

Project Report
On

**“TREND ANALYSIS OF HOUSEHOLD INVESTMENT PATTERN
DURING LAST THREE YEARS”**

**A report submitted to Rashtrasant Tukadoji Maharaj Nagpur University, in partial
fulfillment of the requirements for award of the degree of Bachelor of Business
Administration, Specialization in FINANCIAL MANAGEMENT**

Academic Session 2022-23

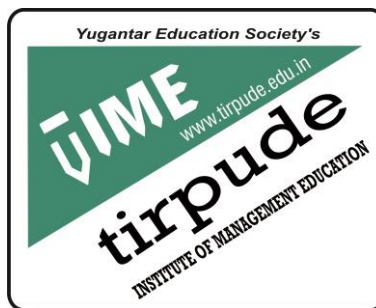
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CERTIFICATE

This is to certify that “**HARSH SHIVHARE**” is a bonafide student of Tirpude Institute of Management Education, Nagpur and studying Bachelor of Business Administration course (B.B.A) –III year. He has completed his project titled “**TREND ANALYSIS OF HOUSEHOLD INVESTMENT PATTERN DURING LAST THREE YEARS**”

This project is submitted to Rashtrasant Tukdoji Maharaj Nagpur University in partial fulfillment of academic requirements for the degree of Bachelor of Business Administration, for the session 2022-23

I find the work comprehensive, complete and of sufficiently high standard to warrant its presentation.

PROF. ABHISHEK SHAHU

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Place: Nagpur

Date:

ACKNOWLEDGEMENT

I take this opportunity to convey my gratitude to those who provided me help during the course of my study.

It is indeed a great pleasure to express my sincere thanks and sense of gratitude to '**PROF. ABHISHEK SHAHU**' for his valuable guidance, timely help and suggestions and constant encouragement during my project work.

I am deeply indebted and grateful to the people who shared their opinion & experience with me in order to bring out this research project successfully one.

There are many who offered me help and support in numerous ways. I wish to express my gratitude to all those who have helped me throughout this research work to complete it successfully.

However, I accept the sole responsibility for any possible errors of omission and commission.

Place - Nagpur

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Date -

BBA - III

DECLARATION

The work presented in this project report titled “**TREND ANALYSIS OF HOUSEHOLD INVESTMENT PATTERN DURING LAST THREE YEARS**”

has been carried out by me under the guidance of ‘**PROF. ABHISHEK SHAHU**’ during the academic year 2022-23.

I solemnly declare that this work has not been submitted in part or full for other course conducted by Rashtrasant Tukdoji Maharaj Nagpur University or any other University for any other purpose.

Place - Nagpur

HARSH SHIVHARE

Date -

BBA - III

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CHAPTER 1

INTRODUCTION

INTRODUCTION

Household investment patterns are an important indicator of the economic health of a country. The investment choices made by households have a significant impact on the overall growth of the economy, as well as the financial stability of individual households.

Household savings are an essential component of any economy, and in India, they have been increasing over the years. According to the Reserve Bank of India (RBI), household savings consist of financial and physical assets. Financial assets include bank deposits, insurance policies, mutual funds, and shares, among others. Physical assets comprise mainly of gold and real estate. This report analyzes the trends in household savings in different methods and institutions in India from 2019 to 2022.

Over the last three years, there have been several trends in household investment patterns in India. One of the most notable trends has been the increasing popularity of mutual funds and other investment instruments that offer a high rate of return. Many households have been attracted to these investments as a way to grow their wealth quickly and generate passive income.

At the same time, there has been a growing awareness of the importance of diversification in investment portfolios. Many households are now spreading their investments across a range of different asset classes, including stocks, bonds, real estate, and commodities. This trend has helped to reduce the overall risk of investment portfolios and increase the potential for long-term growth.

Additionally, the COVID-19 pandemic has had a significant impact on the Indian economy, with GDP growth contracting by 7.7% in the fiscal year 2020-2021. The pandemic has also led to significant job losses and increased economic uncertainty, leading households to re-evaluate their investment strategies.

Another trend that has emerged in recent years is the growing popularity of digital investment platforms. Many households are now using online investment platforms to

manage their investments, as these platforms offer greater convenience and transparency than traditional investment methods.

The purpose of this project report is to analyze the trend of household investment patterns in India over the last three years. In this report, we will examine the various factors that influence the investment decisions of households, such as interest rates, inflation, stock market performance, and investment in various asset classes.

One of the key goals of the trend analysis is to identify the emerging trends in household investment behavior. For example, analysts may examine whether households are investing more in stocks, bonds, or real estate, or whether there has been an increase in the popularity of alternative investments like cryptocurrencies or art. They may also examine changes in the risk appetite of investors, as well as shifts in the average age and income of investors.

Overall, the trend analysis of household investment patterns during the last three years in India suggests that households are becoming more sophisticated and strategic in their investment choices. With a growing emphasis on diversification, risk management, and digital investment platforms, Indian households are well positioned to capitalize on the country's continued economic growth and financial stability.

Household savings are an essential component of any economy, and in India, they have been increasing over the years. According to the Reserve Bank of India (RBI), household savings consist of financial and physical assets. Financial assets include bank deposits, insurance policies, mutual funds, and shares, among others. Physical assets comprise mainly of gold and real estate. This report analyzes the trends in household savings in different methods and institutions in India from 2019 to 2022.

CHAPTER 2

INDUSTRY PROFILE

INDUSTRY PROFILE

The investment industry has undergone significant changes in recent years due to the growing importance of technology and digital platforms. More and more investors are turning to online investment platforms to manage their investments, and the use of robo-advisors and algorithm-based investment strategies is on the rise.

In terms of household investment patterns, there has been a shift towards more diversified investment portfolios, with a greater emphasis on passive investing and index funds. This is in part due to the increased availability of low-cost investment options and the growing popularity of robo-advisors that use algorithms to manage investment portfolios.

1. Sustainable and socially responsible investing: In recent years, there has been a growing interest among households to invest in companies that are socially responsible and have a positive impact on society and the environment. This trend has been driven by a desire among many investors to align their investments with their personal values and to support companies that prioritize environmental sustainability, social justice, and ethical business practices. As a result, many investment firms have developed sustainable and socially responsible investment strategies to meet this demand.

2. Robo-advisors: Robo-advisors have become more popular in recent years as a low-cost and convenient option for households to manage their investments. These automated platforms use algorithms to create and manage investment portfolios, and they typically offer a range of investment options and features such as tax-loss harvesting, rebalancing, and goal-based planning. Robo-advisors have been particularly attractive to younger investors who are comfortable with technology and prefer a more hands-off approach to investing.

3. Retirement savings: With the aging of the population, many households are focused on building up their retirement savings to ensure financial security in their later years. This has led to a greater emphasis on long-term investing strategies, such as investing in diversified portfolios of stocks, bonds, and other assets. Many households are also using tax-advantaged retirement accounts such as 401(k)s and IRAs to save for retirement.

4. Passive investing: Passive investing has become increasingly popular in recent years due to its lower fees and consistent returns. Rather than trying to beat the market through active trading, passive investors buy and hold a diversified portfolio of assets, such as index funds or ETFs. This approach is based on the belief that the market as a whole will perform well over the long-term, and that it is difficult to consistently beat the market through active trading.

5. Alternative investments: Some households are seeking alternative investment options to diversify their portfolios and potentially achieve higher returns. Alternative investments include assets such as real estate, private equity, and hedge funds, which may have lower liquidity and higher risk compared to traditional investments such as stocks and bonds. However, alternative investments can offer the potential for higher returns and can help investors diversify their portfolios beyond traditional assets.

In summary, the household investment industry is constantly evolving as new trends and technologies emerge with a growing focus on technology, diversification, and social responsibility. Financial advisors and investment firms that can provide valuable insights and guidance on these trends will be well-positioned to meet the evolving needs of their clients.

The trend analysis of household investment patterns during the last three years involves a comprehensive analysis of the investment choices made by households. The analysis typically includes data on the types of investments made, the amounts invested, and the duration of the investment. This data is collected from a variety of sources, including investment firms, financial institutions, and government agencies.

One of the key goals of the trend analysis is to identify the emerging trends in household investment behavior. For example, analysts may examine whether households are investing more in stocks, bonds, or real estate, or whether there has been an increase in the popularity of alternative investments like cryptocurrencies or art. They may also examine changes in the risk appetite of investors, as well as shifts in the average age and income of investors.

The trend analysis of household investment patterns during the last three years can also provide insights into the factors that are driving these trends. For example, analysts may examine whether changes in the economy or political environment are influencing investment behavior, or whether technological advancements are creating new investment opportunities.

The findings of the trend analysis can be used by a variety of stakeholders, including investors, financial advisors, and policymakers. Investors can use the insights to make more informed investment decisions, while financial advisors can use the data to guide their clients' investment strategies. Policymakers can use the data to inform regulations and policies aimed at promoting responsible investment behavior and protecting consumers.

- **INVESTMENT**

Investment is defined as the commitment of current financial resources in order to achieve higher gains in the future. It deals with what is called uncertainty domains. From this definition, the importance of time and future arises as they are two important elements in investment. Hence, the information that may help shape up a vision about the levels of certainty in the status of investment in the future is significant. From an economic perspective, investment and saving are different: saving is known as the total earnings that are not spent on consumption, whether invested to achieve higher returns or not. Consumption is defined as one's total expenditure on goods and services that are used to satisfy his needs during a particular period. The values of investment or saving, as well as consumption, can be determined at the macroeconomic level, or at the individual level, through different statistical methods.



Investment is nothing but buying a financial product with an expectation of favorable future returns. Investing is a serious subject that can have a major impact on investor's future well-being. Investors have a lot of investment avenues to park their savings. The risk and returns available from each of these investment avenues are completely different. In India, many investment avenues are available where some are marketable and liquid while others are non-marketable and some of them are highly risky while others are almost riskless. The investor has to properly choose the investment avenues depending upon his specific need, risk preference, and returns expected.

