

ANALYZING FUND MANAGEMENT BEHAVIOUR OF YOUTH

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ABSTRACT

Investing is not a game but a serious subject that can have a major impact on investor's future well being. Virtually everyone makes investments. Even if the individual does not select specific assets such as stock, investments are still made through participation in pension plan, and employee saving program or through purchase of life insurance or a home. Youngsters today are aware of what is happening around them and are intelligent enough to decide what is best for them. Every option is considered and the pros and cons of each weighed carefully before the decision to invest the hard-earned money is taken. Safety and security are no longer the major criteria that determine the choice of investment. With money in hand and age on their side, the young investors are not hesitant in taking risk. Traditional saving options like post office schemes and fixed deposits are not very popular with the youth as the rate of interest on them is lower as compared to other investment options available.

KEYWORDS: *Savings, Investment, Young Investors, Safety and Security, Risk.*

Introduction

"Fund management is the professional management of various securities and assets to meet specified investment goals for the benefit of the investors".

Investment is the commitment of money or capital to purchase financial instruments or other assets in order to gain profitable returns in form of interest, income, or appreciation of the value of the instrument. Investment comes with the risk of the loss of the principal sum. The investment that has not been thoroughly analyzed can be highly risky with respect to the investment owner because the possibility of losing money is not within the owner's control. Investing is not a game but a serious subject that can have a major impact on investor's future well being. Virtually everyone makes investments. Even if the individual does not select specific assets such as stock, investments are still made through participation in pension plan, and employee saving program or through purchase of life insurance or a home. Each of this investment has common characteristics such as potential return and the risk you must bear. The future is uncertain, and you must determine how much risk you are willing to bear, since higher return is associated with accepting more risk. Young investors have an edge over others on account of their age. In other words, a young investor has more time on hand as compared to a middle-aged investor or one who is closing on retirement. This in turns affords young investors greater flexibility while making investment decisions. Youngsters today are aware of what is happening around them and are intelligent enough to decide what is best for them. Every option is considered and the pros and cons of each weighed carefully before the decision to invest the hard-earned money is taken. This paper tries to focus on the fund management behavior of youth in Rajkot.

Review of Literature

- **Harikanth, D. And Pragathi, B. (2010)** explores the psychological concept of investment decision using principle of behavioural finance. The individual investor's style, attachment, preferences and process of information makes difference in selection of investment avenues. They have also

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cleared that, there is significant role of income and occupation in investment decision among male and female investors.¹

- **Shylajan, C., S. and Marathe, S. (2006)** identify the major factors responsible for determining the attitudes and trading behaviour of stock market investors. Based on their shared investing attitude and behaviour, the stock market investors are classified into two categories i.e. aggressive investors and non-aggressive investors.²
- **Vyas, Ravi (2012)**, stated that it is right time to understand and analyze investors' perception and expectations, and expose some valuable information to defined financial decision making of investors and AMCs. It was also found that the mutual funds are not known to investors, still investor rely upon bank and post office deposits, most of the investors used to invest in mutual fund for not more than 3 years and they used to quit from the fund which were not giving desired results. It was also found that majority number of investors did not analyze risk in their investment and they were depend upon their broker and agent for this work.³

Research Methodology

Following methodology of research is used in this paper:

- **Research Problem**

Identifying research problem is the first step of starting the research work. Following research problems are studied under this research paper.

- To know the Investment Pattern of today's youth and reason behind changes occurred as compare to past.
- To know young Investor's approach towards the risk and return among various investment instruments.
- To know current scenario of youth towards fund management.

- **Research Plan**

The study is carried out through personal interviews. This study uses questionnaire for collecting Information from respondents. A structured non-disguised questionnaire is tool for collecting primary data. Questions in a questionnaire are of two types: close ended and open-ended. The study covers the young investors in Rajkot.

- **Sampling Plan**

Sampling unit of the study will be on investors who are between 20 to 40 years. Because of large number of investors it was not feasible to conduct census survey so we have restricted ourselves to 100 respondents. For the study, non-probabilistic Quota Control Sampling is used.

