



A Study on the Wealth Management Practices among Indian Household

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ABSTRACT

This Study primarily focuses on identifying various practices of management of wealth followed in Indian Household. There are different forms of wealth management and there is a different effective way to manage such wealth. The secondary objective deals with identifying awareness, knowledge about wealth management in a Common investor. This study is a descriptive type of research with samples selected on convenient sampling method. The sample size taken for study is 200 and the data collected is Primary data. The Data analysis and testing is done through the usage of Percentage Analysis and SPSS using Chi square, Correlation and Anova. The study concludes that the though people are doing different forms of wealth management, their awareness, knowledge about market conditions, opportunities, risk- taking capacity is considerably low, which needs to be improved to effectively manage and Control Wealth.

I.INTRODUCTION

Wealth in general refers to total value of assets or properties owned by an individual or a company or partners etc., It includes both the tangible value and intangible value of assets. Wealth Management refers to the effective management of total value of assets hold by a person, in order to potentially increase its value and meet the client's requirements effectively and efficiently.

A. Wealth Management Includes the following:

1. Cash Management
2. Asset Management
3. Risk Management
4. Estate Planning
5. Tax Planning
6. Retirement Planning

Importance of the study: To Know the understanding of the term Wealth Management in Common Investors. To measure their level of awareness and knowledge in Wealth Management. To find out various types of Wealth Management. To identify the most used method of wealth management by respondents for managing their assets and cash. To measure the risk acceptance and risk ignorance level of each respondent. To identify what kind of tax planning and estate planning preferred by respondents. To identify their plans on retirement. To study the Wealth management practices among Indian household.

Objective of the study: To identify the wealth management practices among Indian household. To measure the awareness about wealth management in common investor. To analyse the knowledge of wealth management in common investor. To know what are all the different forms of wealth management. To find the effective ways of wealth management. AIM: To identify the wealth management practices followed in an Indian Household

II. REVIEW OF LITERATURE

Messmore (1995) demonstrated how volatility widens the spread between the arithmetic and geometric average return; although the message is not new, it is worth repeating.

Evensky, Harold. 1997. Wealth Management: The Financial Adviser's Guide to Investing and Managing Client Assets. Chicago: Irwin/McGraw-Hill. This book was written by a practitioner sometimes hailed as the dean of the financial planning community. It marks his delineation of wealth management as a profession distinct from money management and asset gathering.

Jacob (1998) provides an interesting overview of the difference between traditional portfolio optimization and optimization for private wealth clients

Reichenstein, William, and William W. Jennings. 2003. Integrating Investments and the Tax Code. New York: Wiley. First, before-tax and after-tax dollars are different; that is, asset allocation should reflect embedded tax liabilities. Second, we evaluate asset location and the choice of savings vehicles. We focus on education and retirement savings goals rather than intergenerational concerns. Third, we encourage professionals to manage an individual's extended portfolio that includes the values of "off-balance-sheet" assets, such as Social Security payments and defined-benefit plans.

Campbell (2004) and Wilcox, Horvitz, and DiBartolomeo (2006) considered both long-horizon and life-cycle investment perspectives for individuals making the asset allocation decision. Brunel (1999b), Corriero (2005), Milevsky (2004), and Terhaar, Staub, and Singer (2003) examined alternative assets in strategic asset allocation

Bronson, Scanlan, and Squires (2007) took a broad view of the process of setting investment policy and asset allocation specifically. Brunel (1999a) discussed the high costs for a taxable investor of panic-induced selling and thus underscores the importance of getting the asset mix right in the first place.

III. RESEARCH METHODOLOGY

This study focuses primarily on Wealth Management. Wealth management deals with management of different forms of wealth. To sum upon, it deals with Cash and Asset management, risk management, estate planning, tax planning,

budgeting, future planning, expense management, retirement planning etc., This study secondarily focuses on evaluating and analysing their practices, knowledge and awareness about wealth management in Indian Household. Secondarily, to identify their preference for risk-low and risk-high investments, risk taking and managing capacity, Budgeting knowledge, expense management etc.,

A Research is the process of in-depth analysis of the data in order to find the actual results, solutions and societal benefits etc. There are different types of research viz., Descriptive research, exploratory research, cross sectional research etc.,

The Research is primarily done with some strong Primary and Secondary Objectives. Primary Objectives are the main purpose of conducting research and the Secondary Objectives are the next level focus of this research. Data Collection and Analysis is the crucial part of a research process. The Data can be collected from 2 sources, they are: Primary Data, Secondary Data. Primary Data are those which are collected for the first time and the secondary data are those which are already collected and thus the reuse of those data. Example of primary data is Collecting data through Questionnaire or through interviews and Secondary data are those which are collected from newspapers, literatures, journals etc.,

This Research is conducted through Primary sourcing and the sample size is 200. The hypothesis framed is

H₀: There is no significant difference between practices followed by Indian household in management of wealth

H_a: There is a significant difference between practices followed by Indian household in management of wealth

The test used to accept or reject hypothesis is correlation, chi-square, Anova. The Main Tool used to analyse the data is SPSS Software, where SPSS Stands for Statistical Package for Social Sciences.