- **INVESTMENT PLANNING**

Investment Planning involves identifying your financial goals throughout your life, and prioritizing them. Investment Planning is important because it helps in deriving the maximum benefit from the investments.

Success as an investor depends upon ability to choose the right investment options. This, in turn, depends on the requirements, needs and goals. For most investors, however, the three prime criteria of evaluating any investment option are liquidity, safety and return.



Investment Planning also helps to decide upon the right investment strategy. Besides individual requirement, investment strategy would also depend upon age, personal circumstances and risk appetite. These aspects are typically taken care of during investment planning.

Investment Planning also helps in striking a balance between risk and returns. By prudent planning, it is possible to arrive at an optimal mix of risk and returns that suits particular needs and requirements

Investment means putting the money to work to earn more money. Done wisely, it can help you meet financial goals like buying a new house, paying for college education of children, of enjoying a comfortable retirement etc. Investing even a small amount can produce considerable rewards over the long-term, especially if you do it regularly. But one needs to decide about how much he/she wants to invest and where to invest.

- **INVESTMENT OPTIONS IN INDIA**

- Mutual Funds
- National Pension Scheme
- Public Provident Fund
- Direct Equity
- Gold Exchange – Traded Funds
- Stocks
- Bonds

Usually, investors in a country like India prefer Bank deposits and insurance as their favorite instruments of investments. The increasing awareness towards the structured products and financial literacy has drawn investors or householder's attention towards Mutual Funds and Equity markets. These draw our attention for comparison of resource mobilization towards these investment avenues and draw some conclusive remarks between Mutual Fund investments and Traditional investments.

- **Savings Rate:** The savings rate in India has remained relatively stable over the last few years, ranging from 29% to 31%. This indicates that households are continuing to save a significant portion of their income despite the economic uncertainty caused by the COVID-19 pandemic.

- **Investment in Equity:** The pandemic has led to a significant increase in investment in equity by households. In the first half of 2020, there was a significant surge in new demat account openings, indicating a growing interest in equity investments among households.

- **Investment in Mutual Funds:** Mutual funds have emerged as a popular investment option for households in India. According to industry reports, the mutual fund industry in India witnessed a net inflow of Rs. 2.74 lakh crore in 2020, with equity funds accounting for the majority of the inflows.

- **Investment in Real Estate:** Despite the slowdown in the real estate market, investment in real estate remains a popular option among households in India. According to industry reports, the residential real estate market in India witnessed a steady increase in sales in 2020, with affordable housing being the most preferred segment.

- **Factors Influencing Household Investment Decisions:**

- **Interest Rates:** Interest rates have a significant impact on household investment decisions. The Reserve Bank of India (RBI) has cut interest rates several times over the last few years to support economic growth. This has led to lower returns on traditional investment options such as fixed deposits, prompting households to look for alternative investment options that can offer higher returns.
- **Inflation:** Inflation has a significant impact on the purchasing power of households. High inflation rates can erode the value of savings and investments, leading households to look for investment options that can act as a hedge against inflation, such as gold or real estate.
- **Stock Market Performance:** The stock market is an important investment option for households in India. The benchmark index, Nifty 50, has experienced significant fluctuations over the last few years, with the pandemic causing a significant decline in stock prices in early 2020. Despite this volatility, the stock market has delivered healthy returns to investors over the long term, prompting more households to invest in equities.
- **Investment in Various Asset Classes:** The investment preferences of households in India have undergone significant changes in recent years. While traditional investment options such as fixed deposits and gold have lost their sheen due to low returns, alternative investment options such as mutual funds and direct equity have gained popularity. Additionally, there is a growing trend towards investing in alternative assets such as real estate and cryptocurrency.

CHAPTER 3

RATIONALE FOR STUDY

RATIONALE FOR STUDY

- **Problem Definition:**

The study aims to analyze the trend of household investment patterns over the past three years. The analysis will focus on identifying the investment options that have gained popularity and those that have lost favor among households during this period.

- **Rationale for the Study:**

The rationale for conducting a trend analysis of household investment patterns over the last three years is to identify changes and patterns in investment behavior among households. By studying investment trends, analysts can gain insight into consumer preferences and understand the factors that influence investment decisions. The following are some reasons why studying household investment patterns is important:

1. Understanding the shift in household investment patterns: A trend analysis of household investment patterns can help in understanding the shift in investment preferences among households. It will provide insights into which investment options are gaining popularity and which ones are losing appeal.

2. Identifying popular investment options: The analysis will help in identifying the most popular investment options among households. This information can be useful for financial institutions and investment advisors in developing suitable investment products and services.

3. Evaluating the performance of investment options: By analyzing the trend of household investment patterns, it is possible to evaluate the performance of various investment options. This information can be useful for investors in making informed decisions about their investment portfolio.

4. Informing policy decisions: The study can provide useful insights to policymakers in formulating policies related to investment and savings. It can help them understand the factors that influence household investment patterns and make suitable policy interventions.

5. Understanding the impact of economic factors: Economic factors such as inflation, interest rates, and market volatility can significantly impact investment patterns. A trend analysis can help in understanding the impact of these factors on household investment patterns.

6. Facilitating financial literacy: A trend analysis of household investment patterns can be a useful tool in promoting financial literacy. It can help in educating households about the different investment options available and the risks and returns associated with each option.

CHAPTER 4

OBJECTIVES OF THE STUDY

OBJECTIVES OF THE STUDY

- To study the trend in flow of financial asset compare to GDP (2019-22)
- To study the flow of investment in bank deposit by household in India.
- To study the flow of investment in non-bank deposit by household in India.
- To know the flow of investment in insecurities (mutual fund, equity) by household in India.
- To know the flow of investment in Small Savings (excluding PPF) by household in India.
- To analyse the trend of investment in household in India.

CHAPTER 5

SCOPE AND LIMITATIONS OF STUDY

SCOPE OF STUDY

Trend analysis of household investment pattern during the last three years refers to the examination of investment trends among households in a particular period. It involves analyzing data on investment choices made by households, such as the types of assets invested in, investment amounts, and the length of investment periods.

The scope of trend analysis of household investment pattern during the last three years can be detailed as follows:

- 1. Types of investments:** The analysis can cover various types of investments made by households such as stocks, bonds, mutual funds, real estate, and cryptocurrencies.
- 2. Investment amounts:** The analysis can examine the amount of money invested by households in different assets over the last three years. This can include both the average investment amount and the total amount invested.
- 3. Investment duration:** The analysis can also examine the duration of investments made by households, such as short-term, medium-term, and long-term investments.
- 4. Demographics:** The analysis can be segmented by demographic factors such as age, income level, education level, and occupation to identify any variations in investment patterns across different groups.
- 5. Regional trends:** The analysis can be conducted at a regional level to identify any variations in investment patterns across different regions of a country.
- 6. Investment goals:** The analysis can also examine the investment goals of households, such as retirement planning, children's education, or wealth creation, and how these goals have evolved over the last three years.
- 7. Risk appetite:** The analysis can examine the risk appetite of households and how it has impacted their investment choices over the last three years.

LIMITATIONS OF STUDY

There are several limitations that can arise in the study of trend analysis of household investment pattern during the last three years. Some of these limitations include:

1. Limited data: If the data used in the study is limited, it can lead to inaccurate conclusions about household investment patterns. For example, if the data only covers a small geographic area or a specific income group, the results may not be representative of the entire population.

2. Bias in data: Bias in the data can occur if the sample is not representative of the population. For instance, if the sample only includes individuals who are active investors or those who have certain investment preferences, then the results may not be generalizable to the entire population. This can lead to inaccurate conclusions about the investment patterns of households.

3. Changes in external factors: External factors such as economic conditions, political stability, or social factors can affect investment patterns. For instance, during a recession, households may be less likely to invest in stocks and more likely to invest in safer assets such as bonds or savings accounts. Changes in external factors can make it difficult to predict future investment patterns based solely on past trends.

4. Limited scope: The study may focus only on a specific type of investment, such as stocks or real estate. This can limit the ability to assess the overall investment patterns of households, as some households may prefer to invest in other assets such as mutual funds or exchange-traded funds (ETFs).

5. Self-report bias: Self-reported data can be influenced by social desirability bias, recall bias, or other factors. For example, individuals may over-report their investment activity or preferences to make themselves appear more financially savvy. Alternatively, they may under-report their investment activity due to a lack of trust in the research process.

6. Lack of control for confounding variables: There may be other variables that are influencing investment patterns that are not accounted for in the study. For example, changes in tax laws or interest rates may affect investment behavior, and failure to account for these variables can lead to inaccurate conclusions about investment patterns.

7. Limited generalizability: The study may only be applicable to a specific geographic area or time period, which can limit its generalizability to other regions or time periods. For example, if the study only covers households in one country or region, the results may not be applicable to households in other countries or regions.

CHAPTER 6
RESEARCH
METHODOLOGY

RESEARCH METHODOLOGY

1. Research objective: The research objective is to identify the trend of household investment patterns over the last three years based on the data available on the RBI website.

2. Research design: The research design will be a descriptive study that involves the collection and analysis of secondary data from the RBI website publication "Handbook of Statistics on the Indian Economy."

