



A Study On Alternative Investment Options and Personal Finance Planning

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Abstract : *Alternative investments have various options available in them choosing a right option is the most important thing which is also related to a good personal finance planning. This paper shows the various investment options available the role of education and the relation of personal finance to personal debt borrowing. In this paper the options that are chosen by investors and other information related to investment options are available and what are factors, risks factors, reason for opting it will be considered and viewed. A summarized survey report will be presented stating all the questions surveyed using forms. Appropriate hypothesis will be included finding the relations between the chosen variables and accordingly findings suggestions will be provided.*

Key words: *Alternative investment options, personal finance planning.*

Introduction

In the ever-changing field of personal finance, it has become increasingly crucial to consider other investment options. Among others' concerns, knowledge about various sectors open for investment has been a matter of great interest as they search for non-traditional paths. This study examines intricate alternative investments and their association with individual financial planning. The background of this area comes from changing financial decisions driven by higher returns on investment seek, risk mitigation measures and diversification needs.

Background of the Topic:

Personal financial planning has paid attention to stocks, bonds, and real estate. This changed because substitute investments became available. A variety of things fall under this category including; commodities, peer-to-peer lending, venture capital, and cryptocurrencies among others. The increase in interest in these new options has primarily been brought about by the realization of disadvantages or risks associated with conventional types of investing. As a result, individuals want broader methods that will safeguard their money while at the same time giving them higher returns.

Need/Importance of the Topic:

There are reasons why it's important to explore investment options when planning your finances. One key factor is the uncertainty and volatility often seen in markets. With challenges individuals are reconsidering their investment approaches and seeking out options that can offer some stability amidst market fluctuations. Moreover, investors are looking into avenues that could potentially yield returns in a low interest environment. This subject is crucial as it can equip individuals, with the knowledge and tools needed to navigate the world of finance and make decisions, about their financial futures.

Theoretical Implications of the Topic:

When it comes to planning exploring different investment options holds significant theoretical implications. Traditional financial theories often focus on concepts, like the market hypothesis and contemporary portfolio theory, which highlight the rationality of investors and the benefits of having portfolios. However, the rise of investments challenges these ideas by introducing factors such, as illiquidity, complexity and unique risk reward profiles. This calls for a reevaluation and expansion of existing models to accommodate the complexities associated with investments. By developing frameworks that acknowledge the distinct characteristics of these alternatives we can enhance our understanding of today's financial landscape.

Recent Trends Related to the Topic:

There's been a noticeable shift in the past few years towards alternative investment opportunities in personal finance and investing. The potential for huge profits and decentralization has attracted investors in cryptocurrencies like Bitcoin and Ethereum, which have gained massive publicity. Crowdfunding platforms have also allowed individuals to access investment opportunities by participating in projects and businesses that were previously limited to institutional investors. Growing recognition of the impact investments have on the environment and society has made sustainable and socially responsible investing a major trend. These shifts in trends represent an ever-evolving financial landscape where investor preferences are changing rapidly; this makes it necessary to thoroughly research alternatives for investments within personal financial planning. Given these considerations, this research project aims at analysing different sectors of alternative investments, assessing people's awareness about personal finance planning, using statistical tools.

Literature reviews

S veena (may 2015) in her research paper "**Alternative Investment: A Comprehensive view**" is an overview of different investment alternatives such as gold private equity real estate and various other options are provided and it also examines the various of literature and the impact of it in the current economic and financial situation.

Christina Jeyadevi (Aug 2023) in the paper "type of investment" The study examines investment types and their role in national economy growth, distinguishing between savings and investments. It analyzes conventional and contemporary options like bank deposits, stocks, and cryptocurrencies, providing insights into their features, advantages, and factors to consider for each investment type.

Alica Tobisova and Et'al(2022) "Model for Sustainable Financial Planning and Investment Financing Using Monte Carlo Method" The article argues for the integration of software tools in finance and investment planning, highlighting the need for reevaluation and practical methods in the context of the COVID-19 epidemic. It focuses on optimizing investment procedures in transport companies by putting out a strategy that combines old and modern economic theories. In the corporate sector, the focus is on realistic financial planning and modern methods of mitigating risk.

Anjali Tyagi & Chitrakshi Gupta(2022) in their study "An Analysis: Venture Capital funding & Private Equity Investment in India" This study examines the growth of private equity (PE) and venture capital (VC) in India, analyzing the associated dangers and offering regulatory recommendations. It highlights the significance of proper risk management, suggests changes for improved growth, and stresses diversification in order to successfully manage the risks associated with VC and PE investments in the ever-changing Indian market.

