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ANALYTICAL STUDY ON INVESTMENT STRATEGIES WITH SPECIAL REFERENCE TO GEN Y IN PUNE CITY

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Abstract:-Generation Y is a group of people born during the '80s and the early '90s. The name is based on Generation X, which is the peer group that came before them. Generation Y people are known as Echo boomers because they are the children of baby boomers. The Generation Y cohort is also referred to as Millennials, the Internet generation, iGen, and/or the Net generation.

Keywords: Analytical Study , Investment Strategies , Generation Y.

INTRODUCTION

OBJECTIVES OF THE STUDY

- 1) To study the traits Generation Y and their traits
- 2) To review the relevant literature on Gen Y and Investment products
- 3) To analyse the Products available in Online Mode both Investment and Insurance related
- 4) To determine Students' awareness of various Investments offered by selected online Broking houses ICICI direct & others through Survey
- 5) To analyse data of Generation Y from selected areas of Pune.
- 6) To analyze & Identify barriers to starting Investment journey for age group of 22- 28 yrs
- 7) To recommend solutions to prospects & reduce barriers to Investments
- 8) To create an Innovative Campaign

SCOPE OF THE STUDY

The data considered for the study is of last three years. The primary data was collected from Generation Y located in Kothrud area of Pune where the student density is very high due the cluster of Educational Institutions and IT Companies. The analysis is with respect to India in general and Pune in specific. The study includes various aspects like Awareness of Investment Products like FD, Mutual Fund, Equity, as well as Insurance Products particularly Unit Link Insurance Plans (ULIP) etc in online mode only.

RESEARCH DESIGN

Descriptive research was carried out to describe the phenomenon. This study was done to understand investment behaviour of different age group 20-28 towards investment avenues.

SAMPLING AND SAMPLE SIZE

A sample of 55 respondents was collected from through convenient judgmental sampling method in Kothrud area, of Pune city.

DATA COLLECTION

The study was done with the primary data using questionnaire as a tool to assess the investment behaviour. Since the aim of the survey is to allow every person to list his opinion about investment avenues. A closed ended questionnaire was prepared with various characteristics of attributes to assess the behaviour. The secondary data was collected through various websites

GENERATION Y AND THEIR TRAITS

Born in the mid-1980's and later, Generation Y legal professionals are in their 20s and are just entering the workforce. With numbers estimated as high as 70 million, Generation Y (also known as the Millennials) is the fastest growing segment of today's workforce.

This generation of people prefers to communicate through e-mail and text messages rather than actual face-to-face contact. Learning for them is more than just traditional brick and mortar college campuses. They also have access to presentations via webinars and online classes. Because children born during this time period have always had constant access to modern technology such as computers, laptops, and cell phones in their youth, their employment and social life is constantly defined by or required to incorporate updated forms of such types of electronics.

Tech-Savvy: Generation Y grew up with technology and rely on it to perform their jobs better. Armed with Blackberry's, laptops, cellphones and other gadgets, Generation Y is plugged-in 24 hours a day, 7 days a week..

Family-Centric: The fast-track has lost much of its appeal for Generation Y who is willing to trade high pay for fewer billable hours, flexible schedules and a better work/life balance. While older generations may view this attitude as narcissistic or lacking commitment, discipline and drive, Generation Y legal professionals have a different vision of workplace expectations and prioritize family over work.

Achievement-Oriented: Nurtured and pampered by parents who did not want to make the mistakes of the previous generation, Generation Y is confident, ambitious and achievement-oriented. They have high expectations of their employers, seek out new challenges and are not afraid to question authority. Generation Y wants meaningful work and a solid learning curve.

Team-Oriented: As children, Generation Y participated in team sports, play groups and other group activities. They value teamwork and seek the input and affirmation of others. Part of a no-person-left-behind generation, Generation Y is loyal, committed and wants to be included and involved.

Attention-Craving: Generation Y craves attention in the forms of feedback and guidance. They appreciate being kept in the loop and seek frequent praise and reassurance.

