capacity, etc which influence him to construct the investment portfolio by using suitable or related investment avenues available in financial market.

Every small investor has to study his wants like, a house and car children's education or even for contingencies. These wants need to be translated into financial goals. There are other factors, which are very important for the study is, his age, income, risk taking capacity, retirement, family background etc.

Today's financial market is fully unsecured and unanalytical, therefore the portfolio management advisor, brokers chartered accountants, experts in investment management are playing very important role.

Objectives of the study:

1. To study the concept , importance and technique of portfolio management and its important to the investors.
2. To study the methods of portfolio construction and management followed
3. To study the small investors perception towards the portfolio management

Scope of the study:

The study was done to know popularity of investment portfolio construction and management among the small investors and their awareness, perception, opinion and interest in the portfolio construction. Even the study covers functions carried out by organization in general towards portfolio management

Limitation of the study:

1. Due to responder's poor response, the study is limited to fifty respondents.
2. In dept study could not be done, due to shortage of time.
3. Suggestions made are within the limited information and experience of the researcher.

Methodology of the study:

The study is exploratory in nature, and data is collected from both , primary and secondary sources

1. Primary sources

Information gathered though structured questionnaires and interviewing the respondents.

Sample size : 50

2. Secondary sources.

Secondary data for the study has been collected from the books, manuals, journals, magazine and discussion with the executives, and even web site for latest data

Data analysis and interpretation:

1.The bellow table shows the respondent's age

Age	No of respondents	Percentage
20 to 30	02	04
30 to 40	14	28
40 and above	34	68
Total	50	100

From above table we can see that 68% of respondents related to above 40 age group, 28% of the respondents were related to 30-40 age group and 04% of the respondents were related to 20-30 age group.
Inference : it is clear from the above analysis the most of the responds belongs to 40 age group
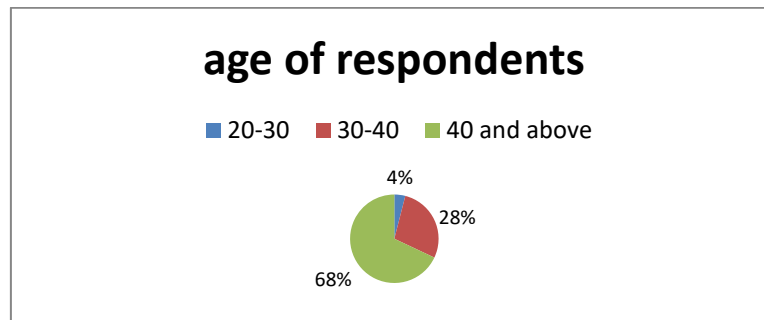
2.The below table shows the education qualification of the respondents

Education	No of respondents	Percentages
Below Graduates	07	14
Graduate	34	68
P.G	09	18
Total	50	100

From the above table one could inter that 68% of the total respondents were belongs to graduate, 18% of respondent were belongs to post graduate and 14% of respondents were belongs to under graduate.
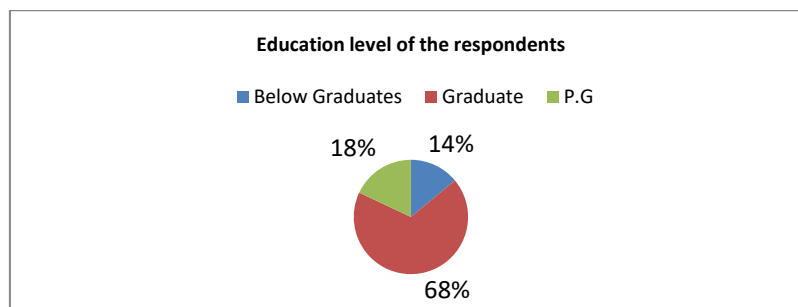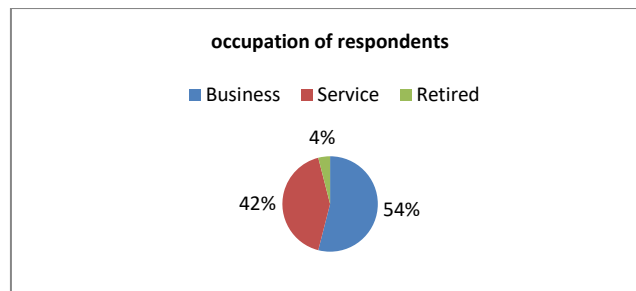