Kunal Gaurav (2023): "investment behavior of corporate professionals towards mutual funds in India" The study shows that corporate professionals in India exhibit distinct investment behavior towards mutual funds, influenced by factors like fund growth, security, convenience, and market conditions. The study underscores the rising popularity of mutual funds compared to traditional options, emphasizing key determinants in investment choices.

Mahabub Basha and et'al(2022) "Financial Literacy and Investment Behaviour of IT Professional in India" The research investigates into IT professionals' investment behavior, revealing gender and age-based variations. Safety, return, and tax benefits significantly influence choices. Tailored financial education is crucial for enhancing their investment behavior, contributing to a perfect understanding of their financial decision-making processes.

Chetana Asbe (2023) "THE WAVE OF ALTERNATIVE INVESTMENT FUNDS IN INDIA" According to a report, after their launch in 2012, Alternative Investment Funds (AIFs) in India have experienced significant growth. AIFs are becoming a popular choice for investors since they provide fund managers and investors with flexibility and opportunity for experimentation. The future of the sector will be shaped by the regulatory decisions made by SEBI.

M. Nallakannu, and Dr.N.Rajeshwari (2019) "Investors' Behaviors towards Investment Avenues in Tirunelveli District" The study examines investor behavior in Tirunelveli District, Tamil Nadu, revealing a significant correlation between demographics and investment objectives. Most investors prefer gold, mutual funds, and bank deposits, suggesting raising awareness and promoting informed decision-making.

Yogesh B. Dhoke, Shweta Rokde, Nikhil Bangde (2022) "Investment Avenues and Investors Behaviour Towards Investment in Lic in Nagpur City" By this study we can understand that LIC is favored by Nagpur investors, with 42% believing in its safety. Income levels significantly influence investment decisions, and investor sentiment aligns with safety features. LIC in Nagpur emphasizes the importance of safety factors in investment decisions.

Mahabub Basha S, M. Kethan, T. Jaggaiah(2022) "Financial Literacy and Investment Behaviour of IT Professional With Reference To Bangalore City" The study on IT professionals in Bangalore reveals age, gender, and income influence investment preferences. They have a high risk perception for equity and mutual funds, preferring bank deposits and insurance. Economic scenarios significantly impact investment decisions.

RESEARCH DESIGN

STATEMENT OF THE PROBLEM

Alternative investments in today's time has not become a part of the common life which is problem as the revenue generated in by working is not sufficient to meet the expenses of comfortable life. As a fear of multiple options available they tend to get confused in choosing the right option and maintain a portfolio which is important and which is well balanced. The concept of personal needs more understanding to people to have financially less burdened life.

RESEARCH GAP

There is limited focus on the integration of sustainable and socially responsible investing practices in the context of alternative investments. There is a gap where many consider only specific individual respondents for their research and do not take businesses into consideration, and there is a lack of information regarding the new technological advancements in the area. There are very few and minimal information regarding to personal finance and how aware are people about personal finance which might be possible gap in this area of study.

OBJECTIVES OF STUDY

- To analyze the various investments fields available.
- To determine whether people are aware of personal finance planning.
- To evaluate the information by using statistical tools

SCOPE OF THE STUDY

This research aims to explore and analyze various alternative investment options available to individuals and businesses and their impact on personal finance planning. The study explores alternative investment options and their role in personal finance planning. It analyzes investment landscapes, assesses awareness, and uses statistical tools. The research also offers insights into existing models for reviewing returns. It has a few limitations of sample size and geographical hindrances and there is a time constraint which might impact the overall result. The aim is to contribute knowledge to personal finance, aiding informed investment decisions and optimizing financial planning strategies.

RESEARCH METHODOLOGY AND DATA COLLECTION

This paper will consist the aspects and study related to investment alternatives and personal finance. The paper focuses on the investment options available and importance of investment. It provides the methods by which investment returns can be measured by the help of various models. All the information regarding to this will be collected using secondary sources such as webpages articles journals and research papers. This will be studied and only the required information would be extracted and tailored as per the needs. It also focuses on personal fiancé planning its importance and awareness of personal finance planning among individuals through a questionnaire which will be floated across individuals. This information will be later evaluated and few statistical tools will be used for evaluation and according to research done and information collected conclusion will be provided and interpreted accordingly.

Data collection method

Primary Data

The primary data pertaining to this research will be collected using a questionnaire and it will be interpreted accordingly.

Secondary Data

All the information regarding to this will be collected using secondary sources such as webpages articles journals and research papers. This will be studied and only the required information would be extracted and tailored accordingly.