REVIEW ON LITERATURE

It takes more than selective targeting to market effectively to Generation Y. Members of Generation Y seeks products that create an ambiance and community experience, rather than just provide a function. They like brands to express a reality in which they are involved, interconnected, and interactive. To be successful, build a brand with them, not for them. Having grown up in an even more media-saturated, brand-conscious world than their parents, they respond to ads differently, and they prefer to encounter those ads in different places. The marketers that capture Gen Y's attention do so by bringing their messages to the places these youth congregate, whether it's the Internet, a snowboarding tournament, or cable TV. The ads may be funny or disarmingly direct. Authenticity is extremely important to today's youth, which is why word of mouth is a powerful way to build a brand with Gen Y. Successful models of doing business with this generation are to get them involved with each other as well as the brand and the company. It is also important to fuse verbal and visual communications techniques. Layout, media, design, copy, video, etc. should work together to create an environment which reinforces youth values and the values of the brand. Even with relevant marketing and sound branding, delivering messages that a brand is fun and cool is a big challenge when developing youth campaigns. One thing contributing to this difficulty is the sheer amount of marketing messages to which today's youth are exposed. When communicating with today's youth, it is also important to remember they process information differently than previous generations. Since they are highly visual, they respond better to visually oriented communication techniques and tactics.

Members of Generation Y are not willing to put a lot of time and effort into understanding what is being said to them. In order to communicate effectively with them, it is necessary to tailor communication efforts to meet their unique information processing needs, instead of relying on them to do the work.

VARIOUS INVESTMENT AVENUES

1. Equity: Equity is one of the most risky areas. But, at the same time this is also a place where an investor can earn high rates of returns that will push up the returns of the entire portfolio. There is a need for the investor to separate the speculation from the investment. Investment in equities can be made directly by the purchase of shares from the market or it can be done through the mutual fund route, whereby the investor buys the mutual fund units and the fund in turn buys equity shares for its portfolio. There are various benefits as well as risks associated with both these routes and it is up to the individual to make up his mind.

2. Debt: Debt is a route that most people will know and have the necessary experience of. There is a wide range of debt instruments that are present from bank fixed deposits to company fixed deposits. Debt is simple as the investor will earn at a fixed percentage of the investment, which will then be returned to the investor at the time of maturity or redemption of the investment.

3. Mutual Funds: This is an emerging area for investment and there is a large variety of schemes in the market to suit the requirements of a large number of people.

4. Corporate Debenture: Corporate debentures are normally backed by the reputation and general creditworthiness of the issuing company. It is a type of debt instrument that is not covered by the security of physical assets or collateral. Debentures are a method of raising credit for the company and although the money thus raised is considered a part of the company's capital structure, it is not part of the share capital.

5. Fixed Deposits: Fixed Deposits with Banks are also referred to as term deposits. Minimum investment period for bank FDs is 30 days. Deposits in banks are very safe because of the regulations of RBI and the guarantee provided by the deposit insurance corporation. The interest rate on fixed deposits varies with term of the deposits Bank deposits enjoy exceptionally high liquidity.

6. Post Office Savings: Post Office Monthly Income Scheme is a low risk saving instrument, which can be availed through any Post Office The interest rate on deposits is slightly higher than banks. The interest is calculated half yearly and paid yearly.

7. Life Insurance Policies: Insurance companies offer many investment schemes to investors. These schemes promote saving and additionally provide insurance cover. Some of its schemes include -

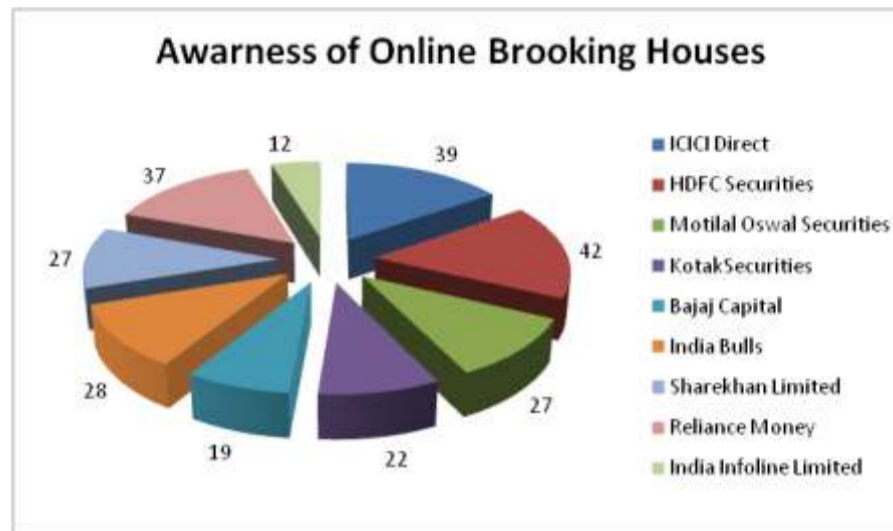
- ❖ Life policies,
- ❖ Convertible whole life assurance policy,
- ❖ Endowment assurance policy,
- ❖ Money back policy
- ❖ Unit linked plan
- ❖ Term assurance
- ❖ Immediate annuity
- ❖ Deferred annuity
- ❖ Riders etc.

