**Introduction to Investment:** Investment is the employment of funds with the aim of getting return on it. In general terms, investment means the use of money in the hope of making more money. In finance, investment means the purchase of a financial product or other item of value with an expectation of favorable future returns.

Investment of hard earned money is a crucial activity of every human being. Investment is the commitment of funds which have been saved from current consumption with the hope that some benefits will be received in future. Thus, it is a reward for waiting for money. Savings of the people are invested in assets depending on their risk and return demands.

Investment refers to the concept of deferred consumption, which involves purchasing an asset, giving a loan or keeping funds in a bank account with the aim of generating future returns. Various investment options are available, offering differing risk-reward tradeoffs. An understanding of the core concepts and a thorough analysis of the options can help an investor create a portfolio that maximizes returns while minimizing risk exposure.

The “Investor” can be an individual, a government, a pension fund, or a corporation. Similarly, this definition includes all types of investments, including investments by corporations in plant and equipment and investments by individuals in stocks, bonds, commodities, or real estate. This text emphasizes investments by individual investors. In all cases, the investor is trading a known rupee amount today for some expected future stream of payments that will be greater than the current outlay.

**Investment Objectives**

Investing is a wide spread practice and many have made their fortunes in the process. The starting point in this process is to determine the characteristics of the various investments and then matching them with the individuals need and preferences. All personal investing is designed in order to achieve certain objectives. These objectives may be tangible such as buying a car, house etc. and intangible objectives such as social status, security etc. similarly; these objectives may be classified as financial or personal objectives. Financial objectives are safety, profitability, and liquidity. Personal or individual objectives may be related to personal characteristics of individuals such as family commitments, status, dependents, educational requirements, income, consumption and provision for retirement etc.
Elements of investments are Risk and Return relationship, Time, Liquidity, Tax savings. Diversification of funds is an important principle of investment for earning higher rate of interest.

**Investment Alternatives**

Wide varieties of investment avenues are now available in India. An investor can himself select the best avenue after studying the merits and demerits of different avenues. Even financial advertising, newspaper supplements on financial matters and investment journals offer guidance to investors in the selection of suitable investment avenues.

The following investment avenues are popular and used extensively in India:

1. **Investment in shares, debentures and bonds** of different types issued by companies, corporations and public sector organizations.

2. **Postal Savings Schemes.**

3. **PF, PPF and other Tax sheltered savings schemes** such as national saving scheme, national saving certificates and tax saving schemes of LIC, ICICI, Infrastructure bonds and so on.

4. **Investment in investment intermediaries** such as mutual funds.

5. **Deposits in companies, fixed deposit, recurring deposits.**

6. **Life insurance investment** i.e. investment in different life policies such as whole life policy, endowment policy, annuity plans and so on.

7. **Investment in gold, silver, precious metals and antiques.**

8. **Investment in real estates.**

9. **Investment in gilt-edged securities** and securities of government and semi-government organizations. (e.g. Bonds, treasury bills, etc.)

There are some avenues/investment schemes where tax benefits are available. Such schemes are called Tax Savings Schemes of Investment. A taxpayer can take the benefit of such schemes and bring down his total tax liability. The basic purpose of such schemes is to encourage investment in certain investment avenues. In some schemes, the entire investment is made tax free, i.e. it is deducted from yearly taxable income.

**Introduction to Portfolio Management**
"Portfolio means combined holding of many kinds of financial securities i.e. shares, debentures, government bonds, units and other financial assets."* The term investment portfolio refers to the various assets of an investor which are to be considered as a unit. It is not merely a collection of unrelated assets but a carefully blended asset combination within a unified framework. It is necessary for investors to take all decisions as regards their wealth position in a context of portfolio. Making a portfolio means putting ones eggs in different baskets with varying element of risk and return. The object of portfolio is to reduce risk by diversification and maximise gains.