Population: Individuals and entrepreneurs in around Karnataka

Sampling size: 150 respondents estimated, received 107 responses only.

Sampling method: simple random sampling

Instrument for data collection: Questionnaires will be used for data collection of primary data while other web sources such as published articles, web blogs journals and other secondary instruments will be used as instruments for data collection.

Tools	for	Data	collection
Primary surveys and online	web sources,	Research paper, journals and articles,	weblogs etc.

Data analysis plan

The primary data collected will sorted and interpreted using excel. Graphical representation of reviews will be done using pie charts and bar charts. After interpreting findings will be given for each graph. There will also be a hypothesis study which will be conducted and according concluded. The secondary data will be collected using internet which will be extracted and tailored according to the needs of the research.

Statistical tools for analysis

The statistical tools which are excel for graphs and charts, SPSS for hypothesis (cross tabulation using SPSS)

LIMITATIONS OF THE STUDY

- This study focuses on small sample size of Individuals and businesses for data collection through questionnaire.
- This study does not focus on all alternative investment options and there will minimal information regarding to personal finance.
- This study is restricted to individuals and businesses only around Karnataka. The study's time frame may not capture long-term effects or trends associated with alternative investments, affecting the comprehensiveness of the analysis.
- The study on Personal finance planning is highly subjective and varies based on individual preferences, financial goals, and risk tolerance, making it challenging to generalize findings.

Data analysis**Summary of the survey conducted**

Questions		Frequency	Percentage
Gender	Male	69	64%
	Female	38	36%
Age	0-20	12	11%
	21-40	82	77%
	41-60	10	9%
	61 and above	2	2%
	71 and above	1	1%
Occupation	Business entrepreneur	22	21%
	Others	11	10%
	Student	37	35%
	Working professional	37	35%
How aware/familiar are you with personal financial planning?	1	2	2%
	2	7	7%
	3	20	19%
	4	61	57%
	5	17	16%
How often do you review and update your financial goals?	Regularly	47	44%
	Occasionally	42	39%
	Rarely	18	17%
	Never	0	0%
How often do you actively seek information about personal finance?	Daily	23	21%
	Weekly	40	37%
	Monthly	29	27%
	Rarely	15	14%
On scale of 1-5 how comfortable are you with taking risks in your personal finance?	1	7	7%
	2	15	14%
	3	27	25%
	4	46	43%
	5	12	11%
Are you confident in your ability to manage your personal finances effectively?	Not confident at all	8	7%
	Somewhat confident	41	38%
	Moderately confident	28	26%
	Very confident	26	24%

	Extremely confident	4	4%
Do you have an emergency fund set aside for unexpected expenses?	Yes	88	82%
	No	10	9%
	Maybe	9	8%
On a scale of 1 to 5, how beneficial do you think education is on personal finance?	1	0	0%
	2	7	7%
	3	12	11%
	4	61	57%
	5	27	25%
Do you think due to lack of personal finance, borrowing personal loans might increase?	Yes	89	83%
	No	9	8%
	Maybe	9	8%
On a scale of 1 to 5, how satisfied are you with your current level of personal financial planning?	1	0	0%
	2	9	8%
	3	28	26%
	4	61	57%
	5	9	8%
How familiar are you with alternative investment options?	Not familiar at all	10	9%
	Somewhat familiar	43	40%
	Moderately Familiar	30	28%
	Very familiar	18	17%
	Extremely familiar	6	6%
What is your primary reason for considering alternative investments? (Select one)	Diversification of Portfolio	43	40%
	Interest in Innovative Investments	13	12%
	Potential for Higher Returns	27	25%
	Risk Mitigation	24	22%
Do you prefer traditional Investments (such as FD savings and RD) over modern investments (crypto, bitcoins, ETF)	Yes	92	86%
	No	9	8%
	Maybe	6	6%
Which of the following investment options are you currently utilizing or have considered? (Select all that apply)	Bonds	36	34%
	Collectables	9	8%
	Cryptocurrencies	17	16%
	Finance	1	1%
	Insurances	58	54%
	Mutual funds	30	28%
	Precious Metals (Gold, Silver)	83	78%
	Real Estate	56	52%
	Savings and deposit	96	90%
	Stocks	69	64%
	Venture capital	10	9%
What do you believe is the biggest risk of alternative investments?	Market volatility	84	79%
	Lack of liquidity	20	19%