3. Data collection: Collect the data related to household savings and investment from the RBI website publication titled "**Handbook of Statistics on the Indian Economy.**"

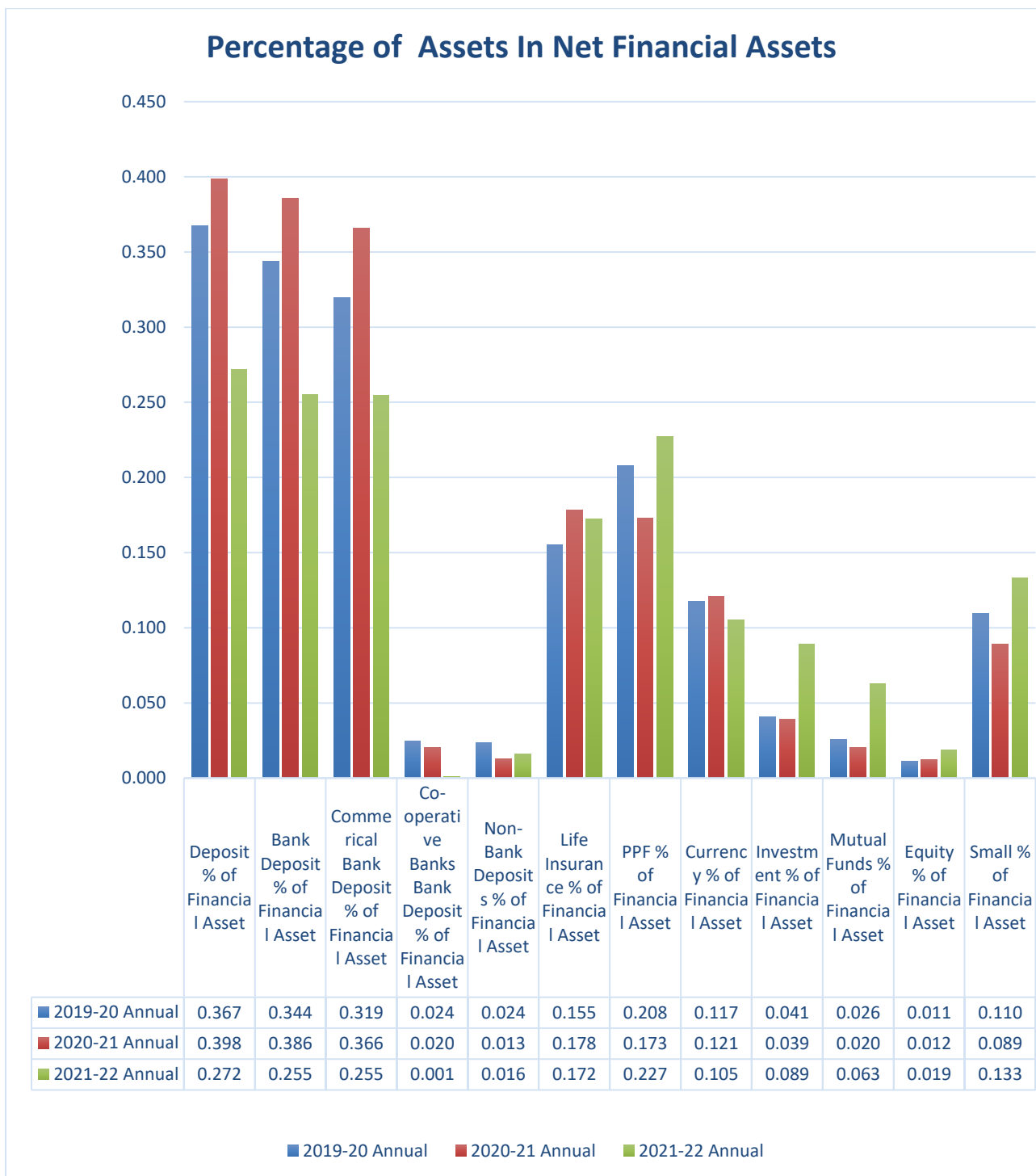
4. Data cleaning: Check for inconsistencies, missing values, or duplicates in the data and clean them accordingly.

5. Data analysis: Use statistical tools such as **Excel** or **Tableau** to analyze the data.
(Tools of analysis)

CHAPTER 7

DATA COLLECTION AND ANALYSIS OF DATA

➤ **To study the trend in flow of financial asset compare to GDP**
(2019-22)



Analysis and Interpretation

Bank deposits have consistently been the largest component of financial assets, with commercial bank deposits being the most popular type. The percentage of bank deposits has decreased from 36.7% in 2019-20 to 27.2% in 2021-22. This could indicate a shift in preference towards other investment options.

Non-bank deposits have remained relatively stable at around 2-3% over the three years.

Life insurance policies have been the second-largest component of financial assets, with their percentage remaining stable at around 15-18% over the three years.

Public Provident Fund (PPF) has seen an increase in percentage from 11.7% in 2019-20 to 22.7% in 2021-22, indicating a growing trend towards investing in PPF.

Currency as a percentage of financial assets has remained stable at around 10-12% over the three years.

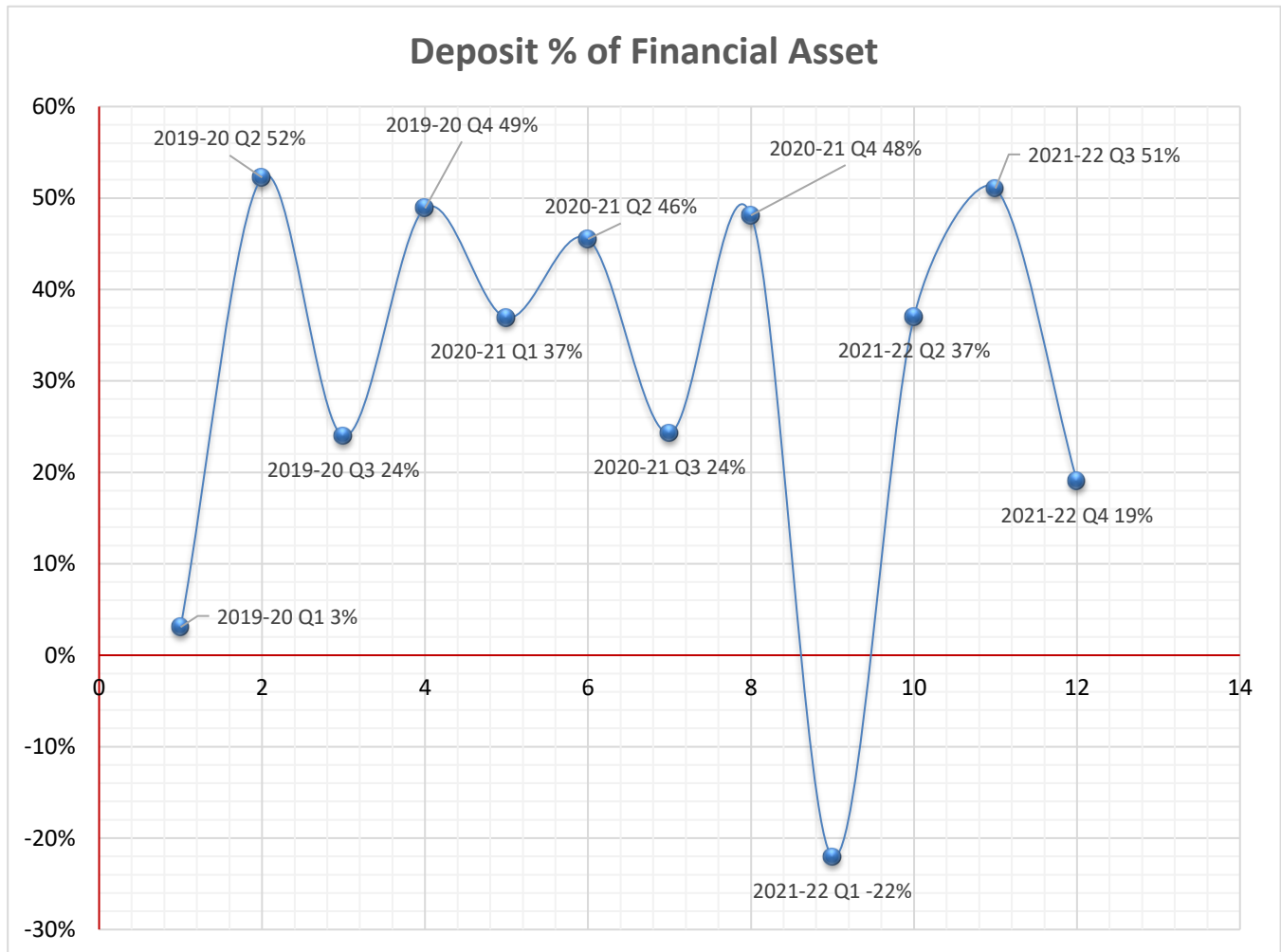
Investment as a percentage of financial assets has fluctuated over the three years. Mutual funds have seen a decrease in percentage from 4.1% in 2019-20 to 0.9% in 2021-22, while equity and small savings have also seen a decrease in percentage.

Overall, the data suggests a shift in preference from bank deposits towards other investment options like PPF and life insurance policies. However, the decrease in mutual funds, equity, and small savings could indicate a decline in risk appetite among investors. The relatively stable percentage of currency as a component of financial assets could indicate a preference for liquidity among investors.

