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A Study of Perceptions of Investors Regarding Choice of Assets Allocations and Portfolio Management with Respect to Major Cities of Gujarat

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Abstract--- *In the contemporary trend investment in various securities is a big question for the investors because of various alternatives are available for the investment in which we can comprise national and international. An objective of this paper is to study the perception of the investors concerning the choice of the asset allocation and portfolio management in the major cities of the Gujarat. For the investment, portfolio management and selection of securities in portfolio is important. In the era of globalization, portfolio management plays an important role in investing in securities. Portfolio management is both art and science. It is much more than the application of a formula on a set of financial information inputs provided by the Financial Advisor to the selection of securities from the catalog or the security analyst. Intention of this paper is to find out the perceptions of the new investment options of assets allocation and the portfolio management in the major cities of the Gujarat and perceptions for selection of the securities because of in Gujarat the cognizance of the investment alternatives is less in compare to other states. For this analytical study primary data is useful source of information, so questionnaire and interview are the best tools for the research. For analysis of the data Fisher's exact test is used and based on that conclusion of this paper is drawn and the main problem faced by the investors may derive.*

Keywords--- *Portfolio Management, Assets Allocation, Awareness Camp, Investment.*

JEL--- *P45, G11.*

I. INTRODUCTION

Portfolio management is very important topics in recent trend, in this proposal researcher has used new innovative and creative ideas to making portfolio management strategies. We can call it as a "perceptions towards choice of assets allocation and portfolio management". Portfolio management is not limited to certain securities but in it we can add any securities, assets, or any our investment so that we can make balance in our income and loss. In this proposal I will use primary and secondary research with the aim to finding out the effectiveness of new methods of portfolio diversification and portfolio risk measurement, also with the statistical tools like chi-square and many more with the help of hypothesis.

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Investment 'can be associated with various activities, but in these activities, the general goal is to "employ" the money (fund) during the period to increase the investor's wealth. The investment funding is already taken from property, money and savings are taken. By investing in the above consumption and their savings today, investors are expected to increase the possibilities of future consumption by increasing their wealth.

But it is useful to make a difference between real and financial investments. Real investments generally include any substantial property such as land, machinery, factories etc. Financial investments include paper or electronic forms such as stocks, bonds, etc. According to the proposal presented in the proposal, this course only deals with financial investments, because the main theoretical investment concepts and portfolio principles are based on these investments.

Some of the information presented in various materials, developed for investment curriculum, may be familiar to people who have studied other courses in finance, especially corporate finance. Corporate finance generally covers issues such as capital structure, short-term and long-term financing, project analysis, current asset management. Capital structure addresses the type of long-term lending which is best for a company under current and under-estimated market conditions; Project Analysis is to decide if a project is conducted or not. How to manage current assets and day-to-day cash flows of current liability management firm addresses.

Corporate finance is related to the shareholder (by dividend payment), how to allocate the loan allocation between the government (through tax payment) and the company (through retained earnings). But one of the most important questions for the company is financing. Modern companies raise money by giving stocks and bonds. These securities are traded in financial markets and investors are likely to buy or sell securities issued by companies. Thus, in financial markets, investors and companies, in search of money, experience their interests at the same place. The corporate finance sector of study and business involves interaction between companies and financial markets and studies and investment sector of study, which involves interaction between investors and financial markets. The investment sector from corporate finance is also different using methods related to research and decision-making.

In many cases investment problems allow quantitative analysis and modeling approaches, and qualitative methods with qualitative methods are often analyzed for corporate finance problems simultaneously. Another very important difference is that investment analysis for decision-making can be based on the large data sets available from financial markets, such as stock returns, thus, mathematical statistics methods can be used.

II. REVIEW OF LITERATURE

International

Lee et al (2008) defined a project portfolio as a set of projects that will be implemented within a central coordination. The portfolio management conducts the projects of an organization to ensure that the right set of projects will be done through the allocation of the necessary resources to them. The project selection and resources' allocation must be reviewed and amended periodically to reduce project costs, minimize the risks to which the organization is exposed and optimize benefits the proper projects' execution (Dettbarn Jr. et al, 2005). Furthermore, the portfolio is a way to keep the organization focus on the long term (Munson and Spivey, 2006), making the long term clearer for the organization (Miller and Evje, 1999).

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McFarlan (1981) corroborates with this point of view and states that different projects require different managerial approaches. However, this author warns that companies exhaustingly study financial and qualitative benefits of projects, costs of implementation, deadlines and necessary competences, but they rarely register the risks of the projects. These risks are described as: delay in the implementation schedule, budget over costs, technical failures, dealing with failures after implementation for ignoring the existence of this possibility.