8. Public Provident Fund (PPF): A long term savings instrument with a maturity of 15 years. A PPF account can be opened through a nationalized bank at anytime during the year and is open all through the year for depositing money. Tax benefits can be availed for the amount invested and interest accrued is tax-free. A withdrawal is permissible every year from the seventh financial year of the date of opening of the account.

9. Real Estate: Investment in real estate also made when the expected returns are very attractive. Buying property is an equally strenuous investment decisions. Real estate investment is often linked with the future development plans of the location. At present investment in real assets is booming there are various investment source are available for investment which are directly or indirectly investing real estate. In addition to this, the more affluent investors are likely to be interested in other type of real estate, like commercial property, agricultural land, semi urban land, and resorts.

10. Gold/Silver /Others: The bullion offers investment opportunity in the form of gold, silver, art objects (paintings, antiques), precious stones and other metals (precious objects), specific categories of metals are traded in the metal exchange.

DATA ANALYSIS AND INTERPRETATION

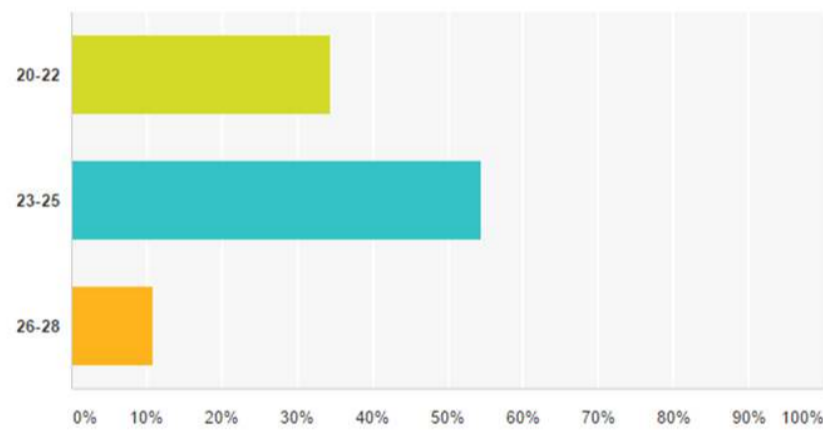


Awareness of various online brooking houses in generation Y

INTERPRETATION - Most of them are aware of many online brooking firms which mean whether they are investing or no these brooking houses have reached minds of generation Y people at great extent. The visibility of these houses is good in the minds of millennial.