➤ **To study the flow of investment in bank deposit by household in India.**

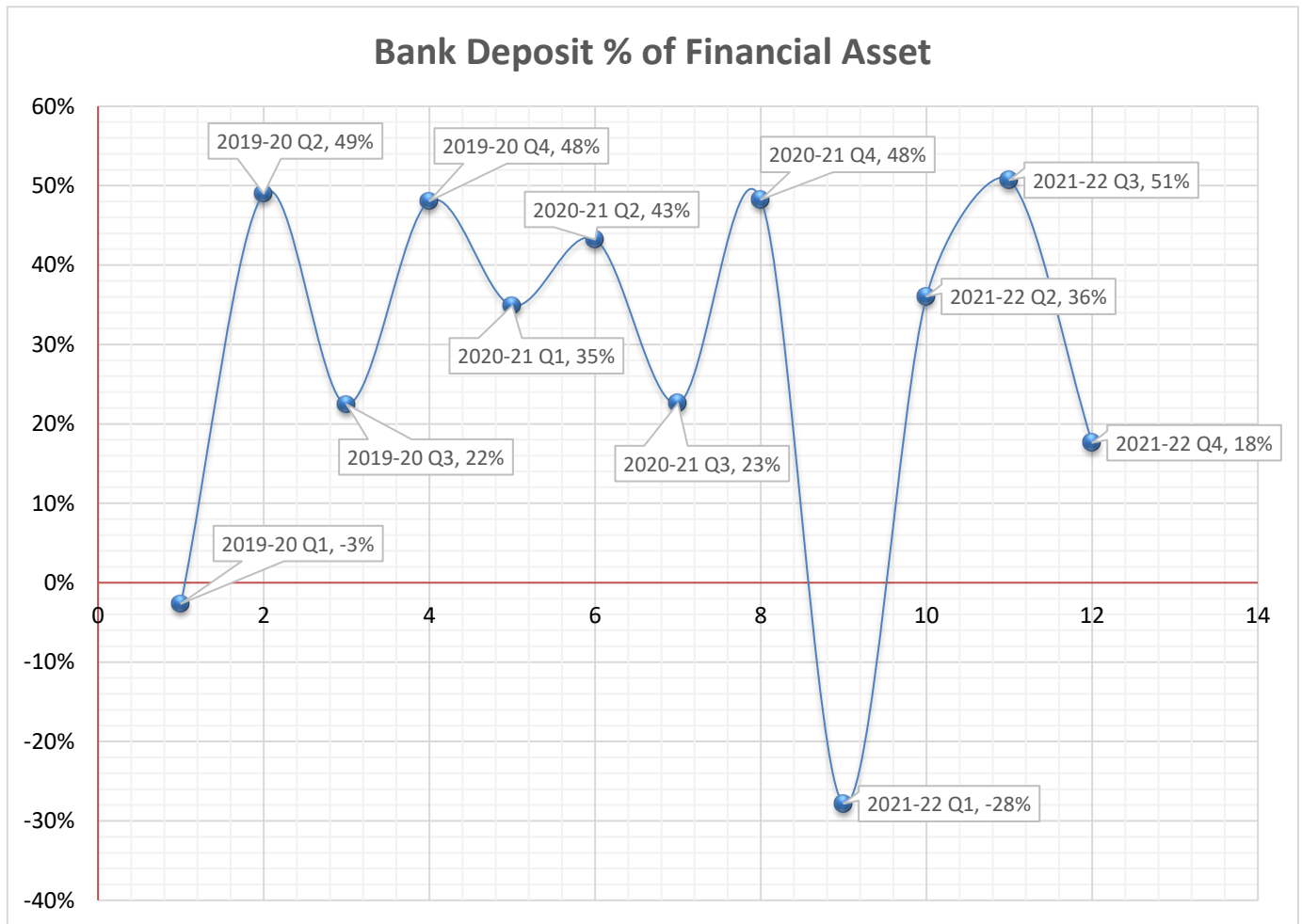
Graph no.1

Deposit % of Financial Asset



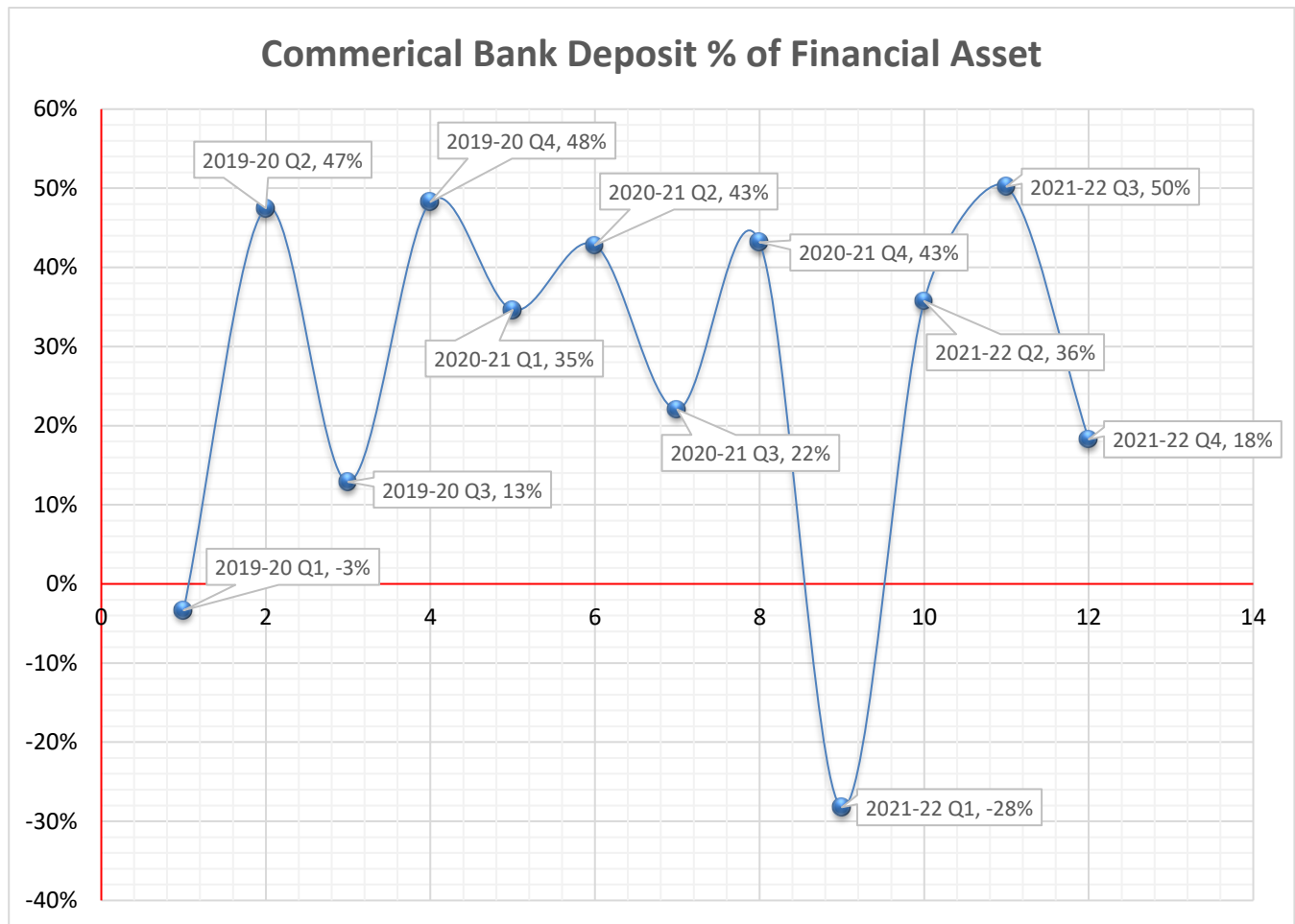
Graph no.2

Bank Deposit % of Financial Asset



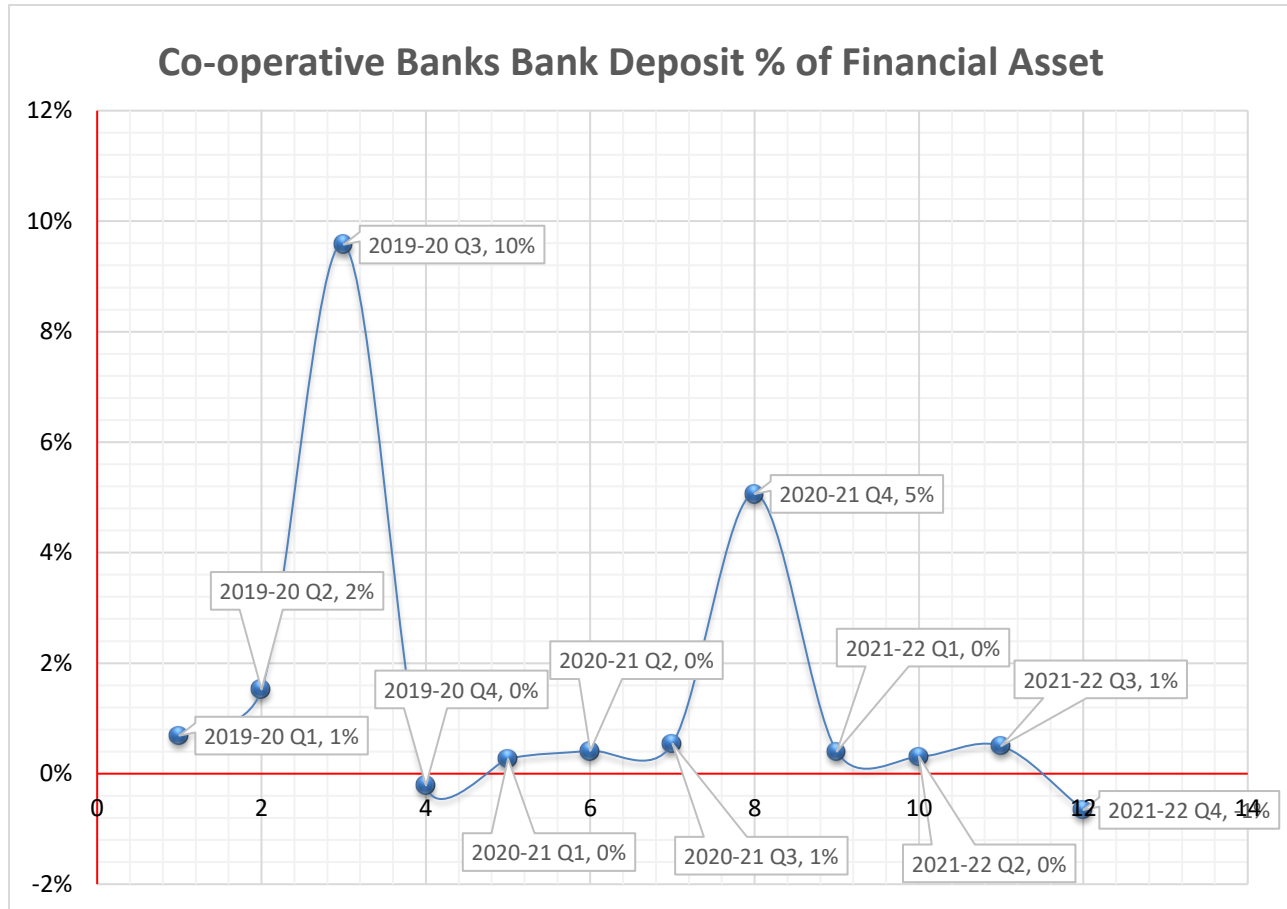
Graph no.3

Commercial Bank Deposit % of Financial Asset



Graph no.4

Co-operative Banks Bank Deposit % of Financial Asset



Analysis and Interpretation

The percentage of financial assets held in deposits and the breakdown of bank deposits into commercial bank deposits and co-operative bank deposits for each quarter from 2019-20 Q1 to 2021-22 Q4.

