

PERSONAL INVESTMENT PLANNING: A REVIEW

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Abstract

In recent years, Personal investment planning is the method of evaluating the objectives of planning of individual investment. The present research investigates the relationship between personal investment planning and the factors behind not investing. This article is analysed and reviewed the various studies conducted in area of personal investment behaviour. The author collected research papers from several referred journals related to personal investors' planning. This paper finding suggests that both investment plan habit and knowledge influences the investment planning of an individual. In addition to income, education, age, risk, and return, other factors that have a immense influence on investment planning include risk and return. The major findings indicate that individuals are not risk-takers and prefer to invest in securities with low risk and modest returns.

Keywords: *Investment Planning, Investment behaviour, personal Investment Planning*

Introduction

Investment planning is the process of analysing an individual's investment objectives, listing all of their financial and other assets, deciding on their life goals, and then taking the required actions to accomplish their goals within the stipulated time frame. It is a technique for estimating a person's financial needs. Keeping every aspect in mind, the six-step technique is used for investment planning like investors self- appraisal, finding out the personal, investment goals and objectives, finding investment problems and opportunities, determining recommendations and alternative solutions, implementing appropriate strategy to achieve goals, reviewing and updating plans periodically.

A best investment plan comprises Planning for contingency, planning for risk (insurance), Tax, Retirement and Investment and Saving options. There are several tools available on the market that may be customised to meet the demands of various planning objectives. In terms of returns, risk, money allocation, fees, investment periods, tax benefits, etc., these instruments differ from one another.

Review of Literature:

Gaurav Kabra et al. (2010) In this research paper, Researcher wants to know what influences investing behaviour and how these influences affect risk tolerance and attitude of men and women when making investment decisions. They also want to know if age plays a role in these influences. Hedging and regression analysis were both employed in the analysis. Researcher revealed investors have sufficient knowledge and exposure, they still prefer to make investments in accordance with their level of risk tolerance.

Geetha and Ramesh (2012) The researcher have examined the relevance of demographic factors in Investment Decision. The demographic factors such as gender, age, sex, education, occupation, income, savings and family size influence the duration of investment, how often it is made, how far the information and analytical availability is available,. The authors concluded that demographic factors have a significant influence over some investment decisions. It also provides a general view of investor perception over various investment avenues.

Malarmathi et al. (2012) The objective of this study is to identify the behaviour of individual investor. Information about the behaviour of individual investors has been collected through reviews of the literature and research articles published in a reputed journals. Researcher identified the development of economy depends on the growth of rural market in the country. Lack of finance in rural is the major reason behind for less investment. Shifting to urban is for jobs.

Jothilingam et al. (2013) This research investigated the literature related to investors' attitudes regarding investment avenues. Primary data and secondary data was collected. The findings of the researcher suggested that female investors should enthusiastic to make an alternative avenue in gold. It infer that investors chose to put their money into less risky

investment vehicles like gold, mutual funds, shares, bank deposits and other financial instruments. Investors try to minimise risk.

Shalini Sah et al. (2013) This study wanted to identify the beliefs and attitudes of the individual investors with regard to financial investment decision making, with particular reference to the investor biases. Researcher conducted an in-depth study to understand investor beliefs and preferences. Researcher found that individual investors have numerous beliefs and preferences that bias their financial investment decisions. Researcher suggested that an understanding of an individual investor's psychology would help in better comprehending the way the individual investment decisions are made.

Sindhu K. P(2014) In The aim of the study was to understand the influence of risk perception of individual investors on their investment decisions with reference to mutual funds. Investors' perceptions of risk have a great impact on how they invest. This study examined the elements that affect an investor's perception of risk based on a survey of the literature and interviews with subject-matter experts.

Puneet Bhusan (2014) examined the financial literacy level of salaried individuals affect their investment preferences towards financial products. Primary data have been collected data using a non-disguised structured questionnaire. To collect data, multistage sampling methodology is used. Using Random sampling, three districts such as Shimla, Solan and Kangra from Himachal Pradesh were selected. This study measures the level of financial literacy of the respondents using OECD approach and also concluded the financial literacy of an individual affects its awareness regarding financial products and investment preferences. Individuals with low financial literacy prefer traditional financial products.

Ashly Lynn Joseph & M. Prakash (2014). This is a study on preferred investment avenues among the people and the factors considered for investment among the people of Bangalore City. In recent years, new financial products are available which is more challenging to select the best options and decide the factors which are considered for making sound investment decisions due to lack of proper financial knowledge to the common man. It also assessed that investors are not much aware about investment in stock exchange and equity and are more inclined towards traditional investments like bank deposits, insurance, post office savings etc. Government should organise awareness programs and stock broking firms to make people aware about suitable investment alternative with their merits and demerits so that right decisions are taken for their personal finance.

Devi and Chitra (2014) have investigated a study on salaried employees behavior towards domestic savings and investment in Rasipuram town', This study proposed that the investment made by investors from different categories keeping in mind period of investment avenues, investment decisions taken and level of satisfaction of investors. Chi- Square test and F- Test was used as research tool. It was further concluded that investing has been an activity of rich and business class but today it has become a routine course for every individual. Moreover, increase in working population, larger family incomes, provisions for

tax incentives, availability of large and attractive investment avenues, etc also paves a way for saving and investment. The study further recommends that adequate supply of savings should be maintained as a central policy objective for economic stability.

Laxman Prasad et al. (2015) examined the investor attitude towards investment option selection and to identify what all factors affect the investor attitude towards investment option selection with special reference to sip. Before investing investor should do proper research about the risk involved in the investment or it is better to take suggestions from the asset management company before investment.