Jolly (2003) presents a list of 32 criteria, identified in the literature, grouped by families used to investigate the underlying components of technological attractiveness and technological competitiveness of the portfolio project. The most important criteria of the research that impact technological competitiveness issues, found by Jolly (2003) are: market volume opened by technology, span of applications for open technology, performance gap *vis-à-vis* alternative technology, competitive intensity.

Anderson (2008) presented the objectives of the portfolio management as: define goals and objectives, make trade-offs, manage risks, monitor portfolio performance, and achieve the organization´s objectives. Complementary, to achieve its objectives, the portfolio management has three main steps: strategic considerations, individual project evaluation, and portfolio selection (Gabriel et al, 2006). The risk management is also a concern in the portfolio management due to the portfolio´s risk should be appropriate due to the portfolio´s financial return (Pereira and Veloso, 2009).

The public administration is different from the private sector and this differentiation has impacts in the public sector's objectives that, among others, are: maximize the innovation, maximize the number of direct beneficiaries and maximize the number of agents indirectly benefited (Duarte and Reis, 2006). Another difference, according to Stentoft et al (2015), is that the services provided by the public sector to citizens are done without a direct payment. In the same way, Baker and Solak (2014) defined the portfolio success in the public sector as the maximization of the expected social utility. On the other hand, Scheinberg and Stretton (1994) stipulated that the main parameters to measure the portfolio's success in the public sector are defined by the political authorities or contracts made with partners. In the early 1980s, the public sector initiates a reform that is known as New Public Management (NPM). The NPM is important because it made that the public sector adopted management techniques from the private sector in order to improve the public service's efficiency and results (Young et al, 2012). The project portfolio management is one of the private sector techniques that were adopted by the public sector.

Financial or Economic Models: The models in this category are similar to models that can be used for conventional financial investment decisions. Computation approaches and methods can be used (e.g. break even analysis, discounted cash flow, etc.) as well as financial ratios (e.g. Productivity Index). Thus, these models rely on available, reliable financial data, which might not always be the case in organizations. Scoring Models and Checklists: Unlike the models described previously, scoring models and checklists typically rely on subjective assessments of variables instead of factual financial data. Hence, domain knowledge is required to assess the portfolio on a variety of these characteristics, which can be very useful and efficient in the early phases of portfolio analysis (Cooper et al. 2001).

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Probabilistic Financial Models: These models rely on facts again similar to the models in the first category. However, these models, to which belong, among others, Monte Carlo simulation, decision tree analysis and options pricing theory, include the notion of uncertainty and risk. Behavioral Approaches: These models comprised by this category can be utilized to achieve a consensus amongst a group of participants. This category includes models such as the Modified Delphi Method, for example (Cooper et al. 2001).

Mathematical Optimization Procedures: These models aim at finding the optimal set of portfolio elements in order to maximize a certain objective (e.g. profit), which is subject to a set of resource constraints. They contain diverse mathematical approaches based on game theory, probability theory and mathematical programming. Decision Support Systems: Mathematical Optimization Procedures do not allow the decision maker to get involved during the process of finding a solution. Decision Support Systems try to be more flexible in this regard. "*A DSS is essentially a mathematical model that allows management intervention*" (Cooper et al. 2001).

III. NATIONAL (INDIAN)

Private and public organizations aim to grow, and, for this, is necessary to coordinate changes and the organization's strategy. Projects are responsible for organizational changes and the strategies' implementation is done through the projects execution (Rwelamila and Purushottam, 2012).

High Networth Investors or popularly called entity HNIs are a growing race in Indian Economy. By definition, HNI is a person having more than 1 Million USD as Investment Portfolio. As per the Asia-Pacific Wealth Report, released by Merrill Lynch Global Wealth Management and Capgemini, India's HNI population grew to 1,53,000 in 2010 compared with 1,26,700 in 2009. "India was among the eight of the 20 fastest-growing Asia Pacific markets in HNI population including Hong Kong, Vietnam, Indonesia and Sri Lanka," the report said. So, India's HNI population in FY09 to FY10 grew by 21%, which is an important factor from the point of view of studying the buying behaviour of this segment, from the point of view of investment vehicles. The most commonly quoted figure for membership in the high net worth "club" is $1 million in liquid financial assets. HNI segment demands more personalized banking, investments & Tax assistances apart from using an important tool called Estate Planning. According to Mr. Anish Behl, Strategy & Wealth Management, Consumer Banking, IndusInd Bank HNIs keep 20-30% of their Portfolio is for exotic products, where 70-80% goes to classical products like Mutual Funds, Bonds & Equities. (Ghose & Shrinivasan, 2014)