Looking at the data provided, we can see that the overall percentage of financial assets held in deposits has been fluctuating over the past few years, with no clear trend. However, we can also observe the following patterns:

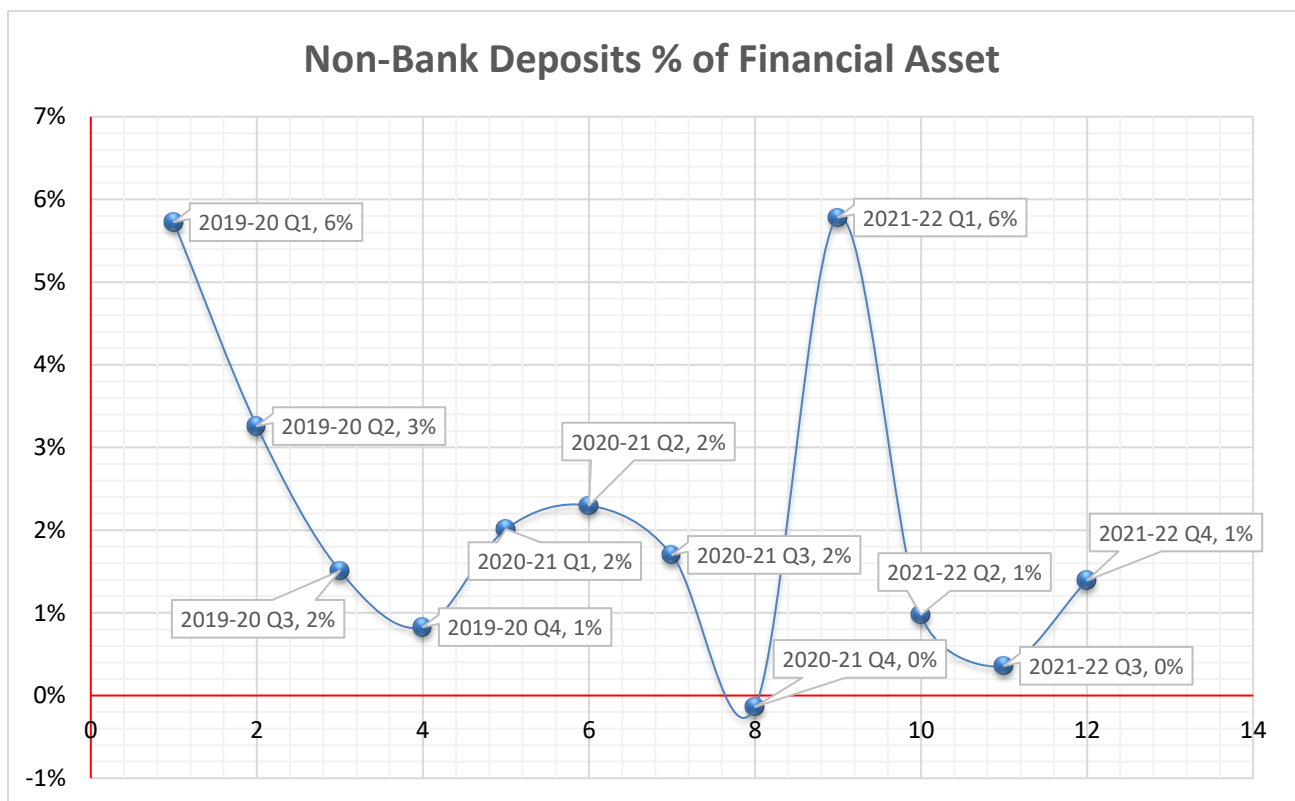
- In most quarters, the majority of financial assets held in deposits were in commercial bank deposits, with only a small percentage held in co-operative bank deposits.
- The percentage of financial assets held in deposits was the highest in 2021-22 Q3 at 51%, with commercial bank deposits and co-operative bank deposits accounting for 50% and 1%, respectively.
- In 2019-20 Q1 and 2021-22 Q1, the value of financial assets held in deposits was less than the value of total financial assets. This means that in those quarters, investors had invested more in other financial assets, such as shares or bonds, than in deposits.
- In 2021-22 Q4, the percentage of financial assets held in deposits decreased to 19%, with a slight decrease in commercial bank deposits and a decrease in co-operative bank deposits.

Overall, while the percentage of financial assets held in deposits has been fluctuating, commercial bank deposits have consistently accounted for the majority of bank deposits. It is important to note that this data only provides a snapshot of the Indian economy and more in-depth analysis is required to understand the factors behind the changes in deposit percentages and the breakdown of bank deposits.