3.   The below table shows occupation of the respondents

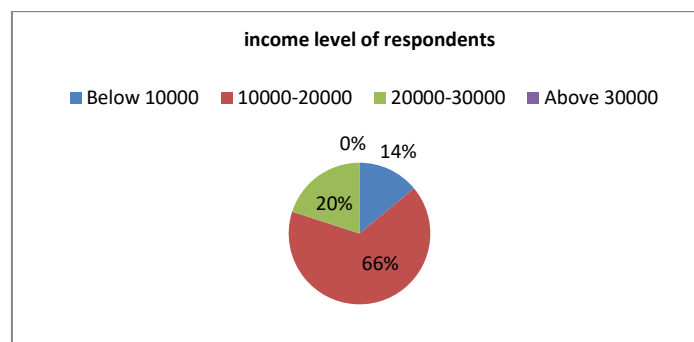| Occupation	No of respondents	Percentage
Business	27	54
Service	21	42
Retired	02	04
Total	50	100

From the above table we can see that 54% of the total respondents were business man and 42% were in service. 4% were retired persons.

Inference: it clear that of the total respondents most of the persons are business mans.

occupation of respondents

■ Business ■ Service ■ Retired

4%

42% 54%

4. The below table shows income level of the respondents

Income	No of respondents	percentage
Below 10000	7	14
10000-20000	33	66
20000-30000	10	20
Above 30000	0	00
Total	50	100

income level of respondents

■ Below 10000 ■ 10000-20000 ■ 20000-30000 ■ Above 30000

0% 14%

20%

66%

5. The below table showing family size of the respondents

Family size	No of respondents	Percentage
1 to 3	9	18
4 to 6	33	66
7 to 9	6	12
10 to 12	2	4
Total	50	100

From the above table we can see that 66% of the total respondents were have 4-6 facmily members ,18% of the total respondents were having 1-3 family members, and 12% of the total respondents were having 10-12 family members.Inference: it is clear that maximum respondents were having the family size of 4 to 6

familty size of respondents

■ Regular ■ Occasional ■ ■

30%

70%
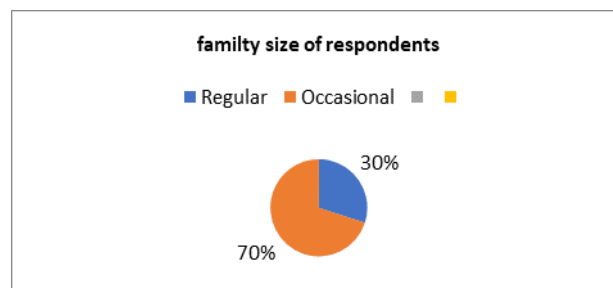
6. The blow table showing investment avenue

Investment avenues	No of respondents	Percentage
Bank deposit	35	17.9
Equity shares	48	24.7
Preference shares	4	2
Insurance	47	24.2
Nsc	20	10.2
Bonds/debenture	20	4.1
Mutual fund	8	6.7
Others	13	6.7
Total	195	100

From the above table we can see that maximum respondents were having investment avenue is equity shares i.e, 48 respondents were having it as a avenue, insurance is another investment avenue were 47 respondents were investing in it, NSE, Bonds/Debentures, is next avenue of maximum responders.