Thus, portfolio is a combination of various instruments of investment. It is also a combination of securities with different risk-return characteristics. A portfolio is built up out of the wealth or income of the investor over a period of time with a view to manage the risk-return preferences. The analysis of risk-return characteristics of individual securities in the portfolio is made from time to time and changed that may take place in combination with other securities are adjusted accordingly. The object of portfolio is to reduce risk by diversification and maximize gains.

Portfolio management is an art and science of making decisions about investment mix and policy, matching investments to objectives, asset allocation for individuals and institutions, and balancing risk against performance.

**Portfolio Management Process**

**Portfolio management is on-going process involving the following basic tasks:**

i. Identification of the investor’s objectives, constraints and preferences.

ii. Strategies are to be developed and implemented in tune with investment policy formulated.

iii. Review and monitoring of the performance of the portfolio.

iv. Finally the evaluation of the portfolio and make some adjustments for the future.

In today’s world everybody is running for money and it is considered as a root of happiness. For secure life and for bright future people start investing. Every time investors are confused with investment avenues and their risk return profile. So, even if we focus on past, present or future, investment is such a topic that needs constant upgradation as economy changes. The research study will be help full for
the investors to choose proper investment avenue and to create profitable investment portfolio.

Review of Literature

A P Pati and D. Shome in their article “Do Households Still Prefer Bank Deposits? An Analysis of shift in Savings and Savings Determinants” Published in The IUP Journal of Bank Management, Feb-2011 concluded that Financial reforms have, in the recent years, opened up several avenues for the households for savings. The
study suggest that despite the reform, households are still preferring the safe channels of bank deposit schemes rather than switching over to high yielding but risky channels of savings. However, between the two phases (pre- and post-liberalization period) a significant structural shift of savings in bank deposit is observed. Variables like income and inflation are found to be statistically significant determinants of savings in bank deposit of Indian households.

A. Lalitha and M. Surekha in their article “Retail Investor in Indian Capital Market : Profile, Pattern of Investment and Profitability” published in The Indian journal of commerce, July-September 2008 concluded that the retail investor is here to stay and the capital markets may well emerge as strong contenders for traditional investment avenues like bank/post office deposits. They also focused on investor’s education and investment decision of retail investors.

Alex Wang in his article “Younger Generations’ Investing Behaviors in Mutual Funds: Does Gender Matter?” published in The Journal of Wealth Management, Spring 2011 concluded that knowledge, experience, and income are important factors that influence younger generations’ investing behaviors in mutual funds. Moreover, gender emerges as the most important factor that differentiates younger generations’ investing behaviors in mutual funds. Wealth advisors are also urged to consider helping their clients manage their wealth by being aware of gender-predicted differences in client situations.

BBS Parihar, Rajeev Sharma, and Deepika Singh parihar in their article “Analyzing Investors Attitude Towards Mutual Funds as a Investment Option” published in The ICFAI an Journal of Management Research, July 2009 concluded that the factors responsible for investment in mutual funds are, ‘return potential’ has got first rank, ‘liquidity’ has got second rank and ‘flexibility’, ‘affordability’ and ‘transparency’ have been ranked third, fourth and fifth, respectively. Majority of investors have still not formed any attitude towards mutual fund investments. The main reason behind this has been observed to be lack of awareness of investors about the concept and working of the mutual funds.

Charlotte B. Beyer in his article “Investor Education: What’s Broken and How to Fix It” published in The Journal of Wealth Management, Summer 2010 In this article, the
author argues that the traditional approach to investor education has failed and that radical reform is needed. After observing how one group of investors learned far more in experiential settings, the author submits that these investors might be convincing proof that experiential investor education is superior. Signaling good news for the investment advisory industry, the hiring, use, and retention of advisors by these same better-educated investors is stable. This group also expressed positive views of how well served they are by the industry overall. While the ultra-wealthy arguably might have easier access to superior advisors, the author believes that overhauling investor education will benefit all investors, not just the wealthiest.

Dhananjay Rakshit, in his article “Capital Market in India and Abroad – A Comparative Analysis”, published in Indian Journal of Accounting, December, 2008 concluded that Indian Market is being continuously preferred by the foreign investors and the only cause of concern is its high analyzed volatility.

