"IMPACT OF FINANCIAL ORGANIZATION ON HIGH NET-VALUE INDIVIDUALS"

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Abstract :

Savings form an important part of the economy for every nation. With savings invested in various options available to the people, the money acts as the driver for growth of the country. Indian financial scene too presents multiple avenues to the investors. The research paper outlines the accomplishment of different types of **High Net-worth Individuals' (HNIs)** behavior and the way they plan out their investment with the available financial Products in Indian Capital Market.The respondents have highlighted on increasing return on investment at a usual level of risk and how to have sufficient savings and incomes for retirement.The study focused on minimizing taxes at death and distribute estate according to the personal wishes.

Keywords: Financial Planning, Savings

I. INTRODUCTION

The Indian Financial Industry offers a plethora of investment avenues and serves broadly all type of investors. There are options also meant exclusively for young and old, small and large investors. The setup of a legal structure safeguards investors' interest and ensures that the investors are not cheated out of their hard earned money. All in all, benefits provided by them cut across boundaries of investor category and thus create for them, a universal appeal.

Thus, the investors of all categories could choose to invest on their own in multiple investment options that are available in the market.

As part of the study, the main objective is to accomplish different types of **High Net-worth Individuals' (HNIs)** behavior and the way they plan out their investment with the available financial Products in Indian Capital Market. It will also help to understand the availability of other suitable investment options for this investor class and their acceptability and have to prepare the database and target the customers for various investment products and customize the same to the needs of the customer.

FINANCIAL PLANNING

Need of Professional Advice for Financial Planning

Need of Professional Advice for Financial Planning. . . . .

- Rapid Changes in the Financial Environment expose investments to market dynamics requiring constant monitoring and advice.
- Traditional Investments too have become volatile.
- Protection from Inflation – 'the silent thief', which erodes savings.
- Guidance to invest within 'risk appetite'.
- Need to meet one's long term growth objectives as well as short term cash flows.
- 'Holistic' financial advice which goes beyond investments.

Saving Bank A/c is frequently a primary keeping money item individuals utilize, which offers the advantage of liquidity, and simplicity of reserve exchange. Be that as it may, they win an insignificant intrigue @ 4% - 5% p.a. At the point when balanced against expansion of at least 5 rate, the arrival which one gets from the sparing record will nothing the financial specialist.

Liquid Fund or Money Market

They are specific type of mutual finds that put invest into amazingly short term fixed wage instrument – business paper & here and now treasury bills. They accompany out any passage leave loads, and their profits are tax exempt as well. Investment in these finds can be liquidated in a day and in this manner give simple liquidity. Money market funds generally offer preferable returns over investment accounts.

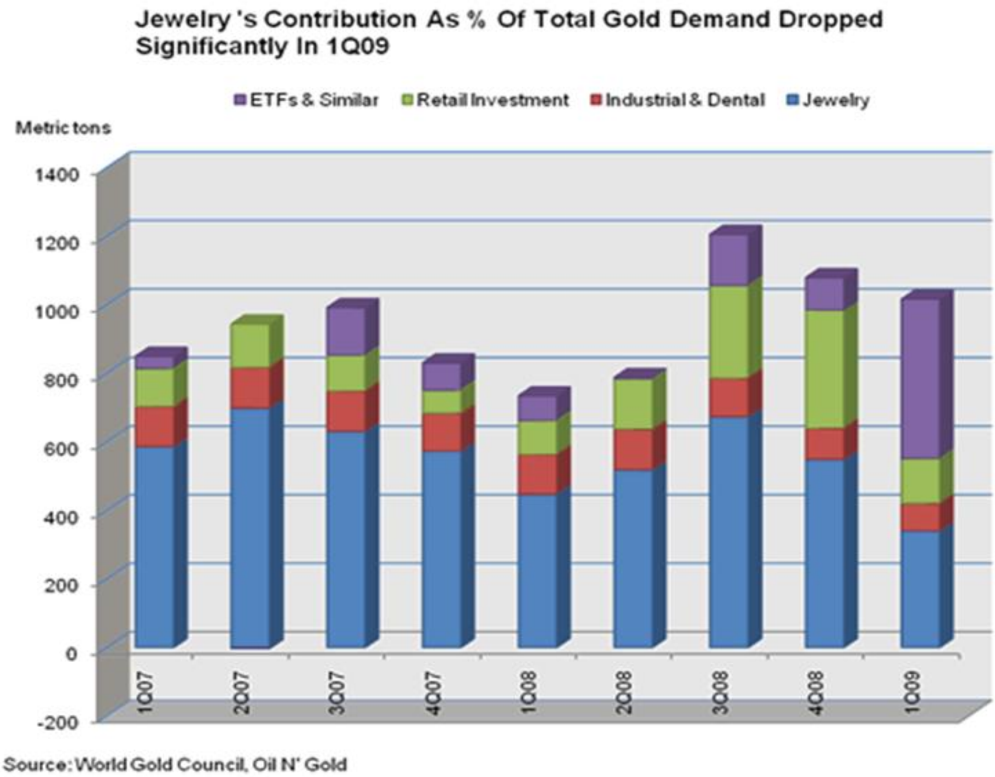
Deposits (Fixed) with Banks are additionally alluded to as term deposit & least speculation period for the bank FD's is 3o days. FDs with bank are for the investors with generally safe hunger, & might be considered for 6 to 12 month speculation period as ordinarily enthusiasm on under 6 month bank FD's is probably going to be lower than currency advertise finance return. Deposit Credit Guarantee Corporation offer certification to secure the interest and principal on bank deposits up to Rs.1l.00 Lac.

Economic Boom in the budgetary market and financial downturn and retreat influences the market and because of this, the assets those are required to be put into country building are essential motivations to emerge in Debt Market.

Investment funds for productive investment are being isolated into three general classifications – value, long-term debentures, and medium -to- short term debentures. The extent by which diverse types of assets are required relies on upon the way of the action, the area in which the investment is proposed to be made, and on the observations in regards to the future improvements in the financial sector.

The public sector is the significant investor in all framework and substantial ventures, which are most touchy to the financing structure because of their heavy investment necessities, long gestation lags and long pay-back periods. Since sovereign substances are not as susceptible to financing dangers as private, the asset-liability mismatch did not make a difference in particular.

All the more essentially, the present development strategy conceives a larger amount of association of the private division in infrastructure and heavy industries, which require long term funds, regardless of whether equity or debt.
Along these lines, it shows up very likely that the requirement for risk capital, particularly long term debt, by the private division in India will rise quickly in the coming years.
India being the world's largest market for gold in terms of volume, which has been increased considerably during the period of liberalization. India is also the world's largest gold consumer in terms of tonnage. Total demand in India has expanded by 84% in tonnage in 2009,in terms at 147.21 tone in 2008 ,the 4th quarter. It Led a very sharp rise of 107% in jewelry demand. The country counted for 71% of the value was used towards purchasing of jewelry of gold and only 29% was used for the investment in products like coins and gold bars. The gold price has increased by 10.12%, which came out to an annual return of 81%. In the year 2008 , gold topped most of the asset classes and has given a 31% return on investment in it in terms of rupee . Although the figures vary, India is now to hold gold very close to 15,000 tonnes or 10-11% of the world's entire gold stocks which is above grounded.
Sales of gold have accounted for 677 tonnes per annum over past decade, which is more than in the United States one and a half times, which is the world's 2nd largest gold market in terms of volume terms .The demand strength over past decade is quite impressive when it is compared against the price, which has shown a upward trend continuously in rupee terms over the last period. In 2008, due to economic slowdown the consumption of gold have dropped from 13% to 660.21 from 750 tonnes in the the last year, with changes of demand in each commodity (jewellery, , medallions and decorative uses and imitation coins, coins and bars electronics and other industrial).