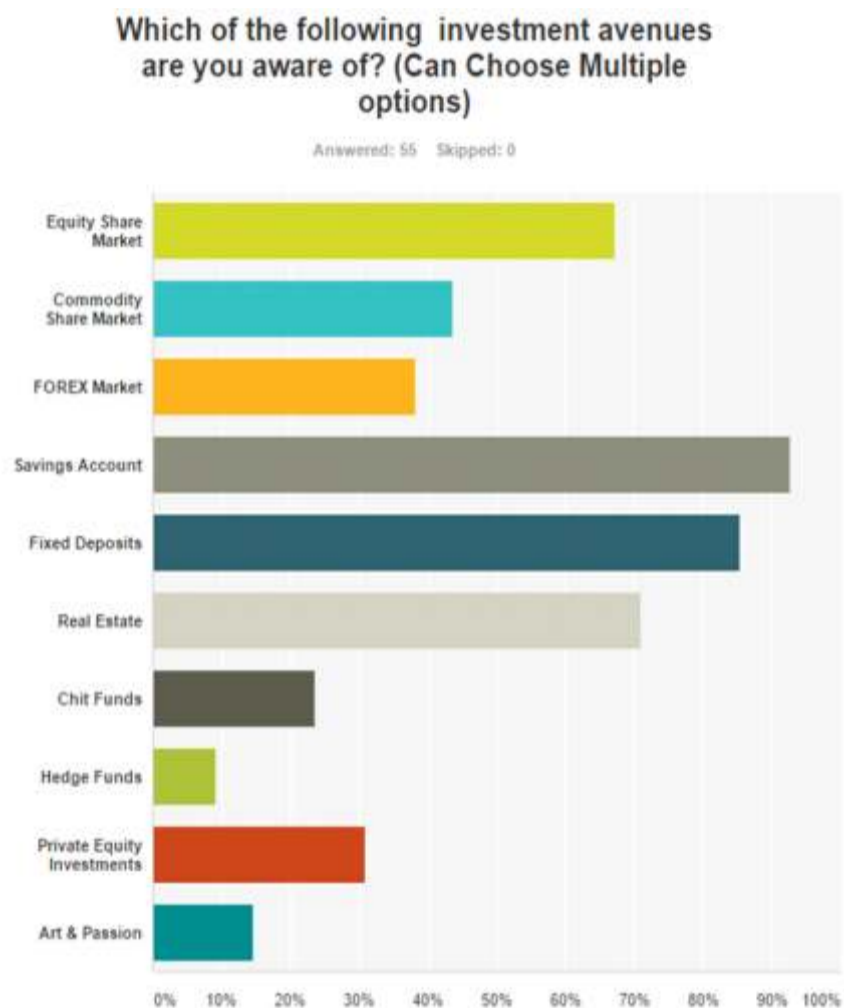
What age group you fall in?

Answered: 55 Skipped: 0



INTERPRETATION - The survey was conducted for the people between the age group of 20-28. So out of 55 samples 19 were between 20-22 age, 30 people were between 23-25 age and 6 people were between 26-28 age.

Answer Choices	Responses
20-22	34.55% 19
23-25	54.55% 30
26-28	10.91% 6
Total	55

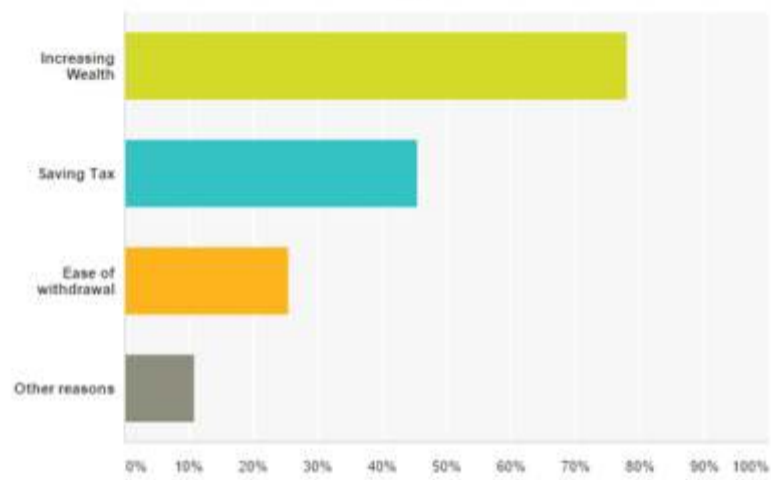


INTERPRETATION - Various investment avenues are available and out of 55 respondents 51 of them were aware about savings account, and 47 of them were aware about fixed deposits which are a very good number and in case of investment in art and passion avenues only 8 people were aware about it.

Answer Choices	Responses
Equity Share Market	67.27% 37
Commodity Share Market	43.64% 24
FOREX Market	38.18% 21
Savings Account	92.73% 51
Fixed Deposits	85.45% 47
Real Estate	70.91% 39
Chit Funds	23.64% 13
Hedge Funds	9.09% 5
Private Equity Investments	30.91% 17
Art & Passion	14.55% 8
Total Respondents: 55	

Which according to you is important goal in investment making (Can Choose Multiple options)