Uddin. A (2016) this paper provide intense study on various motivating factor which make investors to invest in a systematic investment plan and the problem in this scheme. The size of the sample is 100 and respondents were a SIP account holder in Gandhinagar city in Gujarat and have been taken for the purpose of the study. The primary data collected by using well structured questionnaire. Collected data were analyzed using various statistical tools. The result of the study revealed that Investors were motivated to invest their money in systematic investment plan which yield high returns with low risk on the other hand knowledge and the operational platform is one of the main barriers that investor is facing of the scheme.

Fachrudin K.R., Fachrudin K.A (2016) Researchers worked towards measuring the influence of education, experience and financial literacy of investor on investment decisions made by an individual investor in the city of Medan. This study used a questionnaire to collect data and the sample consisted of 250 respondents. Data were analyzed using descriptive statistical analysis and Structural Equation Modelling. The results showed that 46.80% of investors with undergraduate degrees and 36.00% of the investor has a maximum of 3 years of investing experience in the stock market. There is no significant relationship between education and investment. Financial literacy is found to build up the links between education and experience toward investment decisions. The implication is that financial literacy is vital for the right investment decision.

Mahalakshmi Kumar and Rajesh Mankani (2017) This research helps to identify whether working women are aware of various investment plans available with special reference to Mumbai city. Structured questionnaire has been used for collecting primary data from the sample and adopted descriptive cross-sectional design. Education facilitates women to become aware of the need to earn, save and invest. It increases their ability to understand various investment avenues, their pros, and cons and helps them to make the right investment decisions to achieve their investment goals. It empowers them to obtain financial independence which in turn can give them empowerment in other areas as well. Education gives women confidence and the ability to understand the importance and need for making decisions regarding investment for attaining their financial goals. This motivates them to collect information about various investment avenues so that researcher can maximize returns with minimum risk.

Baiq Fitri Arianti (2018) analyzed and measured whether financial literacy, financial behavior, and income influence the investment decision of an individual. Data was collected through questionnaires, the sample size was 100 and the techniques used are descriptive statistical analysis, data quality test, classical assumption test, multiple linear regression test, F test, t-test and coefficient of determination. Financial literacy doesn't has significant effect on investment decisions but Income has significant effect on investment decisions.

Varun Sagar Singal et al. (2019) in this research, researcher tried to identify the factors affecting investment decisions on mutual funds, the impact of behavioural factors on an investor and what are the factors that stop people from investing. Fundamental factors such as past performance, the experience of the fund manager, risk, return, and diversification plays a very vital role in the decision-making process of an investor.

Laith Yousef Banihani (2020) This study insights at answering these questions how can the investor plan for his financial resources and what is the overview of the investor in short and long term goals? Financial planning is the procedure of analysing the financial goals of an individual, its taking money that he have, determine life goals, and then take necessary steps in order to achieve goals in the determining period. It is a technique of quantifying a person's requirements in terms of money. For data collection, the researcher has collected primary data by surveying investor's investment objectives and risk profile. The result found that the comprehensive study about each aspect of this topic has shown that the Financial Planning is a dynamic and flexible concept which involves regular and systematic analysis, proper management, judgment, and actions.

Gupta & Firoz (2021) the main purpose of this research paper is to analyse the influence of COVID-19 on personal financial planning. This is comparative study which analyses the changes in personal investment decisions before and during the COVID scenario. The primary data was collected by using well structured questionnaire from the sample of Haryana (India) in the month of april 2020. Chi-square and multidimensional scaling are used to test the hypothesis. Findings indicate that no significant changes in personal financial planning were demonstrated during the COVID-19. The research confirms the factors responsible for the changes in investment decisions on this pandemic. The study will help the government to provide a stimulant to particular sectors in the form of direct assistance.

Findings

1. The data analysis of research discloses that the safety is significant factor while doing investment, so remaining avenues are found less considerable while doing investment by investors.
2. It is absolutely essential and needed to save what you earn, to have a plan for your own future, and to resist the spending funds that you do not already have.
3. People are not much aware about various investment choices and also not much aware about the investing pattern in stock market, equity etc
4. High financial literacy group have higher awareness level for all financial product and low financial literacy primarily invest in traditional and safe financial products and do not invest

- much in those financial products which are comparatively riskier and can give higher returns.
5. Education helps women to become aware of the need to earn, save and invest.
 6. Experience does not significant effect on investment decisions toward a positive relation.
 7. The growth of the economy is dependent on the growth of the rural market in the country.
 8. The investors prefer less-risky investment avenues like gold, mutual fund and bank deposits.
 9. The fundamental factors and investor perception play a very vital role in the investment decision making process.
 10. Sip are always risky in nature so it is better to take suggestions from any Asset Management Company before investment.

Conclusion

In this study, various demographic factors such as age, gender, annual income and no. of dependents have a considerable influence on personal investment Planning. This study paves the way to find out the factors influencing the investment decision investment habit of people, and understand their investment planning through past research paper studies. Many of our investors do not seek advice from a financial adviser and specialists because researcher only invest in an investment like fixed deposit, gold and health insurance which gives moderate returns which has low risk. Researchers are not ready to take risk. If researcher will consult with a financial adviser, there are various avenues of investment available will be used by the researchers in the market. Financial literacy level was aware the individual regarding various investment avenues among investors. Education gives women confidence and the ability to understand the importance and need for making decisions regarding investment for attaining their financial goals.

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