Gold a Investment Vehicle

Gold is the 2nd opted investment after bank deposits ,it is. valued in India as a most safest and a safe investment vehicle. Indian population is known for saving either investment or money for their future. The financial savings ratio of 93% is very strong, with a count of financial assets-to-GDP. The market for is extremely liquid and gold held by various instituations and sector like central banks, other major institutions keep returning back to their market. Apart from being the oldest and the most precious metal it is a timely subject for many reasons. The opinion of market experts against the traditional investment , vehicles of stock market and market are in the era of their all-time highs and may be other reasons due for a severe correction in the market

GOVERNMENT SECURITIES

The Indian debt market has gone a dramatic change in the last past few years. The financial crisis that struck the markets in 1991 helped the financial services industry cleanse the system and develop better controls. The Reserve Bank of India (RBI) has taken numerous steps added depth to the market. Commercial banks continue to dominate the market, although the government has encouraged its growth in the hope that investors will feed on the penchant to raise funds through the issuance of fresh paper. Levels of activity have risen as companies raise funds overseas and deploy them in the debt market. Interest rates have declined as foreign investment flows in, and general bullishness has benefited holders of stock and encouraged fresh entrants.

Government of India securities

Government of India (GOI) securities is one of the biggest contents of the debt market in
India, by various measures: remaining securities, volume of trade , and the number of participants. The majority of share is being held by banks and finance companies in order to meet these statutory requirements and only a minor part of the remaining stock makes its way into the market for the trading.

GOI securities are issued in the form of the fixed coupon bonds, called as securities, Treasury bills, floating rate bonds, zero coupon bonds .
Dated securities have been issued for maturities of between 2 and 30 years in the past.
However, the RBI has been bringing down the tenor of securities being issued and has limited the range to a maximum of 12 years. In practice, most issues are for 3 to 7 years. A good proportion of these bonds go towards meeting the redemption of earlier issues, and at times bondholders have had the option of converting the maturing stock into freshly issued stock. Dated securities have traditionally been issued at predetermined coupon rates, but the RBI has begun to issue stock through 'French' auctions, where bidders have to bid for the coupon as well as the amount. T-bills comprise the second largest portion of sovereign debt. They used to be issued for maturities of 182 days and 364 days, but the 182-day T-bills have been phased out; 14-day and 91-day T-bills are now regularly issued. The RBI decided to reintroduce the 182 day T-bills in its last credit policy. T-bills have always been sold through 'French' auctions. Auctions of some maturities have fixed issue sizes, while for others no issue size is announced. These auctions are held on fixed days of the week; for example, the 91-day T-bill auction is held every Friday and the 364-day T-bill auction is held on alternate Wednesdays. The RBI has been introducing more maturities in the hopes of enticing a larger spectrum of players into the market, as well as providing both corporations and banks with more tools for short-term asset/liability management.
Zero coupon bonds were initially taken up with some enthusiasm, although secondary market trading has never been high.

State government bonds

Various states in India also raise funds through bonds, which are eligible as statutory reserves by financial institutions. Although the actual risk on these bonds is akin to that on central government debt, market perception of the risk varies depending on the condition of each issuing state's finances, and there are differences in traded yields.

Guaranteed bonds

There are also several government-sponsored institutions, primarily engaged in building infrastructure, which raise funds with the backing of state government guarantees. Yields on both state bonds and guaranteed bonds are higher than on comparable central government securities because of perceptions of higher risk and lower liquidity.

Liquidity

GOI securities have a fairly liquid secondary market. New issues are actively traded, usually between primary dealers and the foreign banks. However, the local asset allocation restrictions ensure that a sizeable portion of any new issue is subscribed to by investors who tend to hold to maturity. New issues of GOI and state securities in 1997/98 were Rs550 billion, with total secondary market transactions in these amounting to Rs2,050 billion. Gsec are usually traded in lots of Rs50 million and the average spreads are 5-10 paisa, in times of liquidity. However, these spreads are extremely susceptible to liquidity and market conditions and have been known to go up to as high as Rs3.
The total outstanding GOI securities are estimated at US$90 billion.

Quasi-sovereign debt

The number of sponsored institutions by government have made regular way into the market to give raise to medium-term funds. These include Development Financial Institutions (DFIs), comonly the Industrial Development Bank of India (IDBI), and Investment Corporation of India (ICICI), the Industrial Credit and the Industrial Finance Corporation of India (IFCI), as well as the infrastructure-related bodies referred to as 'public sector units' (PSUs), which have as its part Mahanagar Telephone Nigam Ltd, the National Thermal Power Corporation and the Power Finance Corporation. Issues from either of these two categories do not qualify as statutory reserves for banks. There is, however, regular demand for them from pension funds that can make investments in these bonds up to specified limits of their accretions. These bonds are issued for maturities between one and seven years, and most are well received by investors because they are perceived to carry low risk. A large number of retail investors bid for them, partly because of the absence of other investment opportunities of similar yield and risk. Yields vary from 11% at the short end of the curve to 17% at the long end. A variant of these bonds has been the 'tax-free' bond, for which the interest income is exempt from tax. These bonds appeal to high net worth individuals who wish to invest in tax-free instruments. The market has been fairly inefficient at pricing these instruments and yields (on a gross basis) have always been higher than on comparable taxable bonds.

The prime issues of the Central Government have expanded many-fold during the last few decade. The issues by state governments have increased by about five times from during the common period.
The average turnover in central and state government mentioned securities, including treasury bills, through transactions have increased 31 times during the last few decade, higher than the combined trading volumes in the segments of equity of all the stock exchanges in the country, reflecting deepness of the market. The share of mentioned securities in turnover of government securities increased from about 69% to 94% in the last few decade. The T-bills amounted for remaining turnover of SGL.Government issues the securities with fixed discount rates, floating rate bonds, and securities with embedded derivatives zero coupon bonds. The securities are issued through auction either on yield basis or on price basis.
Most of the market i.e. secondary market trades in government securities are fought between participants (Banks, FIs, MFs) having accounts with RBI. These are negotiated straightly between counter parties or negotiated through brokers. RBI for NDS provides an electronic platform for negotiating trades for the securities of the government. If a broker presence is present, the trade is researched to the respective exchanges. Trades are takes place on electronic platform of NSE for the WDM segment.

INSURANCE

Breathing New Life…

The deregulation of Indian insurance has opened new vistas before this sector. The first stirrings of change are visible in two areas. The insurance regulatory & development authority (IRDA) has granted license to many private players to commence life & non-life insurance business in India, the state owned non-life megacorp, has witnessed to the first phase of restructuring wherein its subsidiaries have been delinked from GIC, which itself has been converted into a National Reinsurer. Clearly, the Indian insurance sector is coming alive.
With the enactment of the IRDA Act in November 1999 by the Indian parliament,
Indian joined the growing list of countries where insurance is open to the private sector.
In fact, only three nations in the world – Cuba, Myanmar and North Korea-have the dubious distinction today of having total state control over insurance.

The insurance business is worried with three essential functions:

- **Indemnification of the loss of significant worth.**
- **Scientific way to deal with risk management.**
- **Equitable conveyance of the expenses among the protected.**

Having chosen to invest in life insurance, one is normally undecided about how much.
There are many factors that may choose the size of the life cover you might want to purchase.