Answered: 55 - Skipped: 0

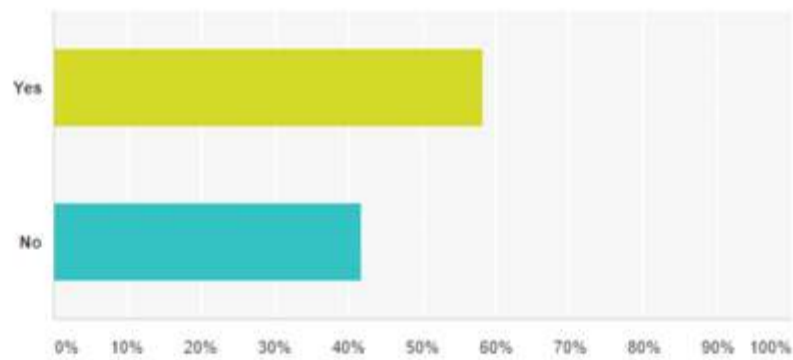


Answer Choices	Responses
- Increasing Wealth	78.18% 43
- Saving Tax	45.45% 25
- Ease of withdrawal	25.45% 14
- Other reasons	10.91% 6
Total Respondents: 55	

INTERPRETATION - According to the survey out of 55 respondents 43 of them will invest for increasing their wealth, 25 of them for saving tax purpose, 14 of them for easily withdrawing the funds and 6 of them for other reasons

Have you invested in any of these?