Limitations of the study: Due to limitation of time only few people were selected for the study. So, the sample of investors was not enough to generalize the findings of the study. The main source of data for the study was primary data with the help of self-administered questionnaires. Hence, the chances of unbiased information are less. People were hesitant to disclose the true facts. The chance of biased response can't be eliminated though all necessary steps were taken to avoid the same.

Future Research: This study was conducted with 200 samples from Homogeneous locality- Chennai, where future researchers are advised to Consider more samples from various locality to study in depth. The research period was 3 months, where future researchers are advised to extend their time period, to conduct the research in depth.

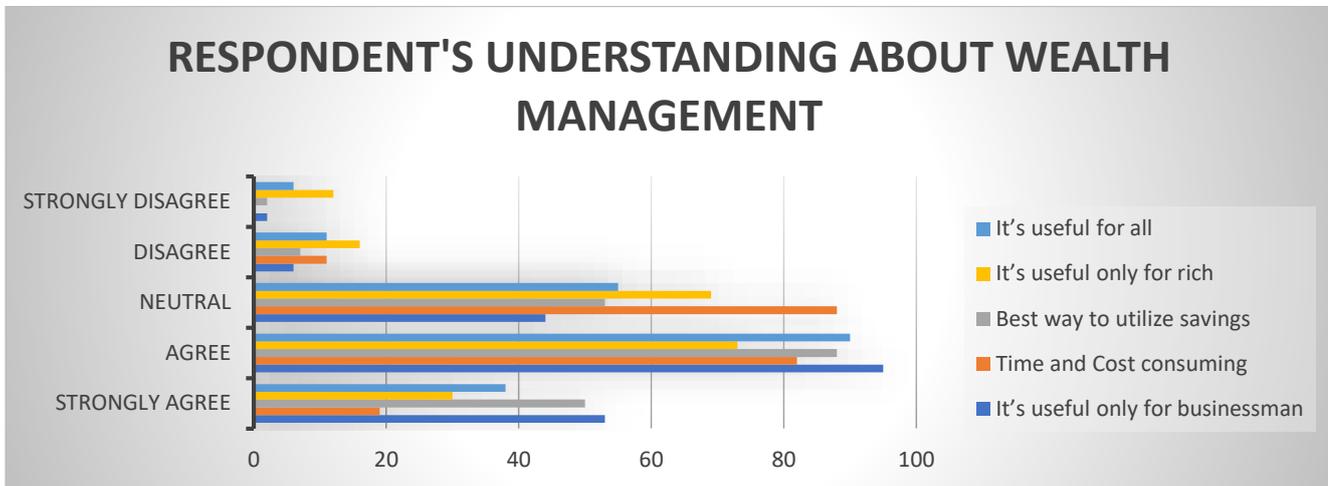
IV. DATA ANALYSIS AND INTERPRETATION

A. PERCENTAGE ANALYSIS

TABLE 1: RESPONDENT'S UNDERSTANDING ABOUT WEALTH MANAGEMENT

PARTICULARS	STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE
It's useful only for businessman	53	95	44	6	2

Time and Cost consuming	19	82	88	11	0
Best way to utilize savings	50	88	53	7	2
It's useful only for rich	30	73	69	16	12
It's useful for all	38	90	55	11	6