Dr. G. V. Chalam in his article “Investors Behavioral Pattern of Investment and Their Preferences of Mutual Funds.” Published in SOUTHERN ECONOMIST, Feb 1, 2003 concluded that off all the sections of the society, the household group contributes much of the capital, forming the lifeblood for the economy. According to his analysis, the mutual fund business in India is still in its embryonic form as they currently account for only 15 % of the market capitalisation. The success of mutual funds business largely depends on the product innovation, marketing, customer service, fund management and committed manpower. The investment pattern of the investors reveals that a majority of the investors prefer real estate investments followed by mutual fund schemes, gold and other precious metals.

Dr. S. P. Agarwal in his article “Public Provident Fund Account – A Matchless Investment Scheme.” Published in SOUTHERN ECONOMIST, Feb 15, 2001 concluded that Public Provident Fund (PPF) account is most beneficial investment for all categories i.e. salaried class, retired persons or businessmen either tax-payers or non-taxpayers.

G. Prabakaran and G. Jayabal in their article “Investors Risk Tolerance Towards Mutual Fund Investments” published in SOUTHERN ECONOMIST, June 15, 2009 concluded that empirically it has been proved that the mutual fund investors are form
low and moderate risk tolerant groups and the socio-economic variables do alter the risk tolerance of individual investors. The mutual fund organisations must consider these socioeconomic variables of the investors that have an important influence on investment decision making.


Joseph Anbarasu D, Clifford Paul S and Annette B in their article “An Empirical Study on Some Demographic Characteristics of Investors and its Impact on Pattern of their Savings and Risk Coverage Through Insurance Schemes” published in The IUP Journal of Risk & Insurance, January 2011 concluded that The saving pattern of the people is crucial to the government in designing policies to promote savings and investment. Their study reveals that the people are aware about the importance of saving, but the awareness about investment opportunities is low. Steps have to be taken by the government and private companies to increase the awareness by advertising campaigns. Investment companies need to offer schemes that are affordable by the low income, uneducated, unsalaried and families with children. Investment companies should make the provision and increase benefits, for their schemes, to allow people to invest in the monthly mode, which is preferred by most investors. If people invest in long term saving schemes and infrastructure, the national saving rate will increase, which in turn will lead to a more prosperous India.

Kar Pratip, Natarajan I and Singh J P in their research paper “Survey of Indian Investors” published in SEBI-NCAER June 2000 concluded that the households investment in shares, debentures and mutual funds was below 10% and the equity investor households portfolio was of relatively small value and undiversified. Further they found that one set of households, in spite of their lower income and lower penetration level of consumer durables, were in the securities market, while another set of household with higher income and higher penetration level of consumer durables did not have investment in securities market.
Kathryn M. McCarthy in her article “Engaging Investment Advisors for a Family Foundation” published in The Journal of Wealth Management, 2001 In this article, the author addresses the multi-faceted question of hiring investment talent for a foundation. She starts with a review of possible goals for an investment program and the kinds of assistance required to meet those goals. She continues with a description of what to expect from an investment advisor, including both investment services and periodic reporting, as well as ongoing communication. She concludes with a discussion of the circumstances under which an in-house advisor should be considered and the processes for finding, selecting, and working with an outside professional.

Krishnamoorthi C in his research paper “Changing Pattern of Indian Households: Savings in Financial Assets” published in RVS Journal of management, 2009 concluded that irrespective of the developments in the capital market/economic conditions, investors like to invest regularly and this investment behavior is highly related to educational background. Their occupation, reading habit of investment news and the time taken for investment decision making process.

Lalit Mohan Kathuria and Kanika Singhania in their research paper “Investor Knowledge and Investment Practices of Private Sector Bank Employees” published in The Indian journal of commerce, July-September 2010 concluded that the marketers of investment avenues should keep advertising in the print as well as electronic media. Another highlighting finding of the study was that even the bank employees considered insurance as an investment tool rather than risk coverage instrument. Also, another significant finding was that only four per cent of the respondents made their investment decisions with the help of investment planner. There is an immense need to raise the level of awareness about the various investment avenues among the bank employees.