1. Requirement For Minimum Protection:
It is essential that a specific level of income should to be kept up for the family even when its bread earner is not around. Assume a family's present needs are Rs.2000 every month. The spouse may insure his life for Rs. 240000 so that the bank interest at 10 % on the aggregate guaranteed (i.e. Rs. 240000) will be equivalent to Rs 2000 p.m. If one wants to accommodate the future fall in the purchasing power of rupee because of inflation, one should essentially take strategies for higher sums.
No widow, they say, has ever complained that her spouse purchased excessive insurance.

2. Present Level of Income:
Payment of insurance premium outcomes in an outflow of disposable income. You may not want to purchase excessive insurance. One should decide the quantum of insurance remembering the cash flow issues that will be made as a result of the commitment of regular outgo from salary to this account.

3. Tax cuts:
You should also consider the tax refund under Section 80C, for example. As insurance premium, alongside commitments to Provident Fund, Equity Linked saving Schemes (propelled by Mutual Fund) and so forth, are qualified for exempt income to the extent of Rs 1 lakh during a financial related year.

4. Specific Schemes:
If one wish to spend a specific total of cash for the education & wedding of their children, then they may like to purchase an insurance policy for a particular sum to meet that commitment.

5. Present Age:

The rates of premium run up with the propelling age of the life-assured. For instance, the yearly premium for a 20-year term, with-benefits endowment policy is Rs 50.80 per Rs 1000 - sum guaranteed at 25 years old. It goes up to Rs 58.60, if the policy is taken at 45 years old. The increase in premium is more noteworthy for the 35-45 age section than that for 25-35. Thus, one can purchase more insurance for a similar premium at a younger age than at an older one. By paying a yearly premium of Rs 1000, you can purchase with-benefits insurance policie with changing sums guaranteed (adjusted off to the closest Rs 1000) depending on the age.

Thus, your present age is a critical factor in choosing the quantum of insurance that you can manage. The final decision rests upon a cautious consideration of all these factors.

The requirement for minimum protection might be very high, yet the present requirement for disposable income may not instantly allow purchasing satisfactory insurance. You then need to make a compromise and purchase the additional insurance as and when you can manage the cost of it.

Two Different Approaches:

Specialists bring up that there are mainly two ways to deal with the quantum of life insurance that you should have.

a. Human Life Value Approach:

It recommends capitalization, through life coverage, of a piece of an individual's potential earning limit for the maintenance of dependents. It includes calculating the discounted value of future net income that would be lost in case of death.

b. Capital Fund Approach:

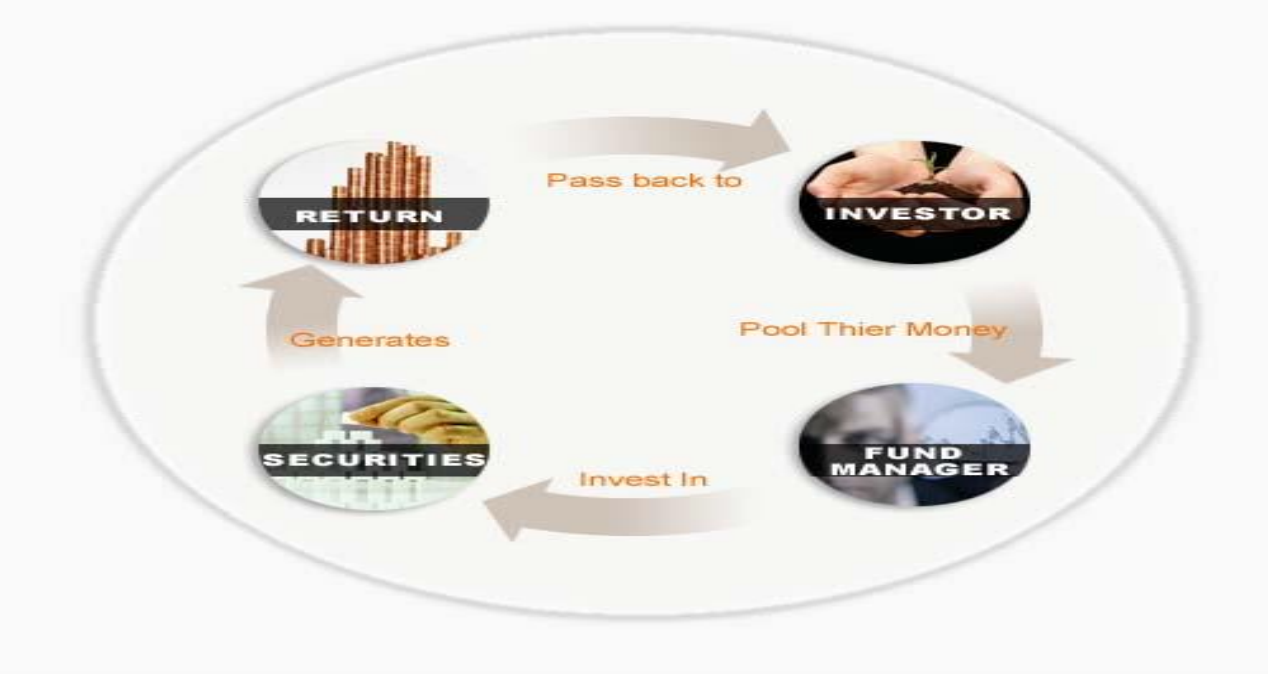
On the off chance that you require Rs 60000 per annum for your family needs and in the event that you don't have any income generalizing assets, you might like to make a Capital Fund of Rs 5.45 lakh which might yield Rs 60000 at 1 % per annum. You may subsequently purchase a life insurance policy for Rs 5.45 lakh.

Very little life insurance is required in the initial stage. Similarly too, in the empty next stage.

The most extreme requirement for life insurance emerges amid the mid-phase, when one is hitched and has children. In other words, one might choose life insurance so far as the asset level is lower than the need level. Once the asset level outperforms the need level, the significance of insurance decreases.

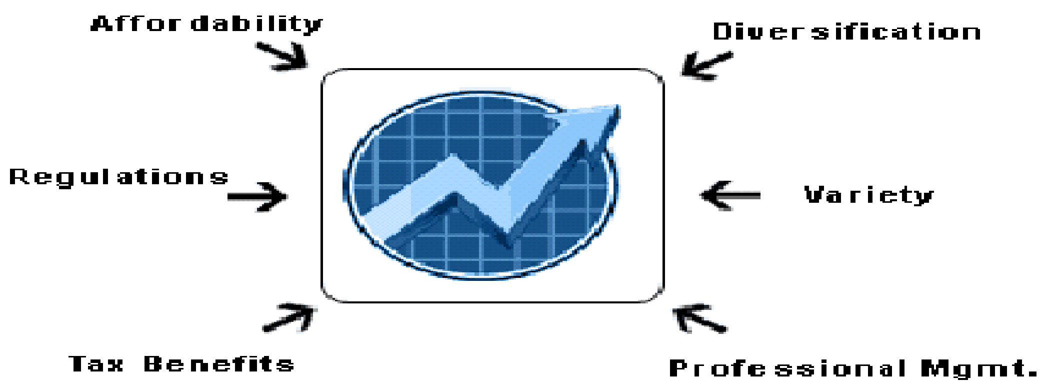
Stage of Life	Needs	Assets
1. Initial stage with zero family Responsibilities.	Premature death causes very few needs for eg funeral expenses.	None worth while assets. Just starting. Might be some cash balance.
2. Married and have kid	Premature death leads to very serious problems since almost all of the needs continue.	Very few assets available. Mostly growing asset.
3. Nest Empty	The needs are very few once kids grow and settle down. No major finance related problem.	Very Powerful assets base, surpassing the finance related needs.