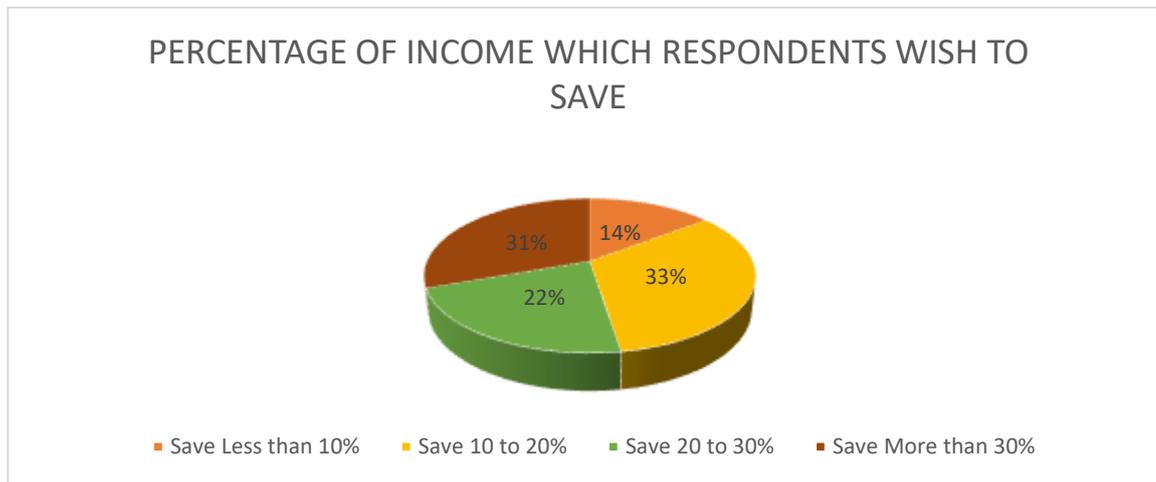
CHART 1: RESPONDENT'S UNDERSTANDING ABOUT WEALTH MANAGEMENT

INTERPRETATION: From the above table and chart, it shows that 148 agrees that its useful only for businessman, 44 are neutral, 8 disagrees with it; 101 agrees that its time and cost consuming, 88 are neutral, 11 disagrees with it; 138 agrees that it's a best way to utilize savings, 53 are neutral, 9 disagrees with it; 103 agrees with its useful only for rich, 69 are neutral, 28 disagrees with it; 128 agrees that its useful for all, 55 are neutral, 17 disagrees with it.

INFERENCE: Majority of respondents agrees that its useful only for businessman

TABLE 2: PERCENTAGE OF INCOME WHICH RESPONDENT'S WISH TO SAVE

PARTICULARS	NO OF RESPONDENTS	% OF RESPONDENTS
Save Less than 10%	29	14.5
Save 10 to 20%	66	33
Save 20 to 30%	44	22
Save More than 30%	61	30.5

CHART 2: PERCENTAGE OF INCOME WHICH RESPONDENT'S WISH TO SAVE

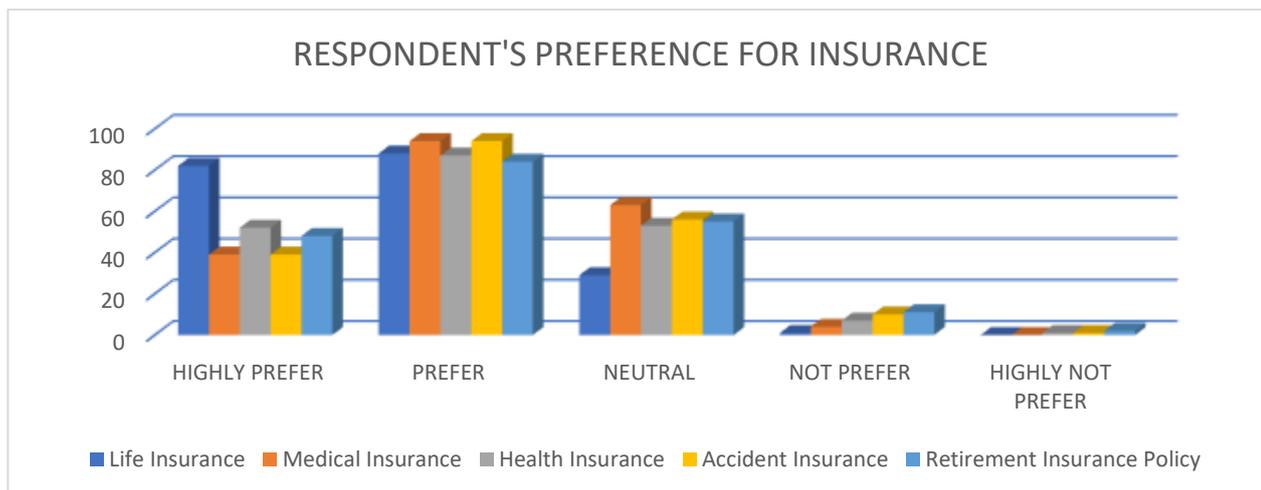
INTERPRETATION: From the above table and chart, it shows that 14.5% of respondents are wishing to save less than 10%, 33% of respondents wish to save 10 to 20% of income, 22% of respondents wish to save 20 to 30 % of income, 30.5% wish to save more than 30% of their income