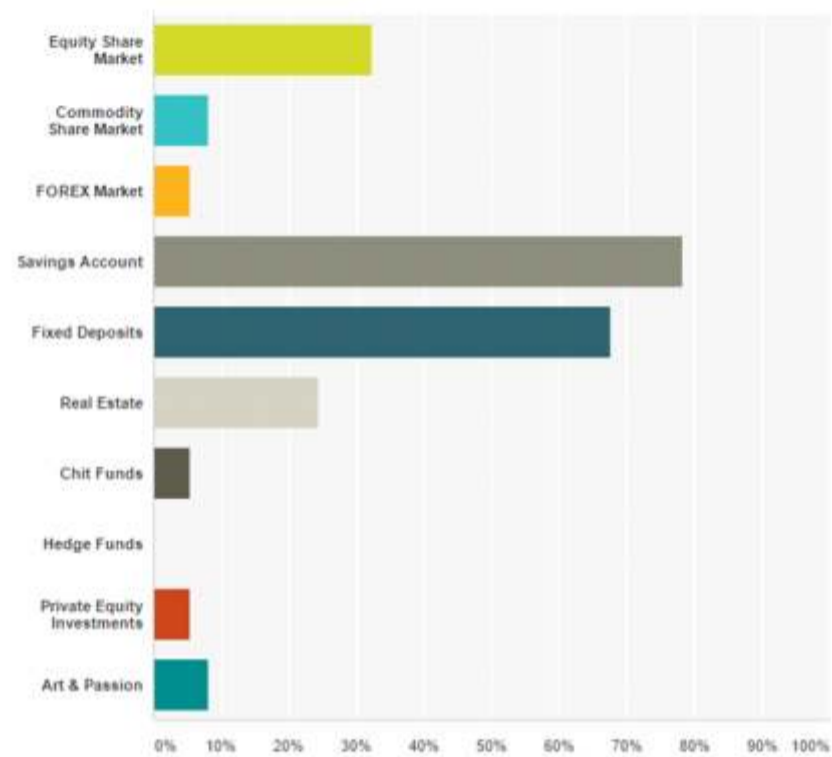
Answered: 55 - Skipped: 0



Answer Choices	Responses
- Yes	58.18% 32
- No	41.82% 23
Total	
55	

**If Yes, then in which of these avenues?
(Can Choose Multiple options)**

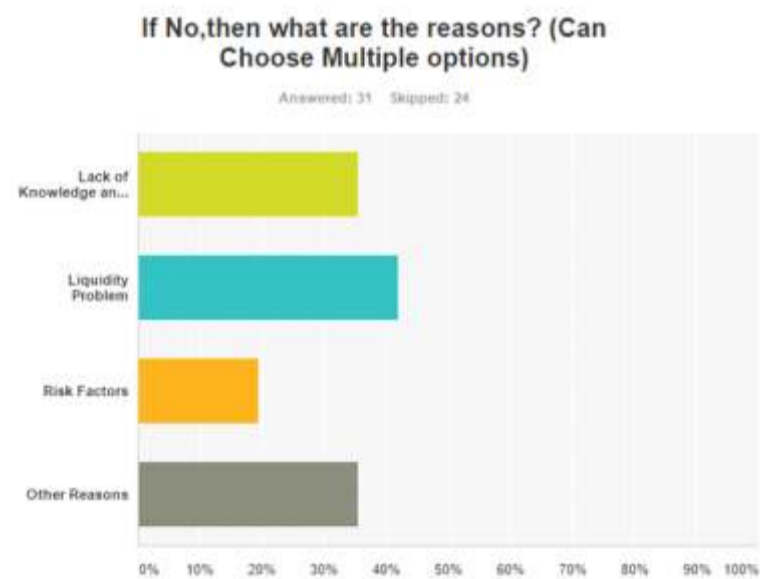
Answered: 37 Skipped: 18



Answer Choices	Responses
Equity Share Market	32.43% 12
Commodity Share Market	8.11% 3
FOREX Market	5.41% 2
Savings Account	78.38% 29
Fixed Deposits	67.57% 25
Real Estate	24.32% 9
Chit Funds	5.41% 2
Hedge Funds	0.00% 0
Private Equity Investments	5.41% 2
Art & Passion	8.11% 3
Total Respondents: 37	

INTERPRETATION - Majority of the sample of population who took part in survey said yes they have invested in investment avenues which states good number of generation Y people is investing.

INTERPRETATION - Out of 55 respondents 37 of them have invested in various investment avenues out of which savings account is one of the highest avenue in which they have invested and hedge funds is an avenue in which out of 37 people none of them have invested.

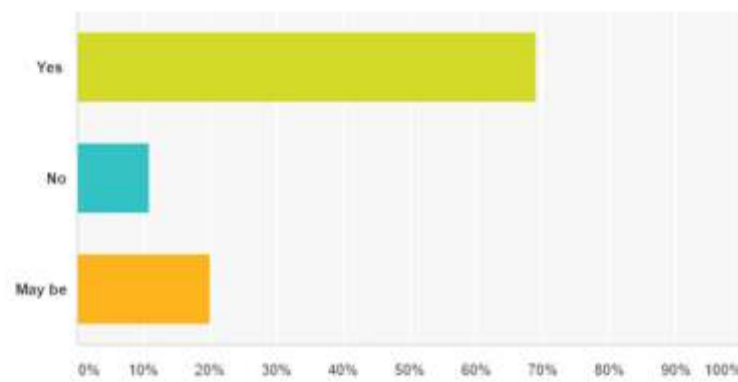


Answer Choices	Responses
- Lack of Knowledge and Experience	35.48% 11
- Liquidity Problem	41.94% 13
- Risk Factors	19.35% 6
- Other Reasons	35.48% 11
Total Respondents: 31	

INTERPRETATION - 31 respondents have replied for this question and 11 of them states that due to lack of knowledge and experience they are not investing in these avenues and 13 of them said liquidity is the major barrier for them.

Are you planning to invest in near future?

Answered: 55 Skipped: 0

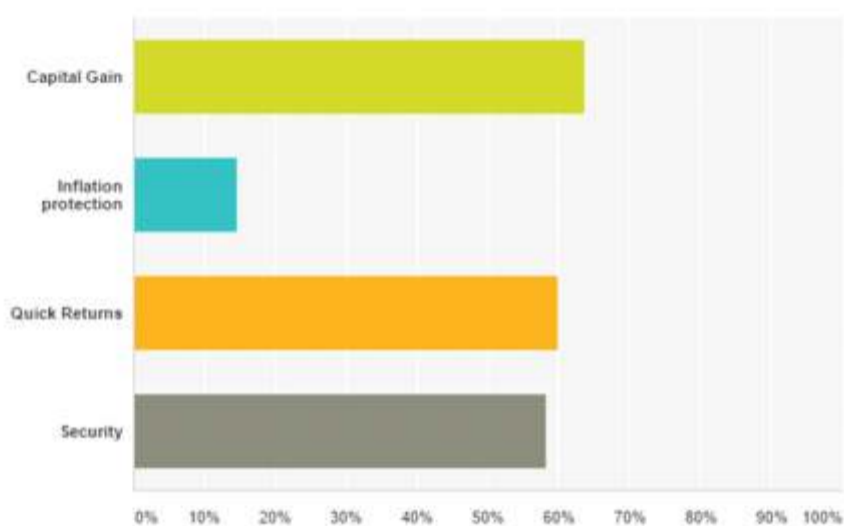


Answer Choices	Responses
- Yes	69.09% 38
- No	10.91% 6
- May be	20.00% 11
Total	55