MUTUAL FUNDS



A mutual fund is a typical pool of cash into which financial specialists with common investment target put their contributions that are to be invested into understanding with the expressed investment goal of the scheme. The investment manager would invest the cash gathered from the financial specialist into assets that are characterized/allowed by the stated objective of the scheme. For instance, a equity fund would invest equity and equity related instruments and an debt fund would put investments into bonds, debentures, gilts and so on.

Benefits of Mutual Funds:



Fund investment

There are two ways in which we can make investments in mutual funds.

i.) It's a one time investment through lump sum investment. Where one has to invest the entire amount which he is willing at one go.

ii.) Secondly, one can invest through Systematic Investment Plan (SIP). Here one can invest in installments, like every month or quarterly or semi annually. The amount of each installment is fixed. One can start investing with small amount of Rs.100 as well. But only Reliance asset Management Company is providing this small amount opportunity. Generally Rs.500 is what other companies are providing with. Daily investment is done by way of Systematic Transfer from any of its existing debt oriented scheme to any of its equity scheme. Investment amount is kept as low as Rs.99 per day. Main aim of this plan is to take benefit from day to day volatility of stock markets and reducing average cost of investment.

REAL ESTATE

Nature and Description of Real Estate

What is real estate? Real estate is land and the enhancements made to it, and the rights to utilize them. Given us a chance to start by looking all the more carefully at what is implied via land and upgrades. Frequently we consider land as just the surface of earth. But it is considerably more than that. A understanding of this idea is important since, given a specific bundle of land, it is feasible for one individual to possess the rights to utilize its (surface rights), another to claim the rights to bore or burrow underneath its surface (subsurface rights) and still another to claim the rights to utilize the air surface above it (air rights)

Realty & Real Property

Realty refers to land and buildings and different changes from a physical outlook, real property refers to right to possess land and upgrades and real estate refers to land and enhancements and the rights to claim or utilize them. However these three terms are utilized interchangeably in everyday usage.

Land

Land is the base of all steady properties. The physical attributes of land are immobility, indestructibility and non homogeneity. This mixture of qualities makes land unique in relation to other commodities and the combinations are:-

Immovability:-

A piece and bundle of land can't be moved. Without a doubt soil, sand, rock, stone and minerals can be moved by the activity of nature or man. Be that as it may, the piece and package of land despite everything it holds its same topographical position on the earth.

Indestructibility:

Land is indestructible. For instance to- the very first moment one can go to India and stroll on a similar land that was strolled on in Mahabharata days. The attributes of physical sturdiness urges many individuals to purchase land as an investment since they feel that paper cash, shares, stocks and bonds and different items may go back and forth, yet land will dependably be there. The way that no two packages of land is precisely indistinguishable on the grounds that no two bundles can possess a similar position on the globe. This is known as non-homogeneity. Courtrooms perceive this characteristics of land and subsequently regard land and property consequently as non-fungible product that is non substitutable. In this manner, in an agreement including the sale or rental of land or any change, construction of house or whatever other units, the courts can be called upon to implement particular execution of the agreement.

How to Invest?

Apart from customary method for investing straightforwardly by way of purchasing plots or building, now at the very beginning one can invest through various fund houses, such as Kotak has its Realty Fund Schemes, and so on. By investing through the professionally managed fund houses or distinctive organizations it makes less demanding for the investor to keep trace of his investment, as he need not need to monitor everything with a special reward of putting less exertion from his side.

Importance of Financial Planning In India

India is picking up importance in the field of investment step by step. There are such a large number of variables that support the investment in India and draw in the potential investors from everywhere throughout the world. India has the solid quality of specialized and scientific population. The domestic market of India is exceptionally endless. The English base of India is additionally extremely solid. The small scale sector is additionally useful for investment planning in India. The infrastructure of the nation additionally supports the investment planning in India. All these things together make an exceptionally solid atmosphere for investment in India. The investment segment of India has developed as an extraordinary wealth creator. Indeed it has been named as the world's fastest growing maker of wealth.

Investment implies giving your cash to earn more cash. Done wisely, it can help you meet your financial related objectives like purchasing another house, paying for college training of your children, of your getting a charge out of a comfortable retirement, or whatever is imperative to you.

You don't need to be rich to be a investor. Investing even a little sum can create impressive rewards over the long term, particularly if done regularly. But you have to choose about the amount you need to invest and where. To pick wisely, you have to know the investment alternatives altogether and their relative risk exposures.

There are numerous Indian organizations that have crossed the net benefit of the most recent year in a time of six months. This thus quickens the corporate income of the nation. The government of India likewise frames such rules and regulations in order to draw in financial specialists from everywhere throughout the world to put resources into India. There are such a variety of NRI's that are investing their money in the market of India. The government of India is finding ways to promote investment planning in India.

The decision of a financial planning counselor can be a troublesome task. It turns out to be considerably more troublesome on the off chance that you have no learning about financing. You should choose your financial planning counselor with incredible care and ought to hire somebody only after making an appropriate research for that individual.

The financial planning consultant plays a vital part in the investment planning in India. You can likewise take the service of the agencies that hire such financial planning counselors. You should always remember it that a terrible consultant may destroy finances and may fall you in a bad position.

Objective of Study

1- To analyze calculating value for money in family financial planning
2- To focus on to decrease and reduce income taxes and other government levies
3- To study on increasing return on investment at a usual level of risk
4- To study on how to have sufficient savings and incomes for retirement
5- To study on minimizing taxes at death and distribute estate according to your personal wishes.

Data and Sources of Data

The total information can be captured from primary as well as secondary sources of data. A comprehensive research methodology which depicts a judicious blend of both primary as well as secondary sources.

● **Primary data** has been collected through personal visits assisted by well prepared questionnaire so as to get best inputs regarding the topics.

● **Secondary data** has been collected viz. researches of the RBI, NABARD, Internet, textbooks and Articles available through general sources.

WHO CAN USE THE DATA?

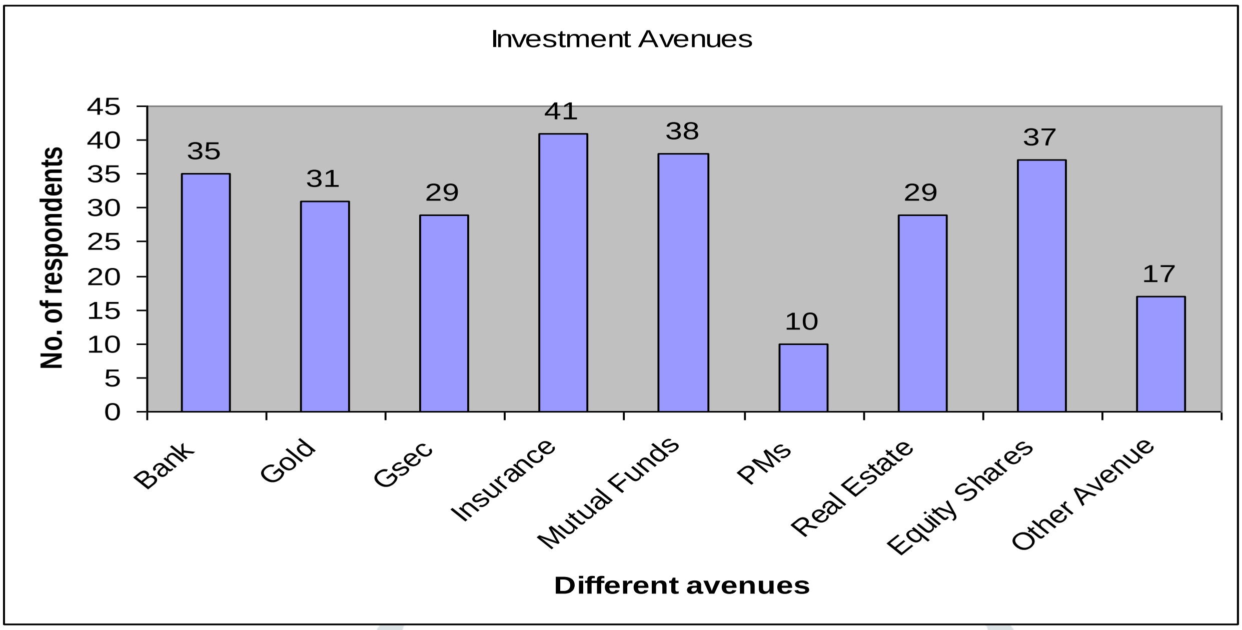
- Investment Banks, Commercial Banks, Private Equity
- Fund Managers/Investment-Buy Side
- Brokerage /Securities House-Sell side
- Corporations, Consulting Firms, Universities

HOW TO USE THE DATA?