In the globalization era, Portfolio Management plays an important role in investment of securities. Portfolio management is both an art and a science. It is much more than the selection of securities from a catalog by a financial consultant or the application of a formula to a set of financial data input supplied by a security analyst. It is a dynamic decision-making process, one that is continuous any systematic but also one that requires large amounts of astute managerial judgment about the securities markets and the individual for whom portfolio is managed. Portfolio management is a decisive element for the good performance of new product development and compliance with business objectives because it not only defines new product projects but also defines revisions, updates, and even decisions regarding the discontinuation of products that are produced and commercialized. His article proposes a framework with the specific objective of presenting an approach that could be useful to portfolio management. The

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framework proposed in his article presents a holistic perspective of portfolio management, suggesting the use of a set of formal management methods for not only evaluating product projects but also extending to organizational aspects and including them in strategic planning and portfolio reviews.(Neelam Kapoor, 2014)

A collection of investments all owned by the same individual or organization. These investments often include stocks, which are investments in individual businesses; bonds, which are investments in debt that are designed to earn interest; and mutual funds, which are essentially pools of money from many investors that are invested by professionals or according to indices. Portfolio (finance), a collection of assets held by an institution or a private individual, (Satyanaayan, Sidhu and Maruthi, 2015)

Investing in securities i.e: shares, debentures, bonds are profitable as well as risky. For this it needs a scientific knowledge as well as analytical skills to deal with risk. In these investments an investor has to take decision on the basis of both rationale and emotional perspectives. As per investors point of view investing in financial securities is one of the avenue for investing our savings but on the other side it is acknowledged to be one of the most risky avenue of investment. It is difficult to find investors investing their entire savings in a single security. Instead, they want to invest in a group of securities. Such group of securities is called portfolio. When portfolio is created risk is reduced without sacrificing returns. Portfolio management deals with the theory and practice of optimum combining securities into portfolio. An investor who understands the principles and analytical aspects of portfolio management has a better chance of success. (Malik & Saini, 2013)

Research Gap

From the above literature researcher identifies the research gap between the old research and the current research that In past there were no any specific goal oriented strategies or no any strategic assets allocation and well managed portfolio. At present reduce the unsystematic risk through diversification and impact of diversification on portfolio to maximize the return and reduce the unsystematic risk become very popular. The investors always try to find out an efficient capital market to higher return and to define relationship between systematic risk (Beta) and expected return always before taking investment decision.

A very few studies have been made focus on reduction of unsystematic risk through diversification, impact of diversification, search for efficient capital market and define relationship between systematic risk (Beta) and expected return simultaneously. Thus the proposed study would be carrying out to fill such a research gap.

IV. OBJECTIVES OF STUDY

- Find out the perceptions of Investors towards choice of investment
- To find out the Impact of awareness for investing money in portfolio.
- To find out impact of Gender in Investment in various types of securities

V. RESEARCH METHODOLOGY

The Sample design

The universe of the study consists of HNI (High Networth Investor), people who invest more than 2 lacs in an issue. Individuals or HUFs are covered here, A person with an investible bank balance of Rs.2,00,00,000/- is

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considered as a **HNI** (High Networth Individual) as per the present financial assessment in **India**. However persons those who are nearing this level are also considered as **HNI** for practical purposes, which are using the assets allocations and portfolio management.

Size and nature of the study

Sample size will be calculated by the Judgmental sampling techniques in major cities of the Gujarat. It is an empirical research as it is data based research coming up with conclusion which is capable of being verified by questionnaire

Data collection

Secondary data will be used for the study. The required data would collect from the various websites. Tools for the primary data collection are questionnaire and interview method; expected respondent will be investors in various securities. In this study I will collect data within the period of one year after completion of the review of literature.

Hypothesis

On the basis of data collection, the researcher has been identified the following broader hypothesis for the study:

A1 Ho: Awareness for investing money in portfolio and Investment in Portfolio are Independent variable

A2 Ho: Gender and Investment in various types of securities are independent variable

VI. SCOPE OF THE STUDY

The scope of the study is very wide, because in the present scenario investment activities are more in the new generation and the other. They are investing money in various types of securities or investment options like stock, bond, Property, car, gold etc.. So ultimately higher return form the investment. So main aim of this research is to find out impact of awareness of investment for investing money in the various types of securities

VII. ANALYSIS

In this study sample size is less than 30 so Fisher's Exact Test is more appropriate for calculation of this hypothesis **Fisher's exact test** is a statistical significance **test**used in the analysis of contingency tables. Although in practice it is employed when sample sizes are small, it is valid for all sample sizes.

