A Study on Portfolio Analysis of IDBI with Reference to Nagpur City

Laxmikant Ukey and Dr. Vikram Dongre

Jhulelal Institute of Technology, Nagpur, India

Abstract*: Portfolio analysis is concerned with the development of theoretical models designed to analyze the factors affecting the financial assets held by economic agents, together with the empirical testing of these models. The agents may be individuals and firms, in which case we are concerned with the way in which private sector wealth is allocated between different assets, or alternatively financial institutions where the deposits of customers are allocated among competing assets so as to satisfy the balance sheet identity. Such an approach to asset choice decisions has its roots in early studies of the demand for money. In his formulation of the speculative demand for money, Keynes analyzed the way in which individuals allocate their given wealth between interest-bearing bonds and money in the form of cash balances which earns no pecuniary return. The choice is based upon the expected holding-period return on bonds, which not only depends upon the interest income, but also upon expectations about movements in the market rate of interest and hence the price of bonds; these expectations will, in turn, be based on what is perceived to be the 'normal' rate of interest. If market rates are low, below the 'normal' rate, and therefore expected to rise over the holding period, a capital loss is to be expected on bond holding; individuals will sell bonds and hold their entire portfolio in cash, as long as the interest income from bond holding is not enough to offset this expected capital loss. On the other hand, if market rates are high, above the 'normal' rate, and expected to fall over the holding period, individuals will expect capital gains from bond holding; they will accordingly transfer their wealth from cash to bonds.*

Keywords: Investment, Investor, Profit, Management, cash flow, return

I. INTRODUCTION

Portfolio Analysis is one of the areas of investment management that enable market participants to analyze and assess the performance of a portfolio (equities, bonds, alternative investments, etc.), intending to measure performance on a relative and absolute basis along with its associated risks. Portfolio analysis is an examination of the components included in a mix of products with the purpose of making decisions that are expected to improve overall return. The term applies to the process that allows a manager to recognize better ways to allocate resources with the goal of increasing profits.Investors make decisions relying on the relative profit potential of investment alternatives. The wrong choices may be made if systematic and quantitative methods are not used. In a given investment situation, it is necessary to consider several economic and technical parameters with respect to costs, profits, savings, the choice of time, tax and loyalty, project life, etc. If a reliable approach is not used to quantify the effects of these factors, it is very difficult to correctly assess each alternative and make the best choice.

II. LITERATURE REVIEW

1. Rakesh H.M (2014): A Study On Individual Investors Behavior In Stock Markets Of India, IJMSS (Vol.02, Issue-02), ISSN:2321-1784: The paper proposes to study the behavior of individual investors in the stock markets and the factors that influence their investment decisions, which include awareness level, investment duration etc. The research was based on the primary data collected from the city of Mysore of 150 respondents, being stock market investors. The research paper observes that only 10 % of the respondents intended to stay invested into the stock market for a period of more than 5 years. In other words, the research paper observed that people do not want to stay committed for longer period of time into the stock market despite it giving better returns. The paper analyses that annual income and annual savings are given importance by investors, but the level of savings are decided by their level of income. He states that

"investors are fully aware about the stock market and they feel that market movements also affect the investment pattern of investors in the stock market."

2. Reena Rai (2014): Factors Affecting Investors' Decision Making Behavior in the Stock Market: An Analytical Review, Indian Journal of Applied Research (Vol.4, Issue-9), ISSN - 2249-555X: The paper under study aims to study the factors influencing an investors decision making behavior on basis of related studies. It states that the various factors that influence include various demographic factors such as gender, age, education. It is known that men are more overconfident than women. Age plays a role on the mindset of the individual and the propensity to take risk. It also explains sometimes, the precautious attitude and conservatism. On the firm level the decision of the investors depend on capital structure average pricing, political and media exposure, trend analysis, past performance of company's stocks, expected dividend and EPS etc. Finally, it concludes that out of the various factors affecting behavior of investors some factors have a slight role while some majorly impact investor behavior. The general factors being gender, age, confidence levels, cognitive bias, risk factors, company's performance.

3. Kaushal A. Bhatt (2013): Investment and Trading Pattern of Individuals Dealing in Stock Market, The SIJ Transactions on Industrial, Financial & Business Management (IFBM) (Vol.1, Issue-02), ISSN: 2321 – 242X: The paper aims at studying the literacy and awareness of capital markets among investors regarding various investment avenues. To find and identify segments preferred more by the people and the influencing force behind the decision making, while investing in currently available options including stock markets. It concludes that investors are moving to new investment avenues such as equity market, mutual funds, bonds, and others like gold, land etc. This is due to the decreasing trend of bank rates. This also increases the scope of business for the investment companies. The investors are also risk sensitive. They want more safety and security. The stock markets have become very popular due to high rate of return but due to uncertainty and risk many people do not invest in equity markets. This stands true due to the lack of stability in the current market scenarios. The risk related to investment also defines the amount invested by people in the particular stock. The factors like age, occupation and income level are key factors in investment decision making of people. The other major factors being considered were market scenario, risk involved and other investment opportunities.

