

A STUDY ON AWARENESS ABOUT STOCK MARKET AND PORTFOLIO ALLOCATION TO WORKING EMPLOYEES

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INTRODUCTION

We spend more than half our lives working and saving but hardly spend any time planning on how to put that hard-earned money to work more effectively. So how do you plan your financial life? Financial planning starts with a review of your overall financial profile, and not at investing. Before rushing to build an investment portfolio, you need to address the three issues: Insure your health, life and assets.

STOCK MARKET AND PORTFOLIO ALLOCATION

A stock exchange is a place where an organization through which, individuals and organizations can trade stocks. Many large companies have their stock listed on a stock exchange. This makes the stock more liquid and thus more attractive to many investors. Other stocks may be traded "over the counter" (OTC), that is, through a dealer. Some large companies will have their stock listed on more than one exchange in different countries, so as to attract international investors.

In order to protect investors from a market downturn, one must diversify the assets. The following are benefits of portfolio allocation.

1. Risk Reduction

One cannot eliminate risk completely, but you can manage your level of risk. Diversifying into safer fixed income assets may have helped to reduce their risk and maximize their returns.

2. Capital Preservation

Capital preservation allows you to protect the capital, rather than focusing on the rate of return for investments. Investing in a variety of assets reduces risk, especially when compared to investing in a limited number of stocks.

3. Ability to Hedge Your Portfolio

Diversification can enable a portfolio to grow both when markets boom and returns crumble in one sector. Allocation gives an investor the chance to achieve positive returns in one market when another market is generating negative returns.

REVIEW OF LITERATURE:

Gordon J. Alexander, Jonathan D. Jones and Peter J. Nigro (1997), analyzed the various characteristics and investment knowledge of investors and found that the investors are knowledgeable about costs, risk and returns associated with stock exchange.

VARIOUS INVESTMENT AVENUES AVAILABLE IN INDIA:

- ❖ **Safe/Low Risk Avenues:** Savings Account, Bank Fixed Deposits, Public Provident Fund, National Savings Certificate, Post Office Savings, Government Securities.
- ❖ **Moderate Risk Avenues:** Mutual Funds, Life Insurance, Debentures, Bonds.
- ❖ **High Risk Avenues:** Equity Share Market, Commodity Market, FOREX Market.

OBJECTIVES

- To analyze the investors awareness and perception regarding investing in financial assets.
- To analyze the type of financial asset preferred, by the investors.
- To identify the factors and objectives of investing in financial assets.

RESEARCH METHODOLOGY**SOURCE OF DATA:**

Primary Data	Questionnaire
Secondary Data	Periodicals, journals, records, university library, books, web pages.
Sample Size	100
Sampling technique	Random sampling

Primary Data

Initially, a rough draft was prepared keeping in mind the objective of the research.

Secondary Data

This data is collected by using the following sources:

- Articles in Financial Newspapers (“Economic Times” & “The Times of India”) Investment Magazines, Business Magazines, Financial Chronicles.
- Expert Opinions published in various print media.
- Books written by various Foreign and Indian authors on Investments.
- Data available on internet through various websites.

LIMITATIONS OF THE STUDY

- Lack of enthusiasm of the people to provide complete information about them can affect the validity of responses.
- The lack of knowledge of working employees about the financial instruments can be a major limitation.

- The information can be influenced due to use of questionnaires.

ANALYSIS AND INTERPRETATION:

Simple percentage method is used to analyze the portfolio management for this study.

TABLE SHOWING PORTFOLIO ALLOCATION BY THE RESPONDENTS

S.No	Particulars	Yes %	No %	Total
1	Investment horizon in below 12 months	60%	40%	100%
2	Depending in only one income (Salary)	80%	20%	100%
3	Investment only in GOLD	90%	10%	100%
4	Capital Appreciation is main investment objective	55%	45%	100%

INTERPRETATION: 60% of the respondents investment horizon is below 24 months and rests 40% are investment horizon is more than 12 months. 80% of respondents are depending in only one income like salary to meet their monthly expenses. 90% of respondents are investing their money in GOLD. 55% of the respondent's main objective of investment is capital appreciation.

SUGGESTIONS:

The below are few suggestions for working employees to utilize their hard earned money into high returns.

1. Park the money in liquid funds instead fixed deposits in banks.
2. Start buying financial magazines or financial newspapers at least once in week, especially Wednesday.
3. Track your funds in PF regularly. Try to do some homework if the same amount is parked in other mode which gives the more returns.
4. Avoid taking loans and start doing an SIP (Systematic Investment Plan) and go ahead with stock market.

CONCLUSION:

It is a reflection of the respondent's awareness in stock market and portfolio allocation by the investors. Selection of a perfect investment avenue is a difficult task to any investor. An effort is made to identify the tastes and preferences of a sample of investors selected randomly out of a large population. Despite of many limitations to the study the research successful in identifying some investment patterns, there is some commonness in these investors and many of them responded, still they need awareness about the stock market and portfolio management . **Stock markets are subject to market risk** before investing in stocks one must be aware on market and economic conditions.

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WEBSITES:

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- www.business-standard.com
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