Inference: it is clear that maximum respondents are equity, bank deposit, and insurance, NSE, bonds/debentures and other as investment avenues.
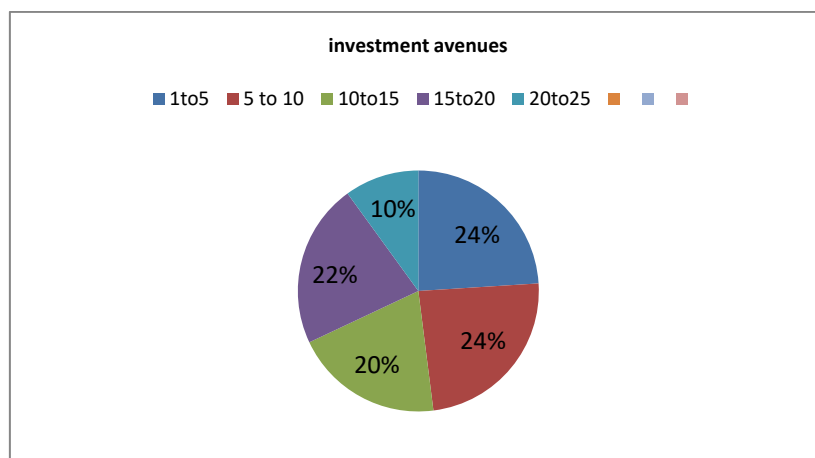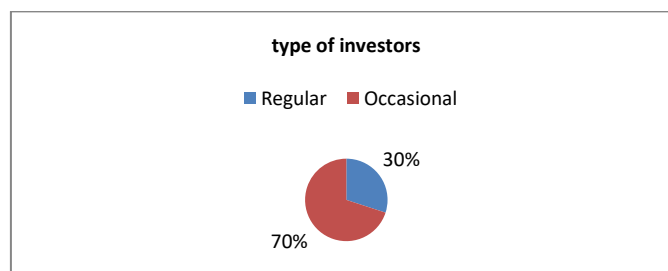

7. Table showing type of investors

Type of investors	No of respondents	Percentages
Regular	15	30
Occasional	35	70
Total	50	100

From the above table one can see that 70% of the total respondents were occasional investors and 30% of the respondents were regular investors.

Inference: it is clear that most of the respondents were occasional investors.


8. Table showing the yearly investment of the respondents

Yearly investment	No of respondents	Percentage
Below 15000	1	2
15000 to 30000	8	16
30000 to 60000	28	52
60000 and above	13	26
Total	50	100

The above table shows that 2% of the respondents were investing below15000, 16% of them investment 15000-30000, 52% of them invested 30000-60000 and 26% of them invested nearly 60000 and above.

Inference: form the table, it can be seen that most of the respondents invested nearly 30000 to 60000.
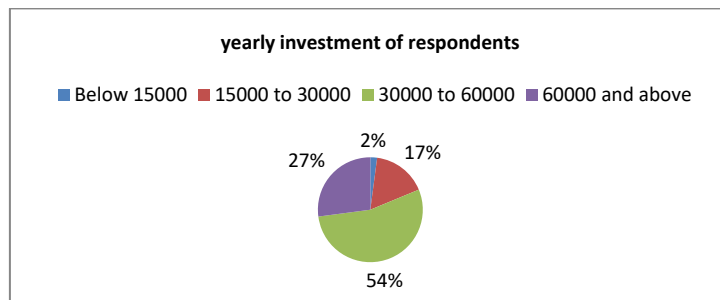

9. Table showing period of investments:

Investment period	No of respondents	Percentage
1to5	12	24
5 to 10	12	24
10to15	10	20
15to20	11	22
20to25	5	10
Total	50	100

From the above table it can be easily seen that 24% of the respondents were interested in investing for a period of 1-5 and 5-10, 22% of them are interested in investing for a period of 10-15, 20% of them are going for 15-20 and a minimum of 10% of them are interested in investment for a period of 20-25.

Inference: it can be inferred that the maximum number of respondents were interested in investment for a shot period.
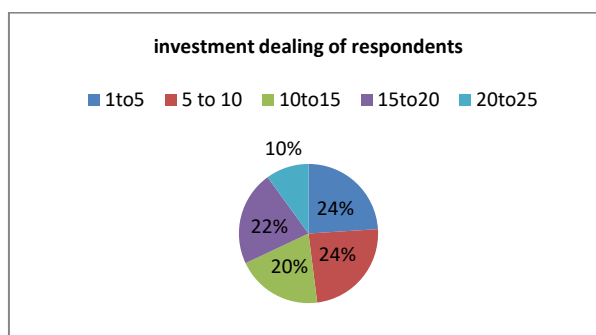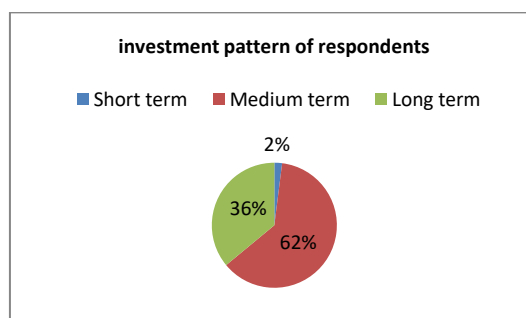

10. The below table showing investment pattern of respondents.

Investment patterns	No of respondents	Percentage
Short term	1	2
Medium term	31	62
Long term	18	36
Total	50	100

From the above table we can see that 62% of the respondents were said that their investment pattern is medium term, 36% of the respondents were said that their investment pattern is long term and 2% of the respondents were said that their investment pattern is short term.