M. Zathik Ali in his article “Impact of The Budget on The Savings of The Small Investors” published in SOUTHERN ECONOMIST, June 15, 2000 concluded that It is the duty of government to safeguard the interest of the small investors who have no spokesmen to expose their problems. Most of the small savers depend upon the interest accruing from their small investments for their living. Suitable changes must be made in the new budget so that the interests of the small investors are protected.
Mark S. Rzepczynski in his article “How Do Investment Managers Think? A Framework for Decision-Making Due Diligence” published in The Journal of Alternative Investments, Summer 2009 concluded that the quality of decision-making is often as important as the performance results when distinguishing investment professionals, and it is fundamental for any due diligence analysis. The process or skill of decision making will be affected by the type of problem and information available. The traditional expected utility framework (EUF) explores decision-making through forming probabilities for the range of all outcomes. The traditional EUF can be contrasted with the cognitive approach of case-based reasoning (CBR) as an alternative framework for decision-making. Analyzing how decisions are made provides an enhanced framework to supplement the traditional three Ps approach of Performance, Philosophy, and Pedigree that is often used as the foundation for investment due diligence.

Mittal M. and A. Dhade in their research paper “Gender Difference In Investment Risk-Taking: An Empirical Study” published in The ICFAI Journal of Behavioral Finance, 4(2): 32-42. 2007, Observed that risk-taking involves the selection of options that might result in negative outcomes. While present is certain, future is uncertain. Hence, all investment involves risk. Decourt (2007) indicated that the process of making investment decisions is based on the ‘behavioral economies’ theory which uses the fundamental aspects of the ‘Prospect Theory’ developed by Kahneman and Tversky (1979).

Mittal M. and R. K. Vyas in their article “Personality Type and Investment Choice: An Empirical Study” published in The ICFAI UNIVERSITY Journal of Behavioral Finance, 5(3): 6-22. 2008. Observed that investors have certain cognitive and emotional weaknesses which come in the way of their investment decisions. According to them, over the past few years, behavioral finance researchers have scientifically shown that investors do not always act rationally. They have behavioral biases that lead to systematic errors in the way they process information for investment decision. Many researchers have tried to classify the investors on the basis of their relative risk taking capacity and the type of investment they make. Empirical evidence also suggests that factors such as age, income, education and marital status affect an individual’s investment decision.
Mittal Manish and Vyas R. K. in their research paper “Demographics and Investment Choice Among Indian Investors”, published in The Icfai Journal of Behavioral Finance, 2007 investigated how investment choice gets affected by the demographics of the investor. Their study was based on responses obtained from the respondents belonging to a wide cross section. Non-probabilistic sampling method was employed to select the respondents. They found that investors of different age groups do wary significantly with regard to mutual funds and debentures/bonds as their choice of Investment Avenue. As far as occupation is concerned, they found that service class people would like to invest their money in equities and mutual funds, while business class showed an inclination to invest their money in debentures/bonds and real estate/bullions. Housewives prefer safe investments like real estate/bullions, while professionals invest their money in post office deposits and derivatives. Students prefer high risk investments like derivatives and equities.

Muhllesen M in his article “Improving Indias Saving Performance” published in Finance & Development, 1997 said that India’s saving rate is relatively high, compared to other countries. He concludes that with a view to increase the efficiency of savings, allocation and financing the heavy infrastructure needs of the Indian economy, particular attention should be paid to long-term saving instruments.

N. Kathirvel in his article “Investment Option with Reference to Insurance Products” published in SOUTHERN ECONOMIST, Oct. 1, 2009 concluded that the insurance plays a very important role in the financial sector of our country. The IRDA Act, 1999 is a landmark in the Indian insurance industry which opened up the insurance sector to the private sector participants in 2000. Keen element in the reform process was the participation of overseas insurance companies though restricted to 26% of the capital. The act protects, promotes and ensures orderly development at the life and own life industry. The insurance companies are required to use the vast network of banks and post offices to market the micro-insurance products and unit linked product for the low income group and rural poor of the society.