No.	Basis	Number in Sample	
1	Gender	Male	80
		Female	20
		Total	100
2	Age	20-25 Years	29
		26-30 Years	30
		31-35 Years	16
		36-40 Years	25
		Total	100
3	Profession	Job	72
		Business	09
		Profession	18
		Others	01
		Total	100

¹ Harikanth, D. And Pragathi, B. (2010), "Role of Behavioural Finance in Investment Decision Making- A Study on Selected Districts of Andhra Pradesh, India", Shiv Shakti International Journal in Multidisciplinary and Academic Research, vol. 1, no. 4, Nov.-Dec., pp. 1-15.

² Shylajan, C.S. and Marathe, S. (2006), "A Study of Attitudes and Trading Behaviour of Stock Market Investors", The ICFAI Journal of Financial Economics, vol. 4, no. 3, pp.54-68.

³ Vyas, Ravi (2012), "Mutual Fund Investor's Behaviour and Perception in Indore City", Researchers World- Journal of Arts, Science and Commerce, vol. III, no. 3 (I), July, 2012, pp. 67-75.

4	Marital Status	Married	56
		Unmarried	44
		Total	100
5	Annual Income Level	Below 1,00,000	22
		1,00,001 to 3,00,000	39
		3,00,001 to 5,00,000	30
		Above 5,00,000	09
		Total	100

- Objectives of the Study**

The following are the main objectives of the study:

- To know current scenario of fund management of youth
- To know the saving pattern of young investors
- To know the objectives behind saving and investment
- To know the awareness of young investors towards various investment instrument

- Limitations of the Study**

The following are the Limitations of the Study:

- Research is limited to the area of Rajkot City only.
- The sample size is 100, which may not represent the whole population.
- The authenticity of the responses given by the respondents is all doubtful.
- The sample belongs to the age group of 20 to 40 years, which may not represent the behavior of other age groups.

- Analysis and Interpretation**

The data received through the questionnaire is analysed using the percentage analysis method. Following table shows the percentage analysis:

No.	Question	Responses	
1	What is the Objective of Savings?	Objectives	(%)
		For Retirement	19
		For Children's Education	20
		For Tax Reduction	20
		For Purchase of Assets	20
		To Meet Contingencies	20
		Others	1
Total	100		
2	What is Your Savings Pattern?	Saving Pattern	(%)
		Regular Monthly	37
		Frequent Times In Year	22
		Regular Annual	16
		No Regular Pattern	16
		Annual But Not Predictive	9
		Other	0
Total	100		
3	What is Your Expected Rate of Return?	Rate of Return	(%)
		6% - 8%	3
		9% - 12%	21
		13% - 15%	24
		16% - 20%	35
		21% - 30%	17
Total	100		
4	Do You Think Your Saving and Investing Pattern Have Been Changed as Compared to the Past?	Response	(%)
		Yes	38
		No	62
Total	100		

5	According to You, Which is the Ideal Investment?	Ideal Instrument	(%)
		Security and Equity	10
		Insurance	11
		Mutual Fund	19
		Gold	16
		Govt. Bond	4
		Real Estate	31
		Other	9
		Total	100
6	What is the Purpose of Your Investment?	Purpose	(%)
		Long Term Wealth Creation	21
		Accumulate Funds	22
		Medium Term Goal	20
		Safety	23
		Surplus Money	14
		Total	100
7	In Which Instrument of Investment, Do You Like to Invest the Most?	Ideal Instrument	(%)
		Security and Equity	11
		Insurance	10
		Mutual Fund	16
		Gold	19
		Govt. Bond	9
		Real Estate	36
		Other	0
		Total	100
8	What Percentage of Income Do You Save and Invest Annually?	Saving	(%)
		Below 20 %	37
		21 % To 30 %	39
		31 % To 40 %	22
		41 % To 50 %	2
		Above 50 %	0
		Total	100

Conclusion

Safety and security are no longer the major criteria that determine the choice of investment. With money in hand and age on their side, the young investors are not hesitant in taking risk. Traditional saving options like post office schemes and fixed deposits are not very popular with the youth as the rate of interest on them is lower as compared to other investment options available. Stock market is another hot investment option for the youth. Still, there are many who hesitate to risk their hard-earned money in the stock market. Youngsters today are aware of what is happening around them and are intelligent enough to decide what is best for them. Every option is considered and the pros and cons of each weighed carefully before the decision to invest the hard-earned money is taken.

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