- Business Intelligence, Market Research
- Macroeconomic Industrial and Statistical Data
- Industry Research and Analysis
- Credit Risk Too

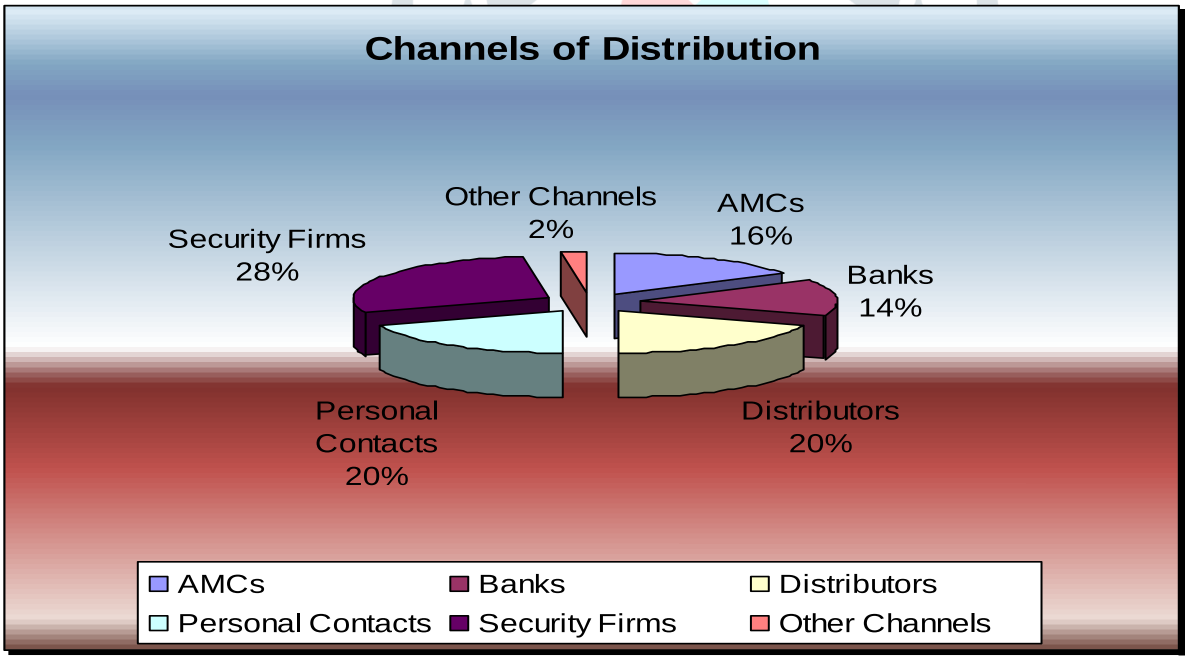
RESULTS FROM QUESTIONNAIRE

High Net-worth Individual way of investment differs from individual to individual. Few of them are very conservative and like to invest in banks and govt. securities only. While few are very aggressive they like to invest in the instruments which give them high returns and they are ready to take high risk. The following graph shows where HNIs invest their savings: -

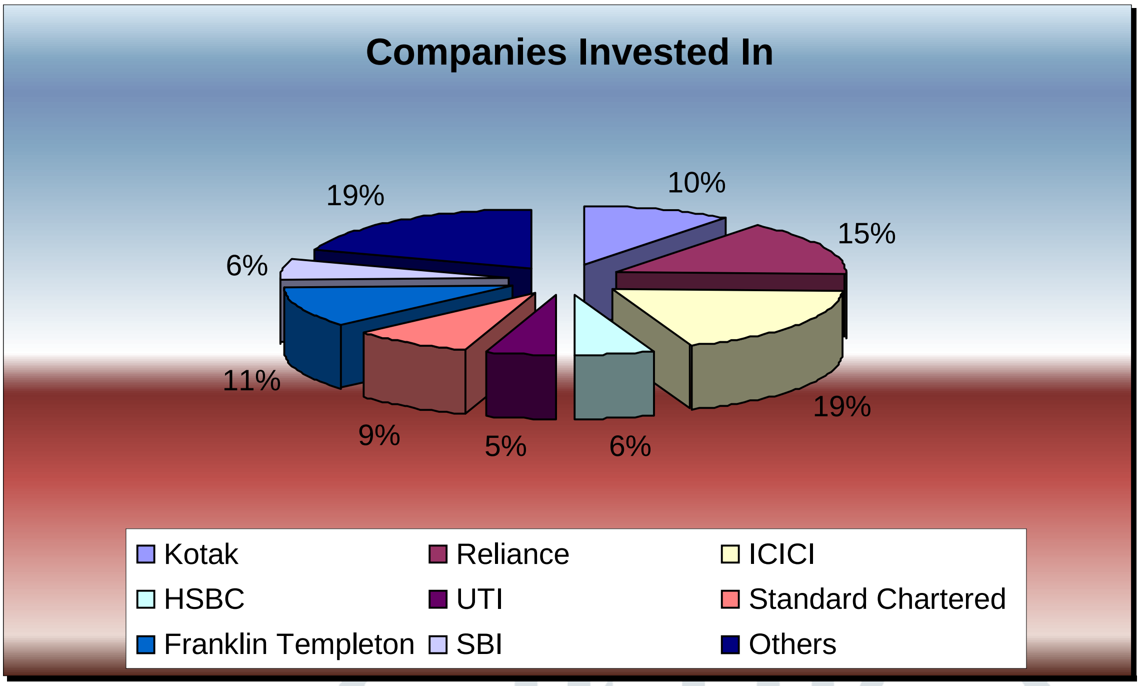


Now comes the question from where does HNIs invest in the above mention instruments? The different options available with HNIs for selecting their channel of distribution are Asset Management Companies (AMCs), banks, distributors, personal contacts, security firms and others. Based on the response given by HNIs in the questionnaire, it can be said that HNIs