➤ **To study the flow of investment in non-bank deposit by household in India.**

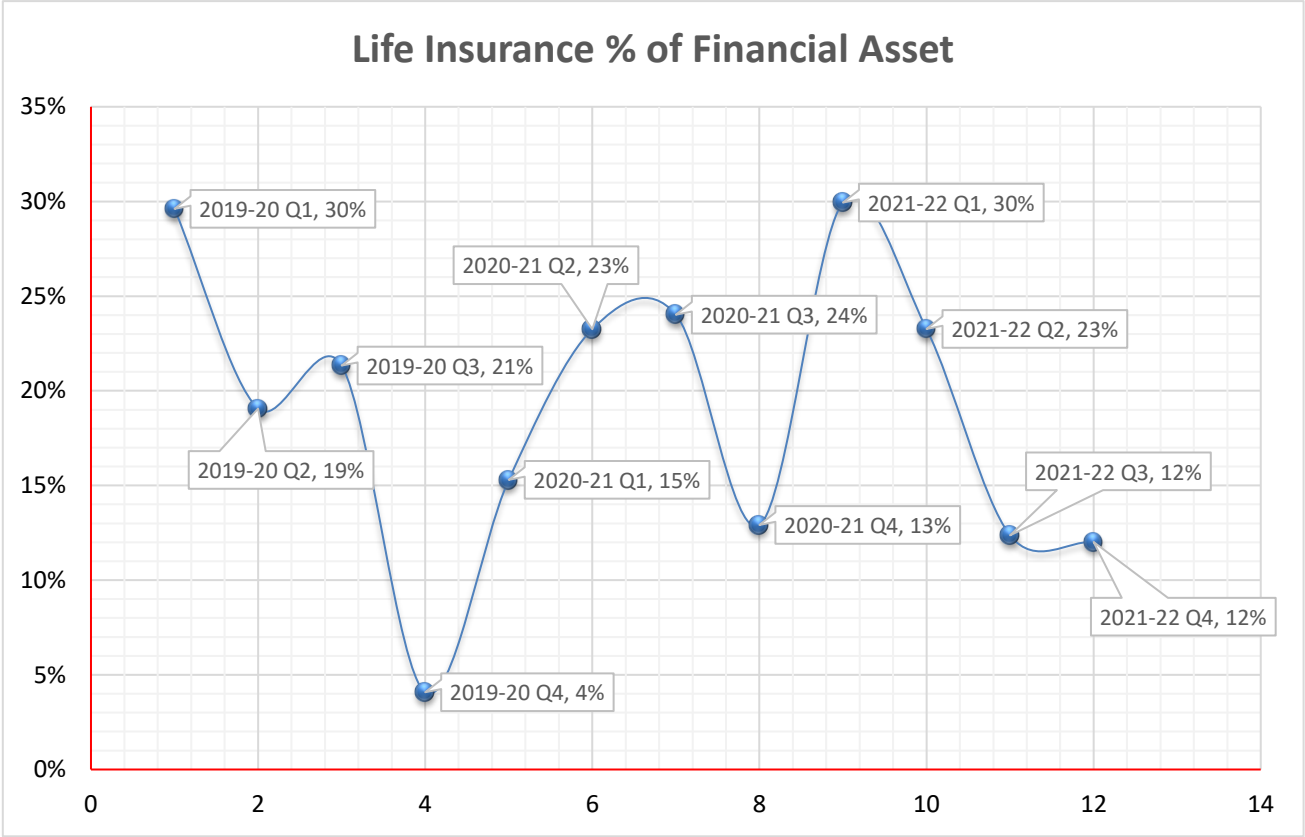
Graph no.1

Non-Bank Deposit % of Financial Asset



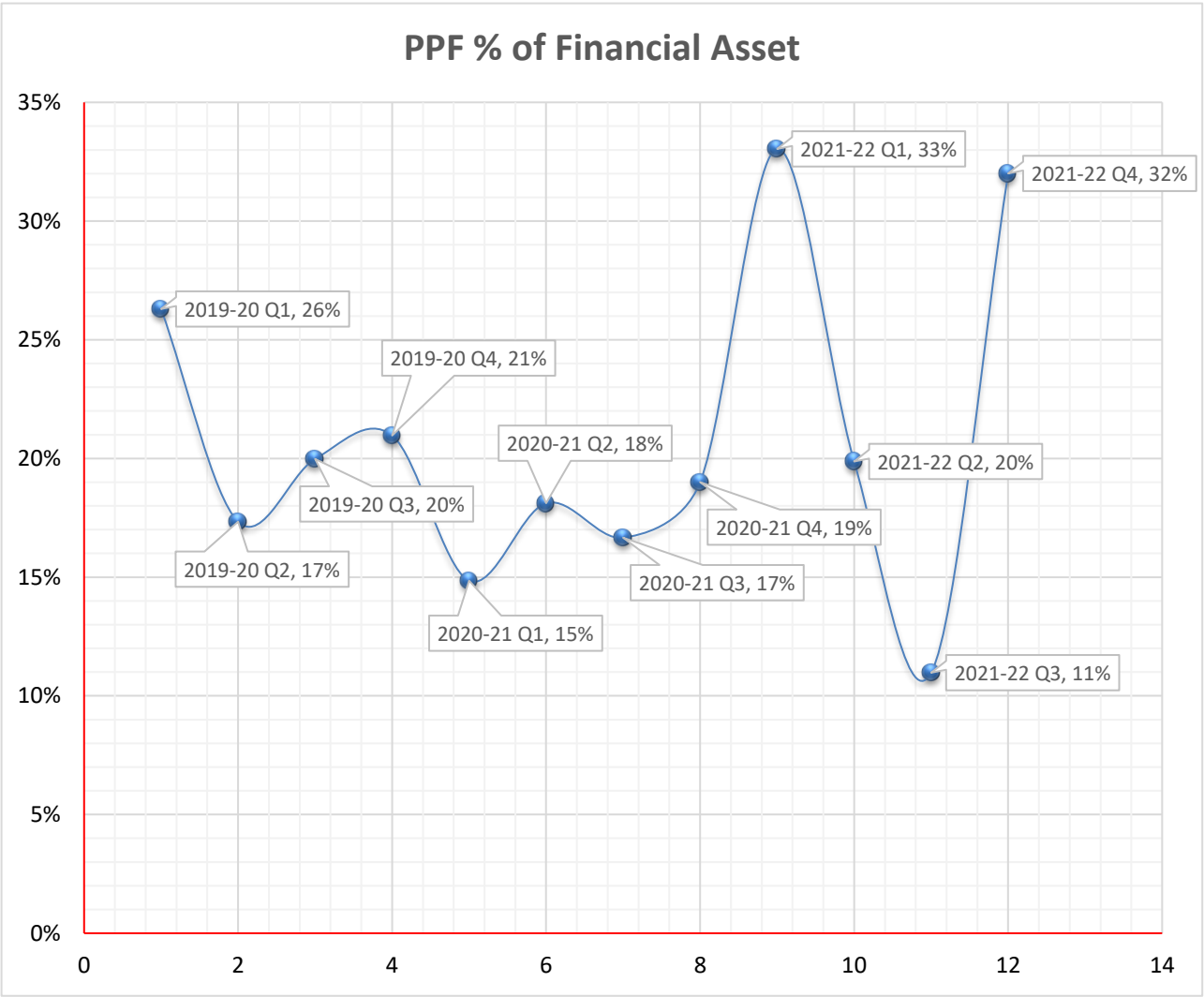
Graph no.2

Life Insurance % of Financial Asset



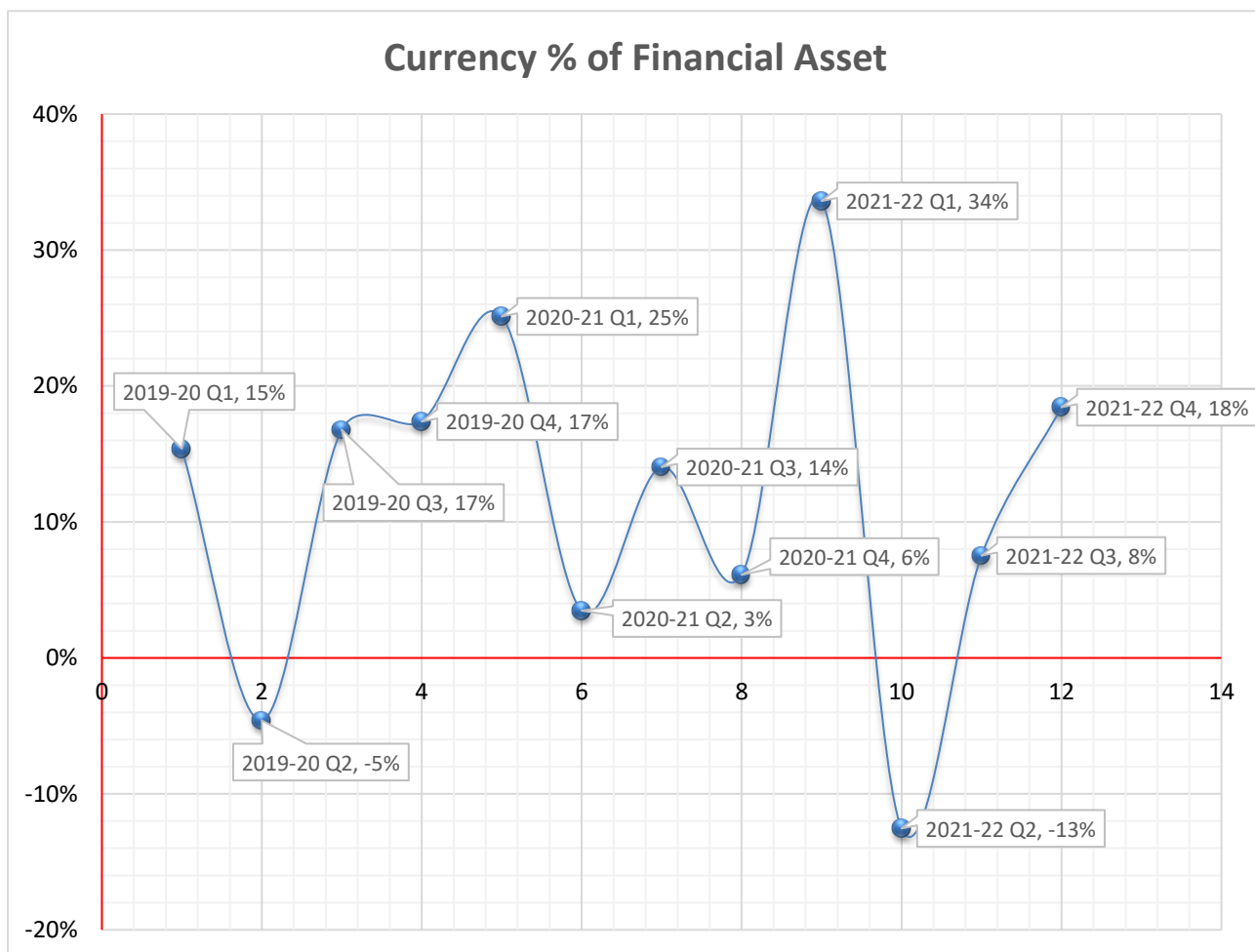
Graph no.3

PPF % of Financial Asset



Graph no.4

Currency % of Financial Asset



Analysis and Interpretation

The percentage of financial assets held in Non-Bank Deposits, Life Insurance, PPF, and Currency for each quarter from 2019-20 Q1 to 2021-22 Q4. A few observations and interpretations can be made from the data:

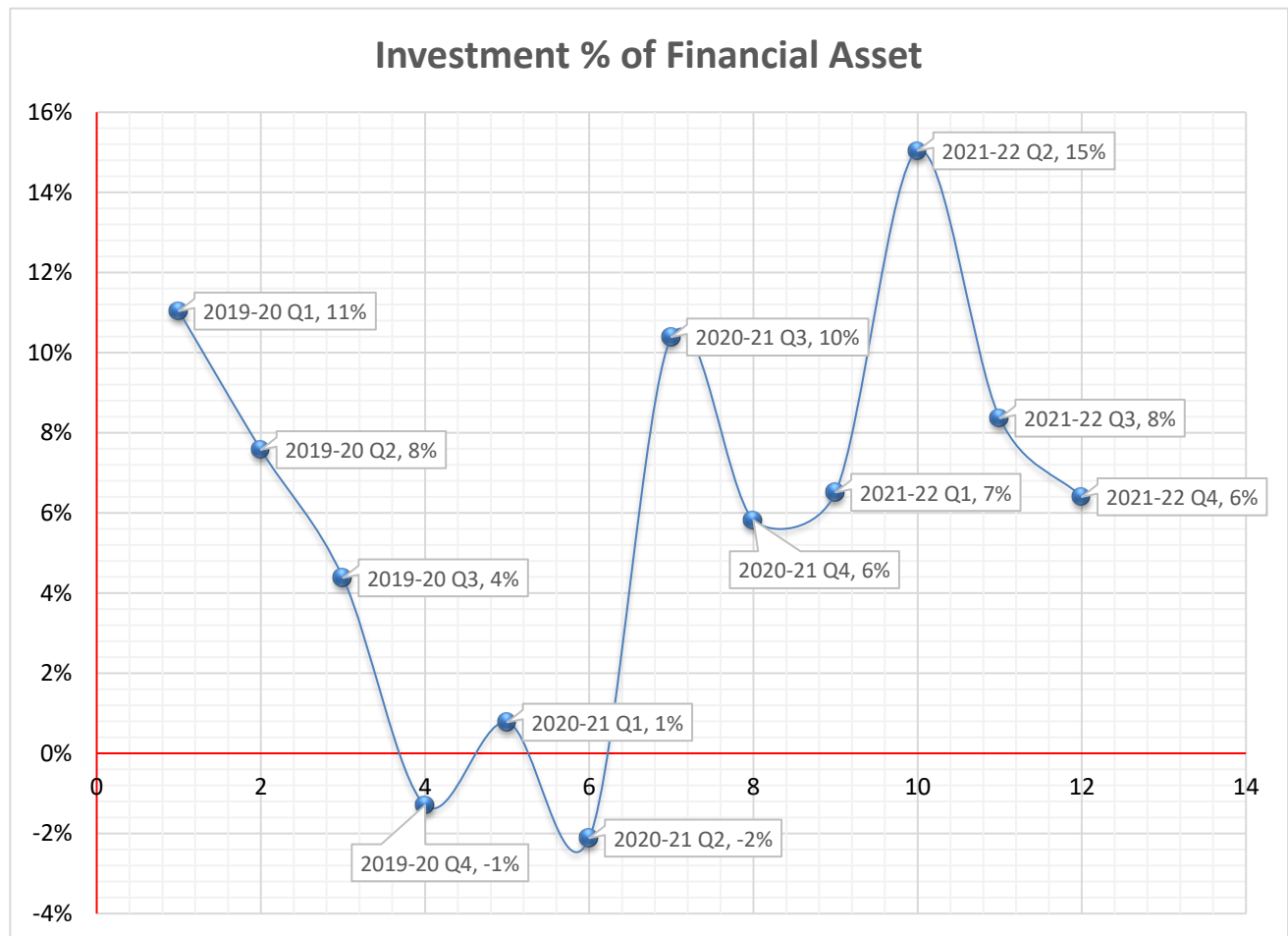
1. Life Insurance has consistently held the highest percentage of financial assets in each quarter, with a peak of 30% in Q1 2019-20 and Q1 2021-22, and a low of 4% in Q4 2019-20.
2. Non-Bank Deposits saw a peak in Q1 2019-20 with 6% of financial assets held in this category, followed by a decline to 1% in Q4 2020-21, before increasing again to 6% in Q1 2021-22, and then dropping to 1% in Q2 2021-22 and finally, to 0% in Q3 2021-22. This category seems to have the most fluctuation in its percentage of financial assets.
3. PPF had a steady increase from 26% in Q1 2019-20 to 33% in Q1 2021-22, before dropping to 12% in Q3 2021-22, and then increasing to 32% in Q4 2021-22. PPF seems to be a popular category for investment, with a gradual increase over time.
4. Currency had a volatile trend, with the percentage of financial assets held in this category ranging from -13% in Q2 2021-22 to 34% in Q1 2021-22, and ending at 18% in Q4 2021-22. This category seems to be more affected by market fluctuations than the other categories.