INFERENCE: Majority of respondents wish to save 10 to 20% of their income (33%)

TABLE 3: RESPONDENT'S PREFERENCE FOR INSURANCE

PARTICULARS	HIGHLY PREFER	PREFER	NEUTRAL	NOT PREFER	HIGHLY NOT PREFER
Life Insurance	82	88	29	1	0
Medical Insurance	39	94	63	4	0
Health Insurance	52	87	53	7	1
Accident Insurance	39	94	56	10	1
Retirement Insurance Policy	48	84	55	11	2

CHART 3: RESPONDENT’S PREFERENCE FOR INSURANCE



INTERPRETATION: From the above table and chart, it shows that 170 prefers Life insurance, 29 are neutral, 1 not prefers it; 133 prefers medical insurance, 63 are neutral, 4 not prefer it; 139 prefers health insurance, 53 are neutral, 8 do not prefer it; 133 prefers Accident Insurance, 56 are neutral and 11 do not prefer it; 132 prefers Retirement insurance policy, 55 are neutral and 13 do not prefer it.

INFERENCE: Majority of respondents prefers Life insurance

B. TESTING OF HYPOTHESIS

TEST 1: CORRELATION

H0: There is no relation between age and the % of income you wish to save

Ha: There is a relation between age and the % of income you wish to save

Correlations			
		Age	How much % of income you wish to save?
Age	Pearson Correlation	1	.162*
	Sig. (2-tailed)		.022
	N	200	200
How much % of income you wish to save?	Pearson Correlation	.162*	1
	Sig. (2-tailed)	.022	

N	200	200
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*. Correlation is significant at the 0.05 level (2-tailed).

Interpretation: As the p value is 0.022 which is less than 0.05, hence we accept alternate hypothesis (Ha) and reject null hypothesis (Ho)

Result on Test: Thus, there is a relation between age and the % of income they wish to save.

TEST 2: ANOVA

The Hypothesis framed are:

H₀: There is no significant difference between income level and their expense management during pandemic

H_a: There is a significant difference between income level and their expense management during pandemic

ANOVA

Annual_Income_

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.182	3	.727	1.202	.310
Within Groups	118.598	196	.605		
Total	120.780	199			

Interpretation: As the p value is 0.310 > 0.05, we reject alternate hypothesis (Ha) and accept null hypothesis (H₀).

Result on Test: Thus, there is no significant difference between income level and their expense management during pandemic

V. Findings, Suggestions and Conclusion

A. Findings: It shows that 148 agrees that its useful only for businessman, 44 are neutral, 8 disagrees with it; 101 agrees that its time and cost consuming, 88 are neutral, 11 disagrees with it; 138 agrees that it's a best way to utilize savings, 53 are neutral, 9 disagrees with it; 103 agrees with its useful only for rich, 69 are neutral, 28 disagrees with it; 128 agrees that its useful for all, 55 are neutral, 17 disagrees with it. 14.5% of respondents are wishing to save less than 10%, 33% of respondents wish to save 10 to 20% of income, 22% of respondents wish to save 20 to 30 % of income, 30.5% wish to save more than 30% of their income. 170 prefers Life insurance, 29 are neutral, 1 not prefers it; 133 prefers medical insurance, 63 are neutral, 4 not prefer it; 139 prefers health insurance, 53 are neutral, 8 do not prefer it; 133 prefers Accident Insurance, 56 are neutral and 11 do not prefer it; 132 prefers Retirement insurance policy, 55 are neutral and 13 do not prefer it.

B. Suggestions: This research is conducted with a sample size of 200, if further research is done, they are advised to increase the sample size to get the result in depth. This research is conducted for a period of 3 months; the researchers are advised to increase the tenure of research. This research is conducted with samples located in Chennai using convenient sampling technique, the researchers are advised to cover wider locality in future. This research Primarily focuses on identifying the practices, awareness and knowledge about wealth management among Indian Household, this could be enhanced if further research is related to this topic

C. Conclusion: The primary aim of this research is to identify the practices of wealth management, its awareness and knowledge among Indian Household. By this entire study, we identified that majority of respondents are doing various wealth management activities like Bank deposits, investments, tax plannings etc., but still, the awareness on wealth and its effective management is missed out in Indian House hold due to various factors like limited market knowledge, Low risk-taking Capacity etc.,

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International Research Journal