(select all that apply)	Limited returns	20	19%
	Counter party risk	51	48%
	Others	5	5%
Are you satisfied with your investments?	Very Dissatisfied	0	0%
	Dissatisfied	5	5%
	Neutral	22	21%
	Satisfied	41	38%
	Very Satisfied	39	36%
Would you be interested in attending more workshops or seeking additional education on personal financial planning?	Yes	77	72%
	No	18	17%
	Maybe	12	11%
How important is personal finance?	Not very important	0	0%
	Not important	4	4%
	Neutral	8	7%
	Important	35	33%
	Very important	60	56%

This is the responses that had been received by the respondents. This summary report states the opinions of the respondents and have chosen the options accordingly. The population represented by the data is primarily young to middle-aged men who have a modest level of financial understanding and confidence. This group includes working professionals and students. Although conventional investments are preferred, alternative investments are being considered in order to increase returns and diversify holdings. Notably, respondents place a strong focus on financial education and express broad satisfaction with personal financial planning and investments. The population's requirements and preferences for investments may be met, and focused attempts to improve financial literacy can be guided by this data.

Hypothesis 1

H0: there is no significant relationship between age and risk taking ability

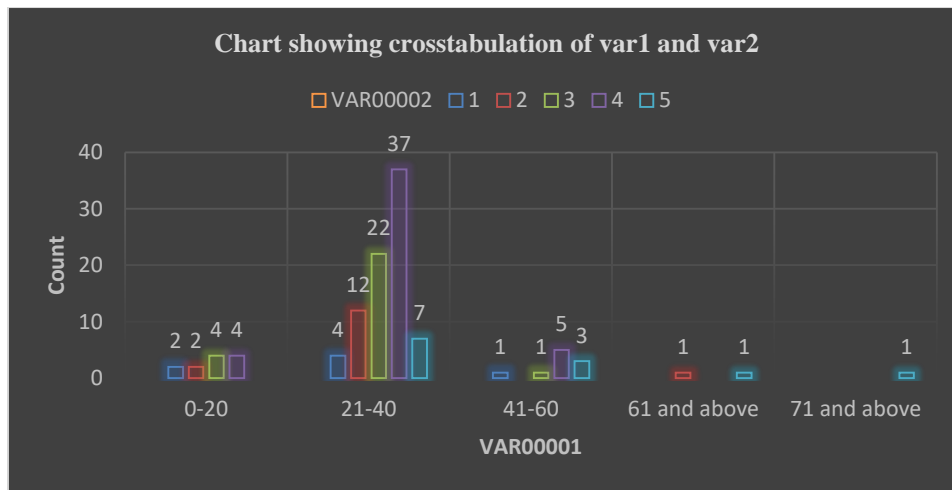
H1: there is significant relationship between age and risk taking ability

Variable1:Age

Variable2:Risk taking ability.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	24.628 ^a	16	0.077
Likelihood Ratio	22.086	16	0.140
N of Valid Cases	107		

The chi square test gave a value of 24.628 and degree of freedom of 16. The likely hood ratio is 22.086 with the same degree of freedom. Both gave the significance level of 0.777 and 0.140. the critical value is 26.30 which is higher than the observed value hence we can conclude that, **null hypothesis is accepted which means there is no significant relation between age of the respondents and the risk taking ability of the respondents. Hence we reject the alternative hypothesis.**



Hypothesis 2

H0: There is no significant relationship between the comfort level with taking risks in personal finance and the level of satisfaction with current personal financial planning.

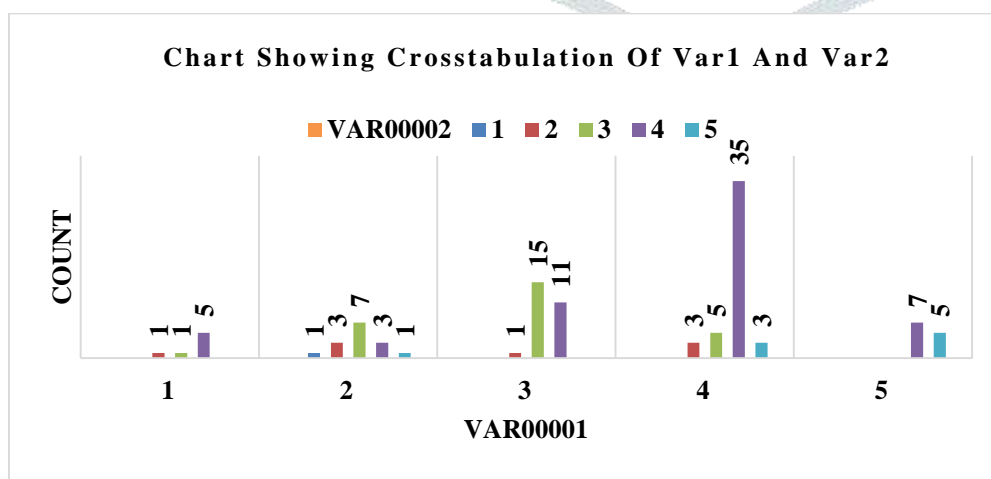
H1: There is a significant relationship between the comfort level with taking risks in personal finance and the level of satisfaction with current personal financial planning.