4. Geetika Batra (2013): Study of Investment Advice To Retirement Plan Partakers In India, Journal of Business Management & Social Sciences Research (JBM&SSR) (Vol.2, Issue- 08), ISSN No: 2319-5614: Investor need to think apart from public institution to private sector players. As they don't have any other source of income so if the investment plans fails, it would be disastrous on the savings front and logically, on the financial planning front. However, if one starts investment early, then the risk to reward ratio would be very high. Hence one should remain substantially committed to stock during this earning period

2.1 Objectives:-
1. To study the best investment options as per income, age, time horizon and risk appetite
2. To study Different investor's different approaches and objectives aligned with their investment and portfolio management.
3. To study the approach of investor's before investment

2.2 Hypothesis:-
H0:- There is no significant impact of investor's portfolio during the portfolio analysis.
H1:- There is significant impact of investor's portfolio during the portfolio analysis.

III. RESEARCH METHODOLOGY

Collection of data:-The determination of the rate of return on investment of the selected portfolio and its inclusion in the investment portfolio of the investor. For the purpose of achieving the aim of the contribution, the initial price of the selected real estate representing the initial investment cost (capital expenditure) taking into account the initial costs will be determined in the first step, the open market rent representing the expected investment income will be determined, then the estimated costs associated with the investment, while taking into account the vacancy rate, will be calculated and lastly, methods of investment evaluation will be applied in the final step. The open market value will be determined

by a comparative method, capturing a strong interaction between the market situation and the price of the selected real estate. The comparative method will be based on bid prices of comparable real estate where, according to the author's experience, the housing market is flexible and it can be assumed that the final price will not be too different from the bid price (by max. 9 percent), this difference will be subject to application of the coefficient of price source reduction.

Primary data collection tools:-
1. Interviews of the investors.
2. Observing the executives of IDBI capital during the sessions with investors
3. Personal meets with Executives on weekly basis

Secondary data collection sources:-
1. The data from the IDBI Capital of last 3 months.
2. Using the report of the IDBI.
3. Observing the executives of IDBI capital during the sessions with investors.

Sampling:
Sample size: 100 Customers   :
Sample unit: Customers of the outlet
Sample area: Nagpur

IV. DATA ANALYSIS AND INTERPRETATION

The age of the respondents?

Category	No. of Respondents	Percentage
25-40	65	65%
40-50	30	30%
50 & above	5	5%
	Total	**100.00%**

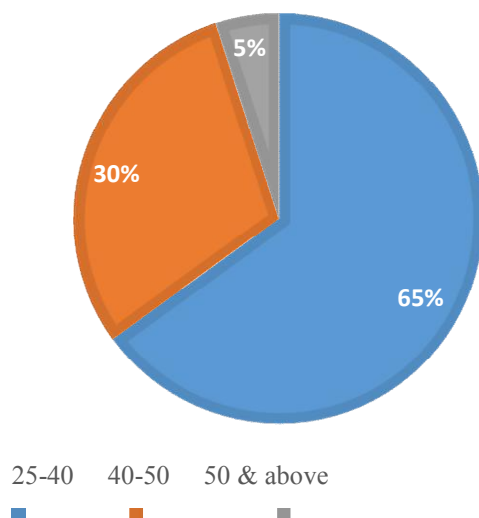Table 1. Table of age group of the customer

Figure 1. Pie chart of age group of the customer

Interpretation: The above pie chart indicates that 65% of the customers of the age 25-40,30% 40-50, 5% of 50 & above

Number of the respondents are satisfied with the return of the portfolio?

Category	No. of Respondents	Percentage
Excellent	45	20%
Good	20	10%
Average	14	35%
Agree	6	5%
Need Improvement	15	30%
	Total	**100.00%**

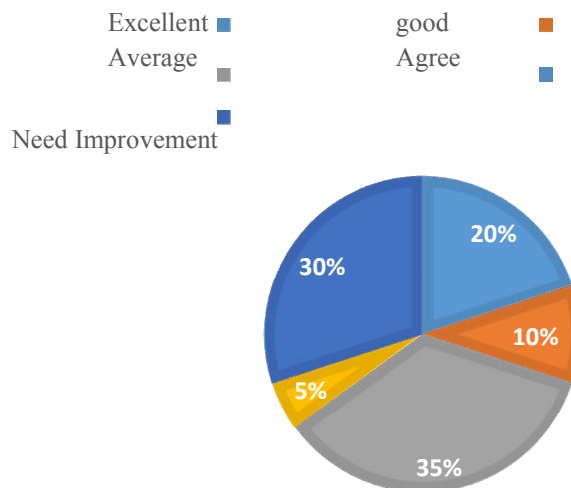**Table 2.** Table of customer's satisfaction

Figure 2. Pie Chart of Measures the customer's satisfaction level with return on investment.