Inference: It si clear from the above analysis that very low respondents are having short term investment pattern.
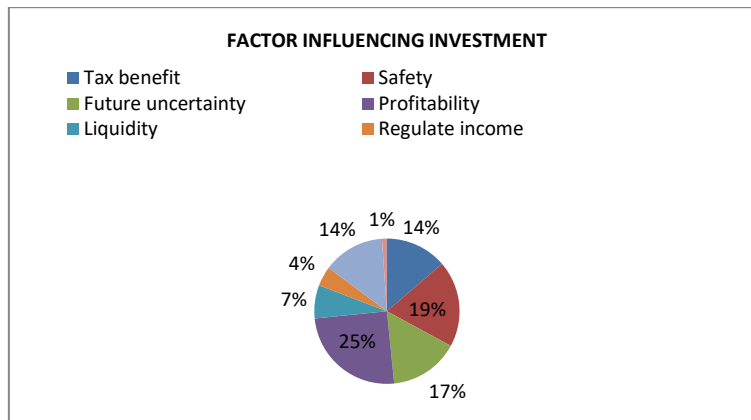
11. The below table showing respondents factors for investment

Factors	No of respondents	Percentage
Tax benefit	25	13.7
Safety	35	19.2
Future uncertainty	30	15.5
Profitability	45	25
Liquidity	13	7.4
Regulate income	5	4.4
Capital appreciation	27	13.7
Speculation	2	1.1
TOTAL	182	100

From the above table we can see that 45 respondents said that they are influenced by safety , 30 respondents said that their investment is influenced by future uncertainty factor, some other respondents said that their investment influence by tax benefit and regular income.

Inference: it is clear from the above analysis that maximum number of respondents is having their investment by profitability and safety factors.
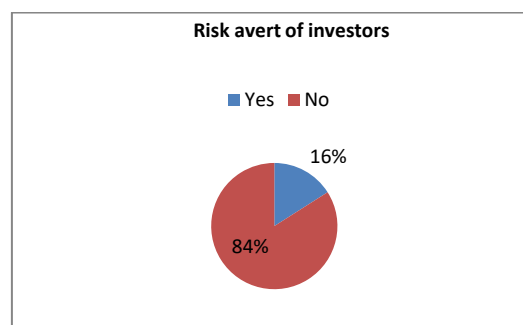

12. The below showing respondents opinion about risk avert option.

Risk avert	No of respondents	Percentage
Yes	8	16
No	42	84
Total	50	100

From the above table showing respondents opinion about risk avert option.

Inference: it is clear from the above analysis that most of the respondents are not risk avert.

13. The able showing risk capacity of the respondents.

Risk capacity	No of respondents	Percentage
High	1	2
Medium	27	54
Low	14	28
Total	42	84

From the above table we can see that 54% of the respondents were having medium risk taking capacity, 28% of the respondents were having low risk taking capacity and 2% of the respondents were having high risk taking capacity.

Inference: it is clear from the above analysis that maximum respondents were having medium risk taking capacity.
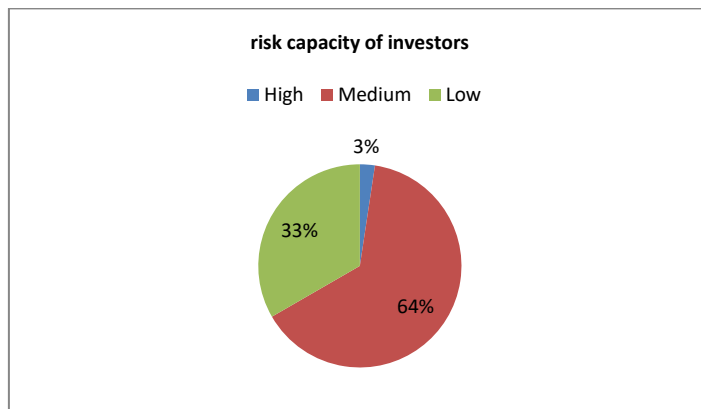
14. The below table showing respondents view about portfolio construction.