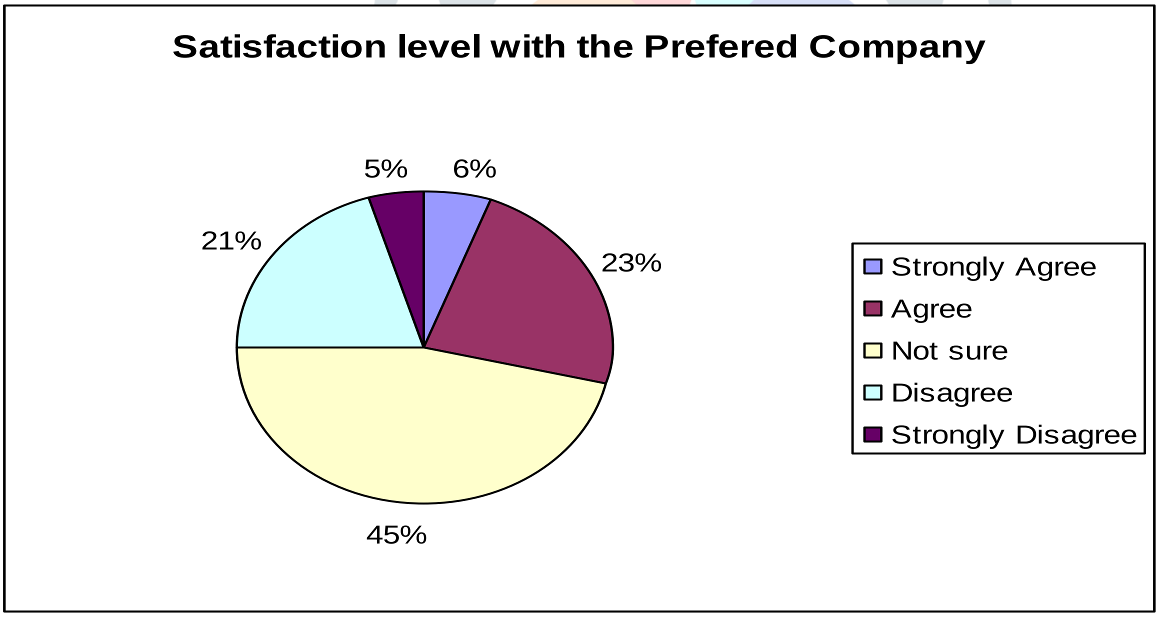
invest 16% through AMCs, 14% through banks, 20% through distributors 20% through personal contacts, 28% through security firms and 2% through other channels. This can be seen with the help of following chart: -



Now comes the question in which company does HNIs choose for their investment? Based on the response given by HNIs in the questionnaire it can be safely concluded that HNIs there is tough competition between all the companies, however as of now ICICI along with others are the leaders but it varies from time to time. This can be seen with the help of following questionnaire:-



Now the main question whether HNIs are satisfied with their preferred company as mention earlier their choice of most preferred company changes from time to time, this can be seen with the help of following chart where it can be seen most of HNIs are not sure whether they are satisfied with their preferred company while few are not satisfied with their preferred company.



Here Strongly Agree = 80% to 100% satisfaction.

Agree = 60% to 80% satisfaction.

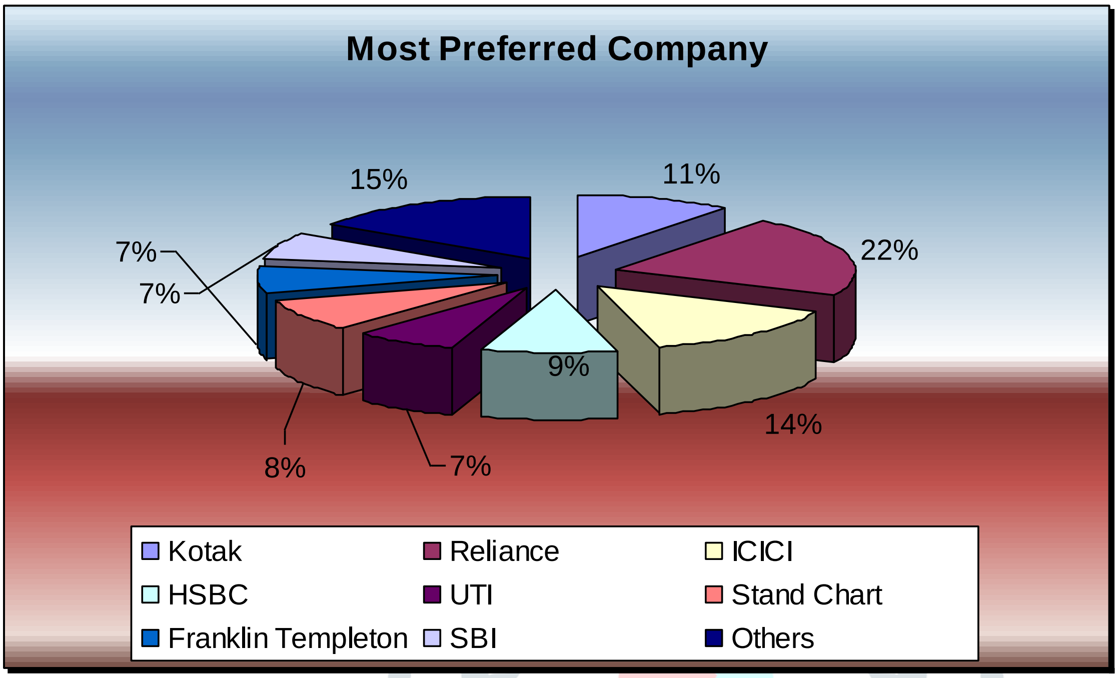
Not Sure = 40% to 60% satisfaction

Disagree = 10% to 40% satisfaction

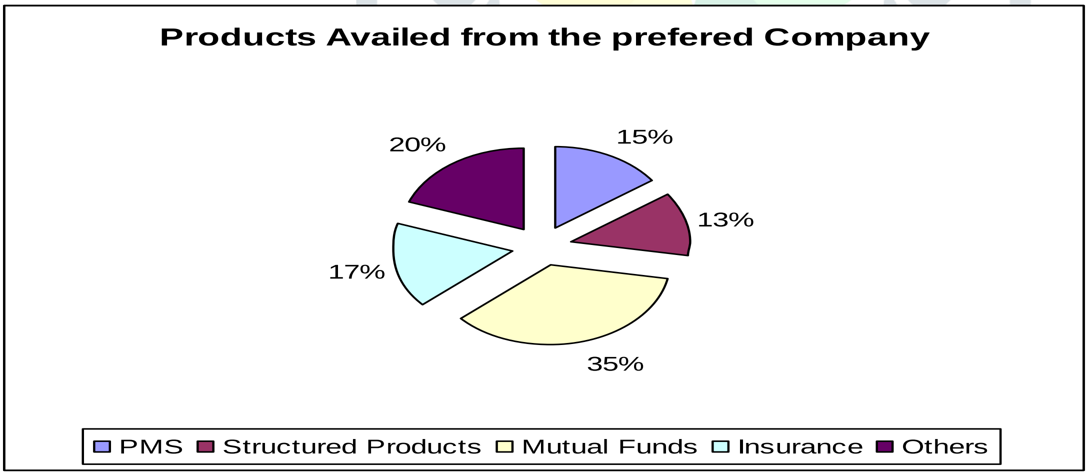
Strongly Disagree = 0% to 10% satisfaction

As mention earlier HNIs' selection of most preferred company can change from time to time. In the earlier graph ICICI was the leader i.e. the company through which HNIs invest most

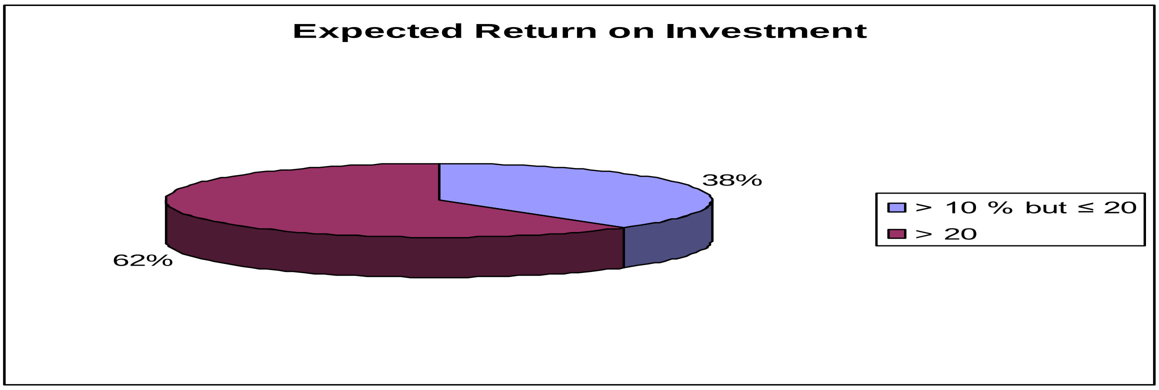
but with launch of few attractive schemes by reliance and others it changes drastically as shown in the following graph: -