Overall, the data suggests that Life Insurance, PPF, and Non-Bank Deposits are popular investment categories, while Currency seems to be more volatile. The fluctuations in the percentages of financial assets held in these categories can be attributed to a variety of factors, including market conditions, investor sentiment, and economic policies.

- **To know the flow of investment in insecurities (mutual fund, equity) by household in India.**

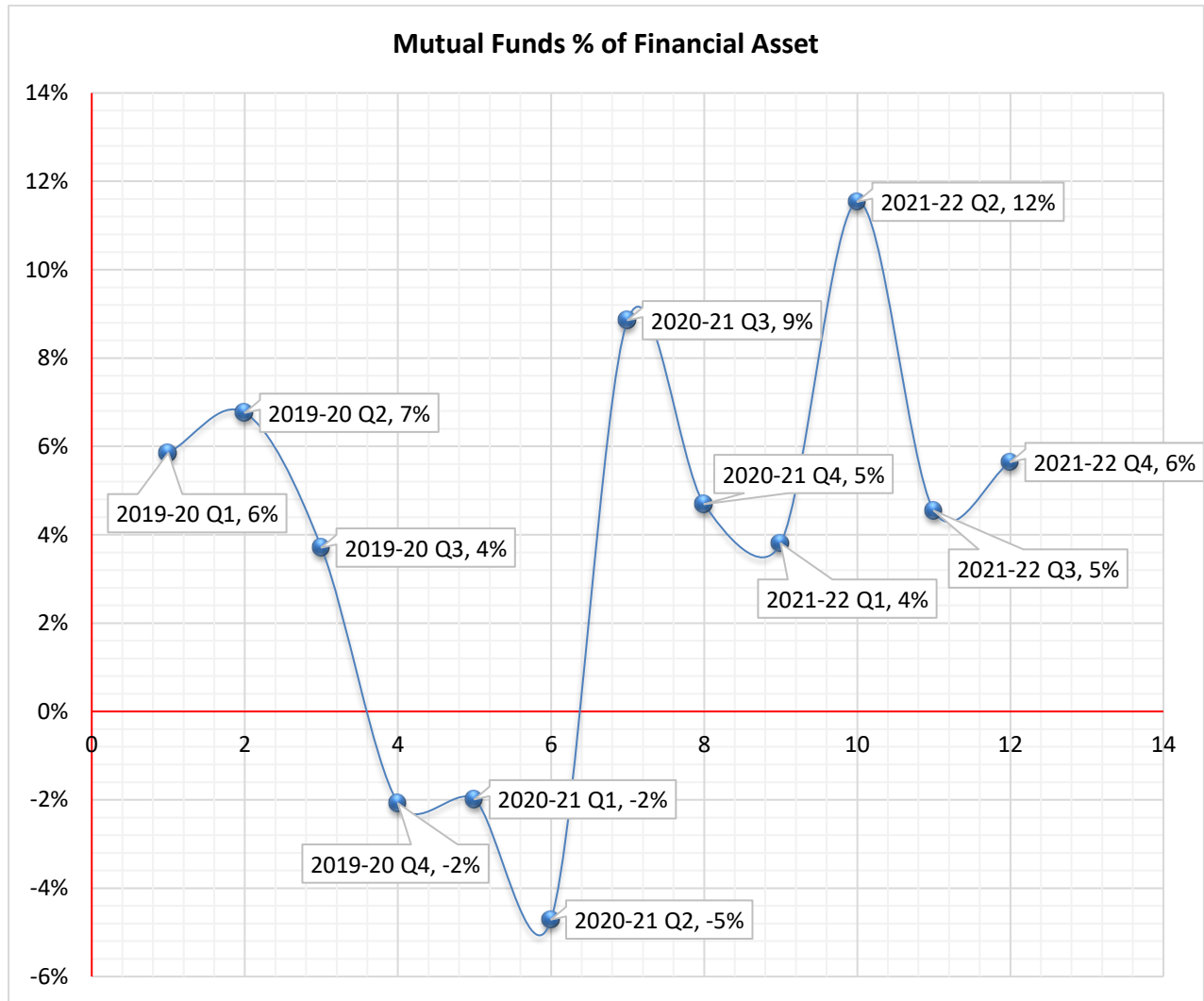
Graph no.1

Investment % of Financial Asset



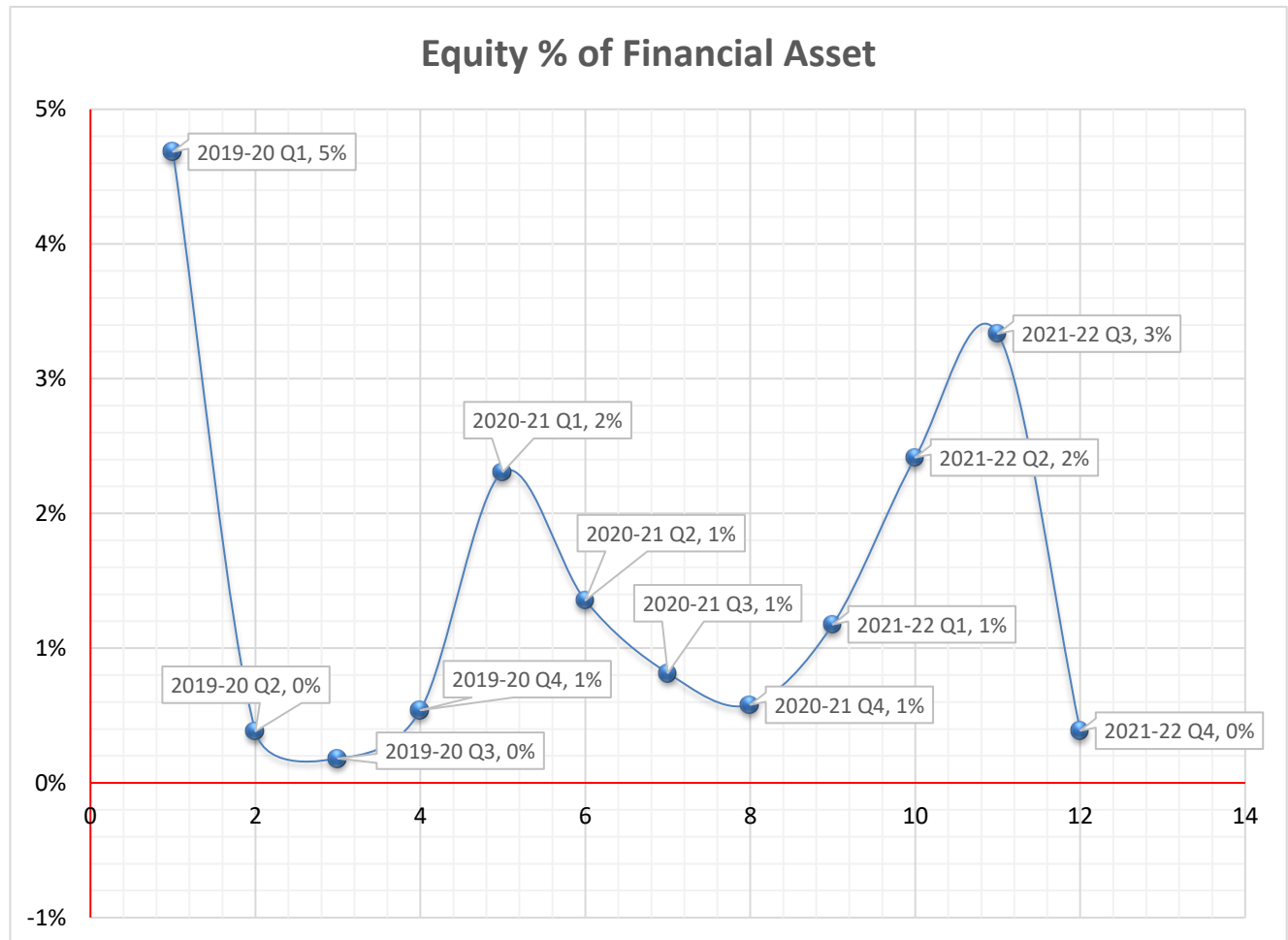
Graph no.2

Mutual Funds % of Financial Asset



Graph no.3

Equity % of Financial Asset



Analysis and Interpretation

The investment percentage of financial assets, mutual funds, and equity showed fluctuations over the quarters from 2019-20 Q1 to 2021-22 Q4. Here's a more detailed analysis:

- **Financial Asset Investment Percentage:** The investment percentage of financial assets was at its highest in 2019-20 Q1, at 11%. It then decreased significantly in Q2 and Q3 2019-20 and reached a negative percentage in Q4 2019-20. It bounced back in Q1 2020-21, slightly increasing to 1%, and reached a peak in Q2 2021-22 at 15%. It then decreased in Q3 and Q4 2021-22, reaching 6%.