Variable 1: comfortable in taking risk
 Variable 2: Satisfaction in current personal finance

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	57.073 ^a	16	0.000
Likelihood Ratio	52.707	16	0.000
N of Valid Cases	107		

In this chi square test, we can observe that the critical value of 26.30 is less than the observed value with degree of freedom of 16 and significance level is 0.000 in both cases which indicates that there is significant relation between comfort in risk taking and satisfaction level. **By which we can reject the null hypothesis and accept the alternative hypothesis. It clearly indicates that whoever take risk they are more satisfied with their personal finance.**



Hypothesis3

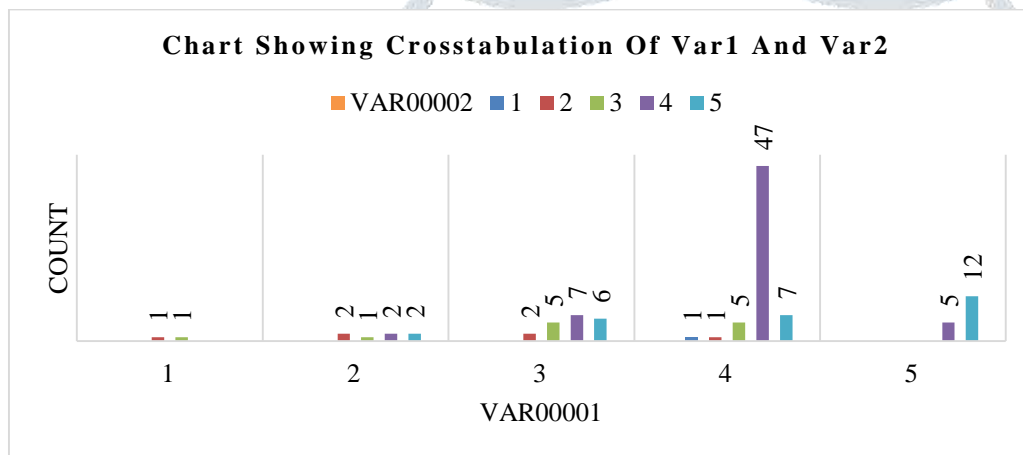
H0 There is no relation between education and personal finance awareness
 H1 There is relation between education and personal finance awareness

Variable 1 : awareness of personal Finance
 Variable2: Benefit of education over personal finance.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	55.803 ^a	16	0.000
Likelihood Ratio	48.556	16	0.000
N of Valid Cases	107		

We can observe that the observed value is clearly more than the critical value that is 55.803 is more than 26.30. The degree of freedom is 16 the significance level is less than 0.05 which indicates that there is significant relation between Education and financial awareness.

By this we can say that we reject the null hypothesis and accept the alternative hypothesis stating that there is significant relation between education and personal finance awareness.



Findings

- Market volatility and counterparty risk are identified as the main risks associated with alternative investments, highlighting the importance of risk management strategies.
- Respondents exhibit diverse preferences in financial instruments, with a predominant focus on savings, deposits, precious metals, and stocks.
- Traditional investments such as FD savings and RD are preferred over modern investments like crypto and ETFs by the majority of respondents.
- Education on personal finance is widely perceived as beneficial for personal financing, with a majority of respondents acknowledging its positive impact.
- A majority of respondents believe that a lack of personal finance could lead to an increase in borrowing personal loans.
- There is a need for education in the aspect of personal finance which would act an part of the lifestyle and when done properly it is beneficial for all the people who have done it.

Suggestions and Conclusion

- There is a need to provide information on alternative investment options to diversify portfolios and mitigate risks effectively.
- Establish mechanisms to periodically assess satisfaction levels and address any concerns or gaps in investment offerings.
- Awareness campaigns through workshops and seminars are suggested to increase knowledge of personal finance to enhance overall financial literacy.
- Efforts to enhance financial literacy and promote prudent financial practices are vital to empower individuals in navigating their financial futures effectively.
- Overall, personal finance emerges as a crucial aspect of individuals' lives, with the majority recognizing its importance and expressing readiness to engage in further learning and planning initiatives.

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