INTERPRETATION - According to the response people who have not tried investment avenues are willing to invest in near future which is a very good sign for the industry. There are 11 respondents which states they may invest in these avenues so we can convert it into positive responses.

You would like to invest for, (Can Choose Multiple options)

Answered: 55 Skipped: 0



Answer Choices	Responses
Capital Gain	63.64% 35
Inflation protection	14.55% 8
Quick Returns	60.00% 33
Security	58.18% 32
Total Respondents: 55	

INTERPRETATION - Most of the people from the sample data would like to invest in the avenues for capital gain, Quick returns as well as security purpose. And very few would like to invest for beating inflation.

BARRIERS OF INVESTMENT

Lack of knowledge- Generation Y also known as tech savvy have access to internet as well as various media houses. There is huge amount of information available on investment avenues but what is relevant how do these avenues really work is not clear to some people which is one of the biggest barrier in case of Generation Y people.

Liquidity Problem – Generation Y people are between the age group of 20-28. They are usually studying or just have started their Carrier or have very less experience in work. These people either get pocket money from their parents or get salary which usually does not allow them to save money. So, less of cash in hand is a barrier to these people.

Risk Factor- Risk involved in investment avenues directly proportionate to investment. Higher the investment in high risk securities or investment avenues higher will be the risk. So to take up a risk is not at all feasible when person is starting his/her carrier.

Other factors- Some other factors like lack of experience as these people does not have had their hands on investment avenues. Sometimes few of them do not invest in market just because the market is not stable or they do not trust on companies easily even though they have fair enough knowledge about investment avenues. Complexity in understanding financial instrument, improper returns and even real time updates is not handy.

RECCOMENDATIONS

- ❖ Tie-ups with multiplexes, food chains, malls, shopping centres and create campaigns.

- ❖ Advertisements on channels watched by gen Y like MTV, ESPN, and VH1 etc.
- ❖ Tie-ups with social networking platforms like Whatsapp,
- ❖ Facebook, Twitter, Google+ etc.
- ❖ Endorsement on professional sites like LinkedIn
- ❖ Tie-ups with institutes to create awareness
- ❖ Sponsorships to events like college fests, induction programmes, industrial visits etc.
- ❖ Awareness about returns on investment.
- ❖ Endorsements by well known personalities
- ❖ Financial instruments can be given as fringe benefits by corporate houses.
- ❖ Education institutes may give promotion coupons as prize instead of cash.
- ❖ One way to increase effectiveness is to experiment with alternative media mixes. Multi-media displays and 3-D tactics are very effective since interaction is of the utmost importance.

TO REDUCE BARRIERS

Informed decision making: Access to information is implicit and since information is available in abundance and financial institutions would have to empower them and provide them with the necessary arsenal to take informed decisions. For example, various tools and calculators which will help them compare, calculate and simulate scenarios

Products and services innovation: Members of this group have high expectations from themselves as well as others. They constantly strive to surpass levels of excellence in both the personal and the professional front. The insatiable demands of the Millennial can be addressed by enticing them with innovative products and pampering them with high standards of customer service.

Convenience: Due to the paucity of time and slew of activities, it is imperative that there is a stress on convenience and ease of use. The concept of anytime, anywhere banking has almost become a hygiene factor. A member of the Gen Y should be able to get information or transact anytime and anywhere.

CONCLUSION

The present study endeavored to give a look on behaviour of investors towards investment avenues. The different avenues can be preferred provided it is put forth before young and different age group investors in the desired form. If the younger generation starts investing at such an early stage on regular basis, they will be able to save more for their future. Facts revealed in this study highlight the perception of varied age group investors who desire to invest in different avenues which give high returns and growth prospect.

Survey findings of this study have got significant managerial implications that can be used by investment companies in restructuring their existing practices and finally innovating new ways of service delivery.

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