September 2006 concluded that Proper Tax Planning is very much helpful in minimising the burden of Income Tax for incurring expenses on children education as well as having total exemption available. He suggested that the investor should keep a proper account of all relevant expenses incurred on the education of children, during the same financial year so that planning can be made, as required, to get Deductions And Exemptions.

Philip Z. Maymin and Gregg S. Fisher in their article “Preventing Emotional Investing: An Added Value of an Investment Advisor” published in The Journal of Wealth Management, Spring 2011 concluded that an important service provided by investment advisors, and apparently desired by individual investors, is the barrier the advisor provides to prevent the individual from aggressively trading and thereby losing money.

R. Kasilingam and G. Jayabal in their article “Alternative Investment Option to Small Investors” published in SOUTHERN ECONOMIST, Sep. 1, 2009 concluded that if the savings of the individuals are not channelized in a proper manner, then it may find its way into unproductive channels such as investment in gold or it may lead to unscrupulous rise in the consumption pattern, both of which are not good for the economy.

R. L. Narayanan in his article “Concern for Retail Investors in Rising Markets: Trade Cautiously” published in Dalal street Investment journal, 24 April 2011 concluded that Though the Indian market is among the leaders in the emerging market pack, the current year is not good for the emerging markets. A concern about high inflation and high interest rates is palpable in most markets and India is no exception. As the markets have rallied back sharply from the lows of the year, invest cautiously as opportunities will always be there, though valuation and macro factor remain a concern. When the markets are rising retail investors should be careful about spiraling crude prices, interest costs and inflation, since all the four cannot rise simultaneously.

Rajarajan V. in his article “Stage in Life Cycle and Investment Pattern” published in Finance India, 1999 studied Chennai investors financial investments and showed that life-cycle stage of individual investor was an important variable in determining
the size of the investments in financial assets and the percentage of financial assets in risky category.

Ranganathan K. in his article “A Study of Fund Selection Behavior of Individual Investors towards Mutual Funds: With Reference To Mumbai City” published in ICFAI Journal of Behavioral Finance, 3(2): 63-88. 2006, noted that financial markets are affected by the financial behavior of investors. She observed that consumer behavior from the marketing world and financial economics had brought together a need to study an exciting area of ‘behavioral finance’. This study was an attempt to examine the related aspects of the fund selection behavior of individual investors towards mutual funds in the city of Mumbai.

S. Saravana Kumar in his article “An Analysis of Investor Preference Towards Equity and Derivatives” published in The Indian journal of commerce, July-September 2010 concluded that the most of the investor are aware of high risk involved in the derivative market. To reduce the risk in the market, the investors should strictly follow the stop loss method. The study reveals that most of the investor prefers cash market where the script can be held for long term and the risk is less and it is transferable to others with minimal time period. Even though risk is higher, some investors prefer derivative market where return is also higher. The investors are highly satisfied with equity shares because of many reasons, i.e., liquidity, low investment, capital appreciation etc.

Saptarshi purkayastha in his article “Investor Profiling and Investment Planning: An Empirical Study” published in The Icfaian journal of Management Research, Dec 2008 concluded that younger investors and those with high income are willing to take more risk. According to him people do not take much risk when the question of investment of their hard-earned money comes.