Portfolio construction	No of respondents	Percentage
Yes	45	90
No	5	10
Total	50	100

From the above table we can see that 90% of the respondents were said yes to portfolio construction and 10% of the respondents were said no to portfolio construction.

Inference: it is clear that maximum respondents were constructing their investment portfolio.
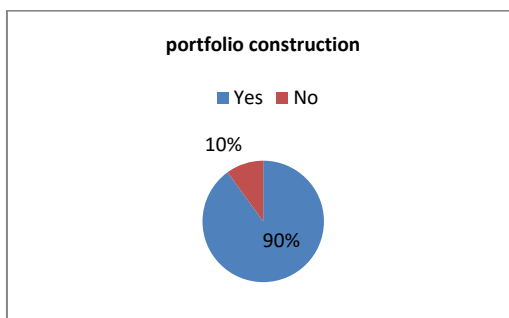
15. The above table showing the reshuffling basis of respondents.

Basis for reshuffling	No of respondents	Percentage
Personal need	23	48
Market information	25	52
Total	48	100

From the above table one can see that 52% of the respondents were reshuffling their investment on the basis of market information, 48% of the respondents were reshuffling their investment on the basis of personal needs and no other reason.

Inference: it is clear that maximum number of respondents were reshuffling their investment of the basis of market information.


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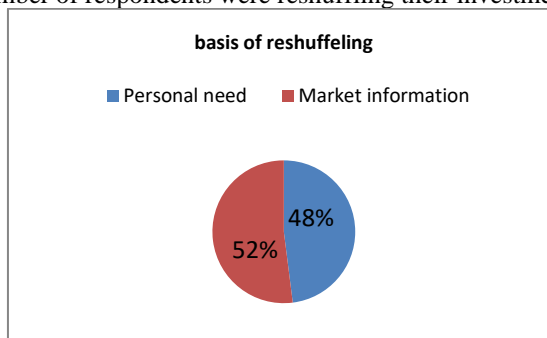
16. The below table shows the satisfaction level of the respondents.

Satisfaction level	No of respondents	Percentage
High	10	20
Medium	38	76
Low	2	4
Total	50	100

From the above table we can see that 76% of the respondents were given their satisfaction level as medium about the organization services, and 20% of the respondents were given their satisfaction level as high about the organization services.

Inference: it is clear that most of the respondents are having medium satisfaction level.
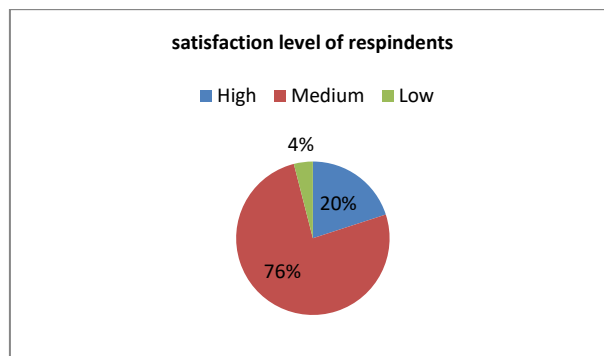
Findings
1. The income range of 10000 to 20000 involved maximum number of respondents.
2. Most of the respondents were having equality shares, insurance and bank deposit as important investment avenue.
3. Most of the respondents are the opinion that the safety, profitability future uncertainty and tax benefits are the factors influence them to invest.
4. Most of the respondents are not risks avert and they have middle level risk taking capacity.
5. Most of the respondents are aware of the investment portfolio management. And they construct their investment portfolio on the information of financial newspaper and magazines, and even own experience, some time stock broker guideline.
6. Most of the respondents do not have the time to see regularly to their investment portfolio, therefore they are not diversifying their investment portfolio.
7. Most of the respondents are satisfied with service provided stock brokers.
8. Most of the respondents are having the business as the occupation, they are high risk takers and same respondents are having services as their occupation. They are low risk takers.