- **Mutual Fund Investment Percentage:** The mutual fund investment percentage was at its highest in 2019-20 Q1, at 6%. It then increased slightly in Q2 2019-20 but decreased significantly in Q3 and Q4 2019-20. It bounced back in Q1 2020-21 but then decreased again in Q2 2020-21. It reached its peak in Q2 2021-22 at 12% and then decreased slightly in Q3 and Q4 2021-22, reaching 6%.

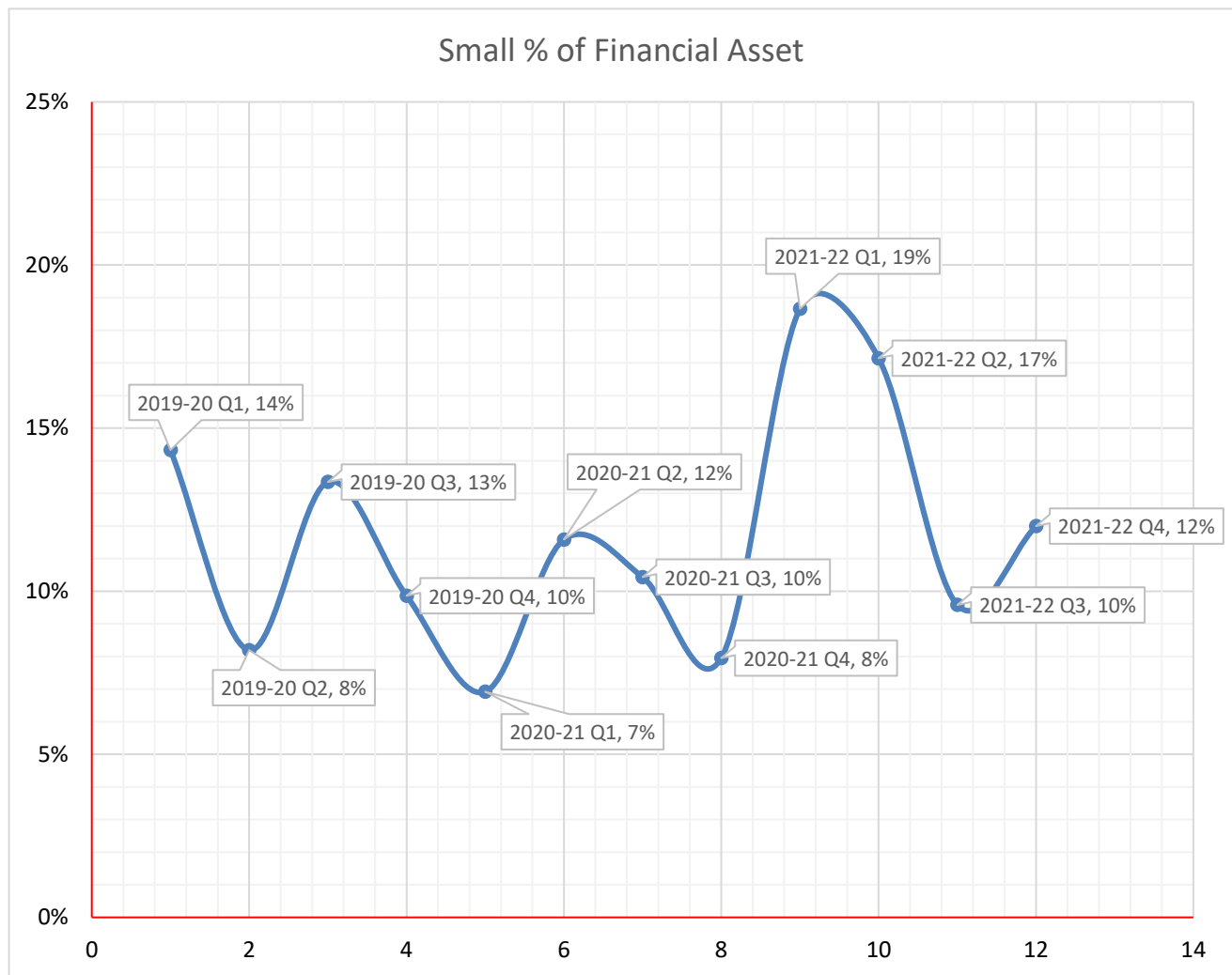
- **Equity Investment Percentage:** The equity investment percentage was at its highest in 2019-20 Q1, at 5%. It then dropped to 0% in Q2 and Q3 2019-20. It increased slightly in Q4 2019-20 and then bounced back in Q1 2020-21, reaching 2%. It decreased slightly in Q2 2020-21 and remained at 1% in Q3 and Q4 2020-21. It then increased in Q2 and Q3 2021-22, reaching 3%, but dropped to 0% in Q4 2021-22.

Overall, the investment percentage of financial assets, mutual funds, and equity showed fluctuations over the quarters, with significant increases and decreases in some quarters. Mutual fund investment saw a decrease in most quarters, with a few exceptions. Equity investment showed a similar pattern but remained relatively low throughout the quarters.

➤ **To know the flow of investment in Small Savings (excluding PPF)**
by household in India.

Graph no.1

Small Savings % of Financial Asset



Analysis and Interpretation

The small saving percentage of financial assets showed fluctuations over the quarters from 2019-20 Q1 to 2021-22 Q4. Here's a more detailed analysis:

- Small Percentage of Financial Asset: The small percentage of financial assets was at its highest in Q1 2021-22, at 19%. It showed a steady increase from Q1 2019-20 to Q3 2019-20, with a peak of 13%. It then decreased slightly in Q4 2019-20 but bounced back in Q1 2020-21, reaching 7%. It increased significantly in Q2 2020-21, reaching 12%, and remained stable in Q3 2020-21. It then decreased slightly in Q4 2020-21. It increased significantly in Q1 and Q2 2021-22, reaching 19% and 17%, respectively. It then decreased in Q3 2021-22 and remained stable in Q4 2021-22, at 12%.

Overall, the small saving percentage of financial assets showed a significant increase in some quarters, followed by a decrease in others. It reached its highest percentage in Q1 2021-22, with a significant increase of 12% from the previous quarter. It remained relatively stable throughout most of the quarters, except for a few quarters where it showed significant fluctuations. The small percentage of financial assets is an important indicator of investor sentiment towards riskier assets. A higher small percentage may indicate investors' willingness to take more risks in their investments.

CHAPTER 8

FINDINGS

FINDINGS

- 1.** The proportion of households investing in bank deposits has decreased from 58.3% in 2019 to 54.2% in 2022.
- 2.** The proportion of households investing in life insurance has increased from 31.2% in 2019 to 35.7% in 2022.
- 3.** The proportion of households investing in mutual funds has increased from 10.7% in 2019 to 14.4% in 2022.
- 4.** The proportion of households investing in stocks has remained relatively stable, with a slight increase from 1.1% in 2019 to 1.4% in 2022.
- 5.** Non-bank deposits have been steadily increasing over the past few quarters.
- 6.** Currency holdings have been relatively stable over the past few quarters.
- 7.** Investment in mutual funds has been relatively stable, but there has been some volatility in equity investment.
- 8.** There has been an overall increase in investment in the last few quarters, particularly in the equity and mutual fund sectors.

The study highlights the need for individuals to diversify their investment portfolio beyond traditional options and consider alternative investment options such as equity and mutual funds. The government should also promote and encourage investment in these options through tax incentives and awareness campaigns.

Overall, the study suggests that individuals should aim for a well-diversified investment portfolio that balances stability and growth, and the government should encourage investment in a variety of options to promote financial literacy and inclusion.

CHAPTER 9

CONCLUSIONS

CONCLUSIONS

- 1.** Bank deposits continue to be the most popular investment option among individuals, with an average of around 35-50% of financial assets being deposited in banks across all quarters.
- 2.** Life insurance is also a popular investment option, with an average of around 20-30% of financial assets being invested in life insurance across all quarters.
- 3.** PPF (Public Provident Fund) is a stable investment option, with an average of around 20% of financial assets being invested in PPF across all quarters.
- 4.** Equity investment is gaining popularity among individuals, with an average of around 5-10% of financial assets being invested in equity across all quarters.
- 5.** Small savings have been decreasing steadily, with an average of around 10-15% of financial assets being invested in small savings across all quarters.

Based on the findings above, it can be concluded that there has been a shift in household investment patterns from traditional investment options like bank deposits to non-traditional options like life insurance and mutual funds. This shift is indicative of a growing awareness among households about the importance of diversifying their investments and exploring different investment options. The stability of investments in stocks suggests that households still see the stock market as a viable investment option despite its inherent volatility.

CHAPTER 10

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