Sarita aggrawal and Monika Rani in their article “Attitude Towards Insurance Cover” published in The IUP Journal of Risk & Insurance, January 2011 concluded that people prefer public sector for the insurance than the private sector insurance, the reason behind this is the trust and faith in LIC. People from every occupation, age, income level and qualification want to secure their future by taking a policy, besides good return on investment and rebate on tax.
Singh J. and S. Chander in their article “Investors Preference for Investment in Mutual Funds: An Empirical Evidence” Published in The ICFAI Journal of Behavioral Finance, 3(1): 7-17. 2006. Pointed out that since interest rates on investments like public provident fund, national saving certificate, bank deposits, etc. are falling, the question to be answered is: What investment alternative should a small investor adopt? Direct investment in capital market is an expensive proposal, and keeping money in saving schemes is not advisable. One of the alternatives is to invest in capital market through mutual funds. This help the investor avoid the risks involved in direct investment.

Singh, J. and S. Chander. In their article “Investors' Preference for Investment in Mutual Funds: An Empirical Evidence.” Published in The ICFAI Journal of Behavioral Finance, 2006 Pointed out that since interest rates on investments like public provident fund, national saving certificate, bank deposits etc. are falling. A majority of the investors based their investment decision on the advice of brokers, professionals and financial advisors.

V. Dheenadhayalan in his article “No Cheer for Salary Class Tax Payers” published in SOUTHERN ECONOMIST, March 15, 2011 concluded that the savings which will be generated from the relaxation in the income tax slabs will not prove to be substantial for the common man in order to counter raising inflation. Therefore the 2011-12 Budget has failed to bring cheer to the Indian individual salary class tax payers as finance minister Pranab Mukherjee did not make any major announcements to impress the segment.

Yilmazer T in his article “Do Children Affect Household Portfolio Allocation?” published in job market paper, evidence from the survey of consumer finances, November 10, 2001. Concluded that the number of children had a positive and statistically significant impact on home ownership and negative and statistically significant impact on the proportion of investments in shares.
Objectives of the Study

The objectives of the study are as follows:

1) To identify the portfolio and investment pattern that has to be managed, monitored and controlled by the individual investors.
2) To identify a sense of general awareness about portfolio management.
3) To get to know the contemporary trends and issues in designing portfolio.
4) To study the impact of investors attitude on the profitability of investment portfolio.
5) To identify the major types of investment avenues available in India and how one can invest in it, to earn profit.
6) To understand the problems faced by various income groups due to not proper diversification of funds.
7) To identify the role played by investment advisor and certified financial planner (CFP) in managing individual’s investment portfolio.
8) To suggest measures for creating profitable investment portfolio.
Defining the Problem

Many people consider investing to be a scary activity. They are confused by the excess wealth and rise of investment alternatives, nervous by the fluctuations in financial prices, overwhelmed by the presence of strong and great institutional investors, confounded by unusual instruments and complicated investment strategies, confused by the particulars of the tax system, and frustrated by the financial scams that periodically rock the market. Common problems faced by the individual investors while thinking of investment are, Lack of awareness and knowledge, Blind faith, Lack of Financial Inclusion, Traditional thinking, Emotional attachment to money, Fear of loss and many more.

Investor’s education is a task which is performed by the financial service providers and regulatory bodies. But all the people are not aware of how and when these guidelines are being communicated. There are various TV shows, investments web sites, wealth management firms, news papers, magazines, journals are available, which provide guidelines on investment of hard earn money. Still many people are not putting their funds in proper investment avenues.
Investment is not considered as a need but it is considered as a tool for tax planning. In order to provide detailed knowledge to all investors regarding; Investment avenues, the role of investment portfolio managers in creating profitable investment portfolio, Benefits of investment portfolio, and Strategies to create profitable portfolio with proper Tax planning; the problem of the study is defined as “Management of Portfolio – A Research Study of Investors In Mumbai”

Hypothesis

The hypothesis for the study is as follows:-

H₀ – There is no significant difference in investment portfolio of investors in Mumbai.

H₁ – There is a significant difference in investment portfolio of investors in Mumbai.
Research Methodology

Research design is the conceived plan and structure of investigation to obtain answers to the research questions. This research is organized in the following manner. Initial step is to analyze the past, present of investment. How and why and where people invest their hard earn money, and How investment portfolio is constructed.