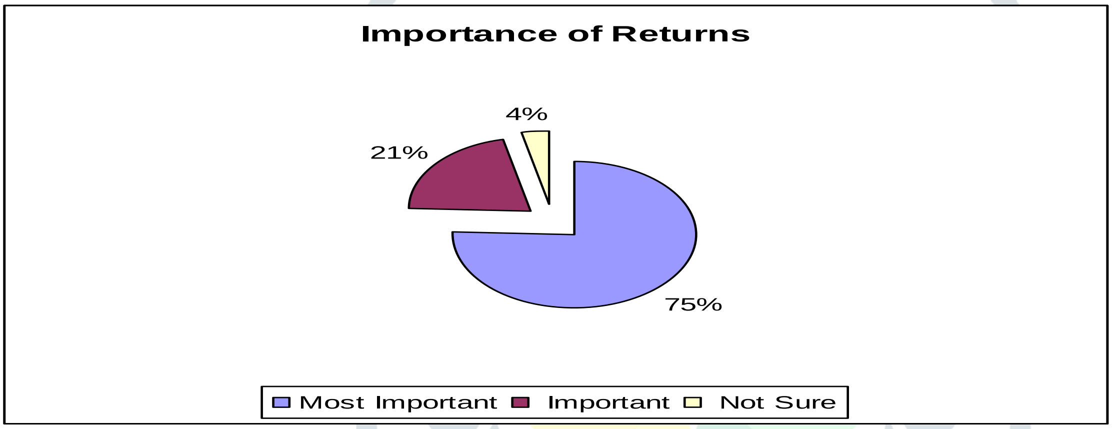
Different types of products are available with their preferred company. HNIs' selection of products also varies from individual to individual. The different types of products HNIs go for are as follows: -



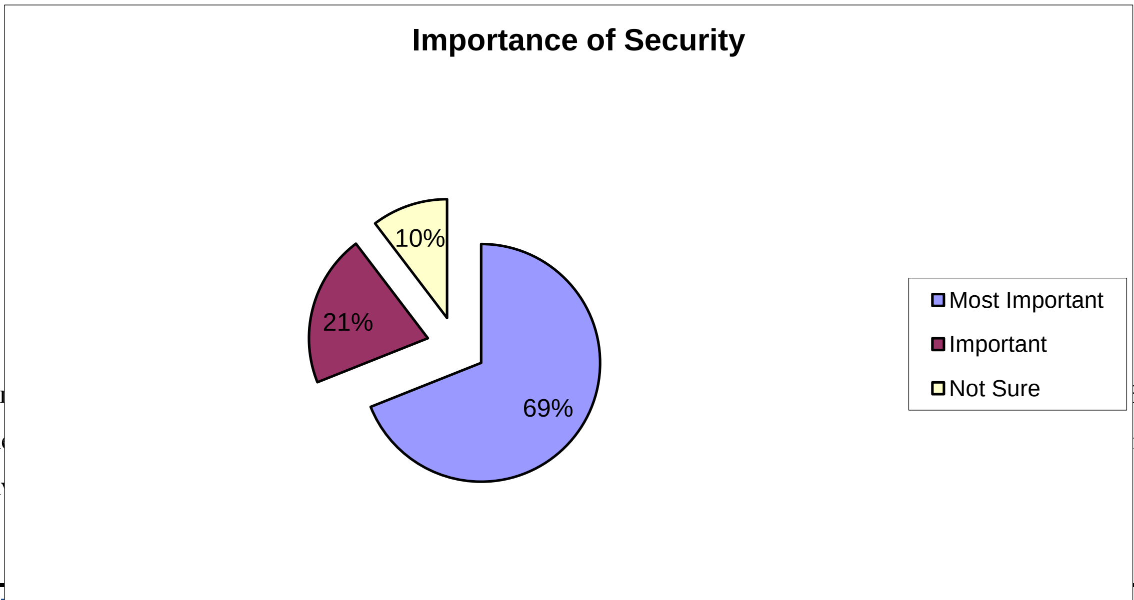
The main motive in the minds of the every investor while investing is the Return what he/she receives from his/her investment. Same is the case with the HNIs their main motive is the return what they gets on their investment. HNIs expected returns on their investment varies from individual to individual. This is mainly because their choice of selecting the mode of investment also varies from individual to individual. As discussed in the first graph few are conservative and want to invest in the instruments which are safest and hence their expected return is also low while few are risk lovers, they will like to invest in high risk high gain instruments. The expected returns of HNIs can be seen with the help of the following chart: -



Amongst the HNIs who filled the questionnaire 75% feels returns is the most important factor, while 22% feels returns is the important factor while remaining 3% feels its neither important nor unimportant. This can be shown with the help of the following chart:-



Amongst the HNIs who filled the questionnaire 69% feels security is the most important factor, while 21% feels security is the important factor while remaining 3% feels its neither important nor unimportant factor while investing. This can be shown with the help of the following chart:-