Interpretation: The above pie chart indicates that 20% of the customer's feeling excellent, 10% good, 35% agreed, 5% average and 30% need improvement about the returnof the portfolio.

Did you think this year will give more return then last year?

Category	No. Of respondents	Percentage
Yes	75	75%
No	25	25%
	Total	**100.00%**

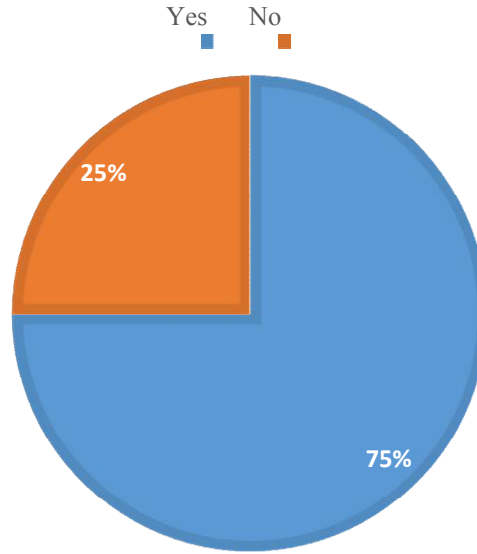**Table no 3.** Table about the return of the portfolio

Figure 3. Pie Chart about the return of the portfolio.

Interpretation: The above pie chart indicates that 75% of the customer's in a positivemin set and 25% not about the return

Do you feel that IDBI give better investment opinions?

Category	No. of Respondents	Percentage
Agree	70	70%
Disagree	20	20%
Yet not decide	10	10%
	Total	**100.00%**

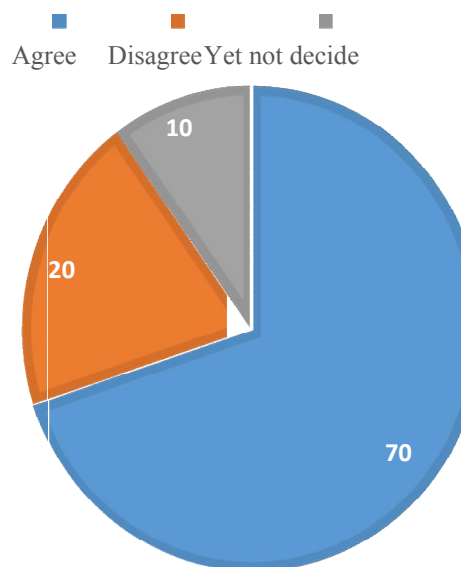**Table 4.** Table about the opinions

Figure 4. Pie Chart about the opinions

Interpretation: The above pie chart indicates that 70% of the customer's agreed, 20% disagreed, and 10% yet not decide, about the opinions given by the IDBI

Did you feel the relationship manager plays an important role in portfoliosuccess?

Category	No. of Respondents	Percentage
Agree	25	25%
Disagree	40	40%
Yet not decide	35	35%
	Total	**100.00%**

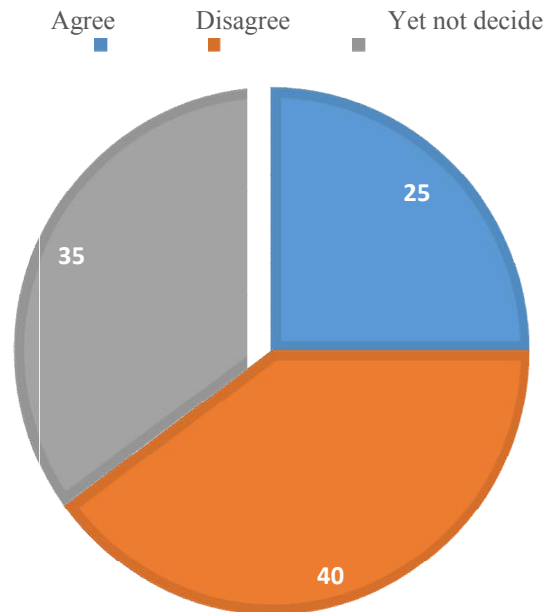**Table 5.** Table about the relationship manager's working

Figure 5. Pie Chart about the working of the relationship manager

Interpretation: The above pie chart indicates that 25% of the customer agreed, 40%   disagreed, and 35% Yet not decide

V. CONCLUSION

Portfolio analysis is an indispensable part of investment management and should be undertaken periodically to identify and improvise any deviation observed against the investment objective. Another important objective it intends to achieve is to identify the real risk undertaken to achieve the desired return and whether the risk is commensurate with the return achieved by the investor. In short, it is a complex task and requires professional expertise and guidance to make it impactful

REFERENCES

[1]. The Intelligent Investor by Benjamin Graham
[2]. One Up On Wall Street by Peter Lynch
[3]. Rich Dad Poor Dad by Robert Kiyosaki
[4]. https://commercemates.com/portfolio-analysis-meaning-tools-steps-and-objectives/
[5]. https://www.bseindia.com/investors/research.aspx