Following is the equation for the **Fisher's exact test** value

$$p = \frac{\binom{a+b}{a}\binom{c+d}{c}}{\binom{n}{a+c}} = \frac{\binom{a+b}{b}\binom{c+d}{d}}{\binom{n}{b+d}} = \frac{(a+b)!\,(c+d)!\,(a+c)!\,(b+d)!}{a!\;\;b!\;\;c!\;\;d!\;\;n!}$$

In this hypothesis researcher trying to check awareness for investing money in various securities and the investment in portfolio are independent from each other for that one variable is the awareness for the securities and other one is the investment in the various securities. Generally we are assuming if we are aware about the portfolio management in that case only we are investing money.

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A1 Ho: Awareness for investing money in portfolio and Investment in Portfolio are Independent variable.

Male		**Female**											
Yes	**No**	**Yes**	**No**										
a	**b**	**c**	**d**	**a+b**	**c+d**	**a+c**	**b+d**	**N**	**a+bCa=**	**c+dCc=**	**NCa+c =**	**P**	**P cutoff ≤ P**
5	10	9	0	15	9	14	10	24	3003	1	1961256	0.002	TRUE
6	9	8	1	15	9	14	10	24	5005	9	1961256	0.023	FALSE
7	8	7	2	15	9	14	10	24	6435	36	1961256	0.118	FALSE
8	7	6	3	15	9	14	10	24	6435	84	1961256	0.276	FALSE
9	6	5	4	15	9	14	10	24	5005	126	1961256	0.322	FALSE
10	5	4	5	15	9	14	10	24	3003	126	1961256	0.193	FALSE
11	4	3	6	15	9	14	10	24	1365	84	1961256	0.058	FALSE
12	3	2	7	15	9	14	10	24	455	36	1961256	0.008	FALSE
13	2	1	8	15	9	14	10	24	105	9	1961256	0.000	TRUE
14	1	0	9	15	9	14	10	24	15	1	1961256	0.000	TRUE
											P=	0.002	FALSE
											α=	0.05	
											HO(p≥α)	FALSE	Rejected

In this hypothesis according to the fishers exact test null hypothesis fail to accepted because the P value is less than the Alpha value that is 0.002 p value and 0.050 alpha value so we can say that awareness regarding the investment opportunities and the investment in various types of the securities are not independent variable. Without awareness person cannot invest money in any kind of the securities. So for investing money awareness of securities regarding risk and return is important.

A2 Ho: Gender and Investment in various types of securities are independent variable

Male		**Female**											
Yes	**No**	**Yes**	**No**										
A	**b**	**C**	**d**	**a+b**	**c+d**	**a+c**	**b+d**	**N**	**a+bCa=**	**c+dCc=**	**NCa+c=**	**P**	**Pcutoff ≤ P**
11	9	4	0	20	4	15	9	24	167960	1	1307504	0.128	TRUE
12	8	3	1	20	4	15	9	24	125970	4	1307504	0.385	FALSE
13	7	2	2	20	4	15	9	24	77520	6	1307504	0.356	TRUE
14	6	1	3	20	4	15	9	24	38760	4	1307504	0.119	TRUE
15	5	0	4	20	4	15	9	24	15504	1	1307504	0.012	TRUE
											P=	0.615	FALSE
											α=	0.050	
											HO(p≥α)	TRUE	Accepted

According to the fishers exact test in this hypothesis null hypothesis is fail to rejected because the P value is more in compare to the alpha in this problem, that is 0.615 p Value and alpha is 0.05. That indicate that the null

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hypothesis is accepted means gender and the investment in various types of securities are the independent variables. There is no any relationship between gender and investment opportunities.

VIII. CONCLUSION

In recent trends, portfolio management is very important issues; in this proposal the researcher has used innovative and creative ideas to create a portfolio management strategy. We can call it "assumptions about asset allocation and selection of portfolio management". Portfolio management is not limited to certain securities but it can add any securities, assets or investment to us so that we can balance our income and losses

As per the aim of this paper investment and awareness are the dependent variable and the gender and investment are independent variable. That means without awareness we cannot invest the amount in the various types of the securities. Effect of investment is on the risk and return that means if we are investing out money without any awareness than its too much risky for investors. In the next part of this research is gender and investment are independent variable means there is no any relationship between gender and investment decision.

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