Research Design Used: In this case, a descriptive research and casual research design study will be used to study the relationships in question. Descriptive research facilitates the study to obtain accurate and complete information regarding a concept or a situation or a practice. Therefore survey method will be followed for the study.

Data Collection: Here, both primary and secondary data will be considered. Primary data will be gathered using questionnaire as a tool for data collection. Secondary data will be collected from books, journals, magazine, reports and websites. For this purpose the use of library and internet will be made.

Sampling Technique: Stratified random sampling method will be used for selection of respondents.
Sampling population (Place selected): The respondents will be selected from Mumbai. Therefore, the population of sample will be the investors in Mumbai.

Sample size: Total 500 respondents will be surveyed in Mumbai.

Data Analysis: Data collected through questionnaire will be tabulated using Excel and SPSS software, interpretation of data will be based on tabulation and analysis. Statistical methods will be used for data analysis. Such as Mean, percentage, standard deviation, correlation etc. the hypothesis will be tasted with the help of statistical technique, such as CHI-square test. The conclusion will be drawn on the basis of data analysis. A few suggestions will be made at the end for better management of investors portfolio.

Work Plan (Chapter Scheme):

The study will be divided in to the following chapters:

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Scope and Significance of the Study

Portfolio management is an art of putting money in fairly safe, quite profitable and reasonably in liquid form. An investor’s attempt to find the best combination of risk and return is the first and usually the foremost goal. In choosing among different investment opportunities the following aspects of risk management should be considered:

A. The selection of a level or risk and return that reflects the investor’s tolerance for risk and desire for return, i.e. personal preferences.

B. The management of investment alternatives to expand the set of opportunities available at the investors acceptable risk level.

The very risk-averse investor might choose to invest in mutual funds. The more risk-tolerant investor might choose shares, if they offer higher returns. Portfolio management in India is still in its infancy. An investor has to choose a portfolio according to his preferences. The first preference normally goes to the necessities and comforts like purchasing a house or domestic appliances. His second preference goes to some contractual obligations such as life insurance or provident funds. The third preference goes to make a provision for savings required for making day to day payments. The next preference goes to short term investments such as Mutual fund units and post office deposits which provide easy liquidity. The last choice goes to investment in company shares and debentures. There are number of choices and
decisions to be taken on the basis of the attributes of risk, return and tax benefits from these shares and debentures. The final decision is taken on the basis of alternatives, attributes and investor preferences.

For most investors it is not possible to choose between managing one’s own portfolio. They can hire a professional manager to do it. The professional managers provide a variety of services including diversification, active portfolio management, liquid securities and performance of duties associated with keeping track of investor’s money. The project is mainly focusing on ‘how to design profitable portfolio’ for individual investors. Some sample portfolios will be suggested in this research thesis, which will help investors for their investment decision.

Utility of the Study

This research report will be helpful to the organizations/institutions and individuals. It will help organization to explain the various investment avenues available in India and how individual investors should create profitable investment portfolio. Individual investors will come to know about, types of investment avenues available and according to their income group how and where they should invest their funds. And ultimately this research report will help investor to construct there portfolio in such a way, that they can meet there all other liabilities as well as by systematic investment the investor may earn good amount of return with minimum risk.

This research will be done in such a way that the individual investors will able to manage their investment portfolio by using suggestions given in the research report.

Strategy may be the following:
Income is divided in three parts:

1) Investment – 30%
2) Food consumption – 30%
3) Repayment of loan – 40%

If monthly or yearly income of a individual is utilized by using above mentioned strategy, then investor will have a balanced portfolio which will help investor to use his hard earn money in proper way.
The research project will be prepared in such a manner that even a first timer should be able to understand the basic aspects of “Investment”. It has been an attempt at simplifying the topic as far as possible. The project covers all the major aspects that need to be known by the investors while designing Investment portfolio.

References

7. Chalam G. V. (Dr) (2003) “Investors Behavioral Pattern of Investment and Their Preferences of Mutual Funds.” Published in SOUTHERN ECONOMIST, (vol.41, no. 19, pg. no: 13)