A ... % feels tax-savings is
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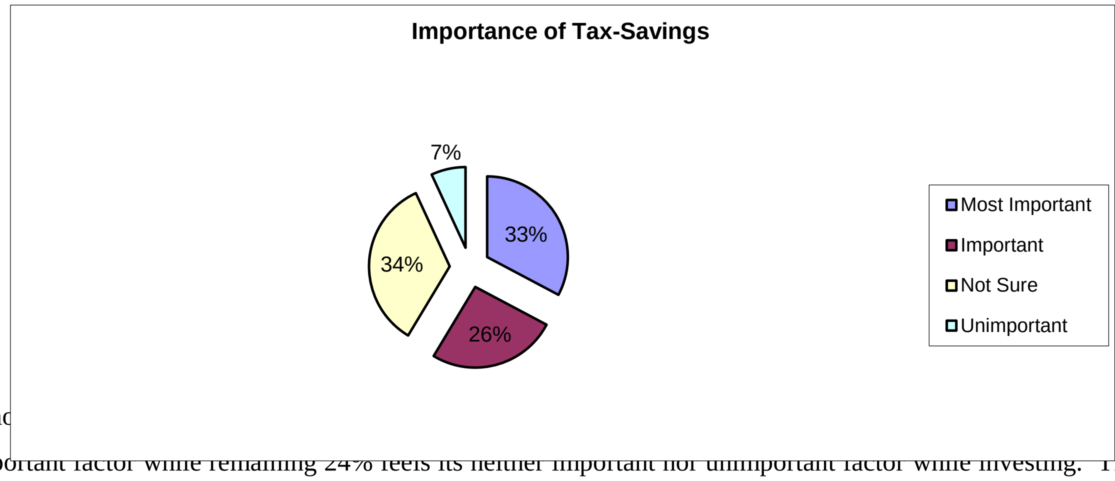
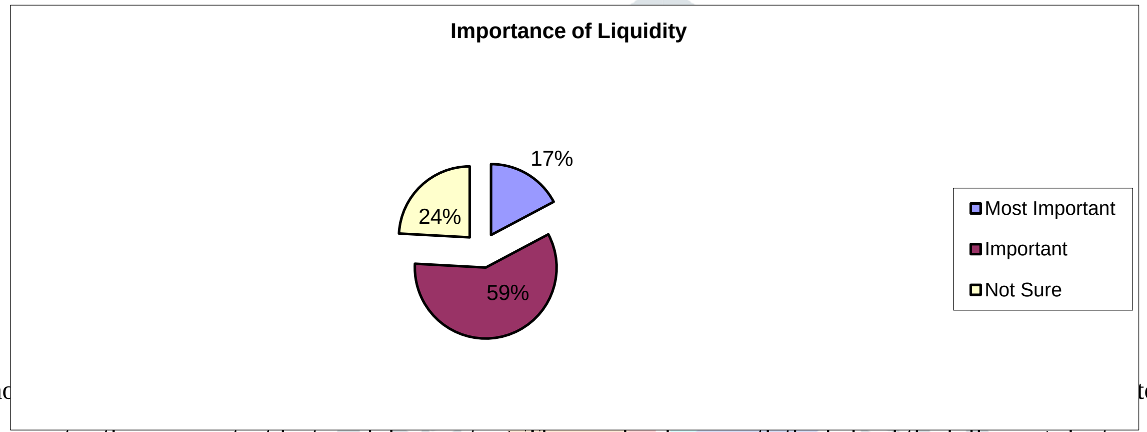
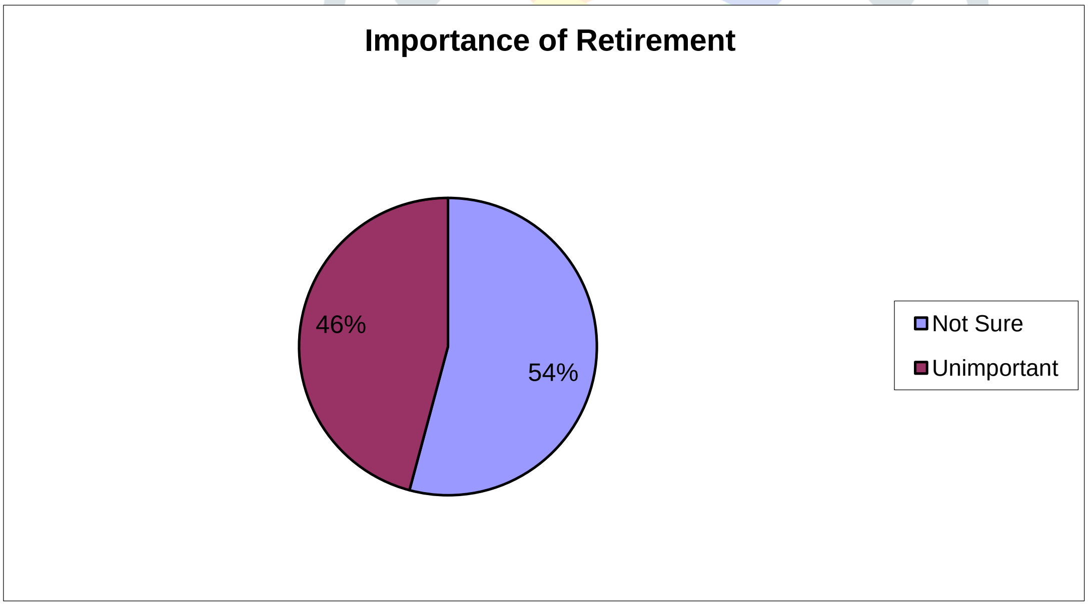


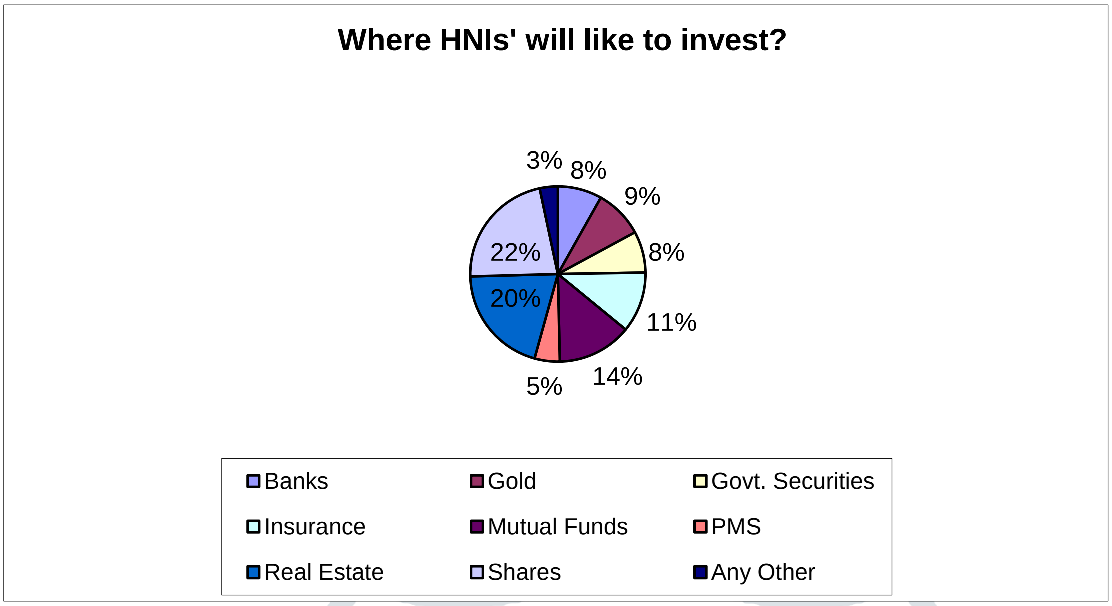
Amo … % feels liquidity is the important factor while remaining 24% feels its neither important nor unimportant factor while investing. This can be shown with the help of the following chart:-



Amo … tor, while 46% feels retirement is the unimportant factor while investing. This can be shown with the help of the following chart:-



Thus, based on all the above questions and their returns expectations from their investment its better if HNIs take middle of the road stand i.e. they are neither too aggressive nor too conservative and should have balanced portfolio. Based on the response given by HNIs in the questionnaire, it may be perceived that if an investor has huge surplus to invest and wishes to have balanced portfolio then he/she will like to invest 8% in banks, 9% in gold, 8% in govt. securities, 11% in insurance, 14% in mutual funds, 5% in portfolio management services, 20% in real states, 22% in shares and 3% in others. This can be seen with the help of following chart:-



Taking heart from the successes in the case of the equity markets, I believe that a more practical and realistic approach by HNIs towards investing requires a turnaround in their financial behavior. The first critical step in this process is to formulate a proper plan while investing, and while formulating this plan HNIs should be clear about their financial goals and their respective targets i.e. the field where they wish to invest to fulfill their objectives.

In addition to the usual suggestions about improving investment pattern need change HNIs should realize role of financial advisory has become pivotal in this dynamic environment. As financial planning does not mean investing but instead it begins with reviewing their overall financial Contour and followed by systematic process and if done professionally can help HNIs in achieving their financial goals.

As Investment is not an event it's an on-going process so HNIs should not try to follow typical culture of predicting market from past trends or based on their Judgment following the crowd or just trying avoiding loss. Our survey based on Questionnaire also reveals that HNIs are either too conservative or too aggressive. It will be better if they can take middle of the road stand and have a balanced Portfolio. The survey also reveal their view changes frequently about different investment products so it will be good if they have a long term view about their investment decision. Changing from one form to another based on few day market scenarios may prove to be dangerous in long run.

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