

Summer Internship Project Report

Investment Needs and pattern of an Indian consumer

By

Yuvraj Singh Shekhawat

2019BBA037



Under the supervision of

Umamahesvaram Mandi

(Submitted in partial fulfillment of the requirement for BBA degree)

Institute of Management

JK Lakshmipat University, Jaipur

(2021)

Declaration by the Candidate

I the undersigned solemnly declare that the project report is based on my own work carried out during our study under the supervision of Chinmay Dev Tiwari (Industry mentor) & Umamaheshwaram Mandi (Faculty mentor).

I assert the statements made and conclusions drawn are an outcome of my research work. I further certify that

1. The work contained in the report is original and has been done by me under the general supervision of my supervisor.
2. The work has not been submitted to any other Institution for any other degree/diploma/certificate in this university or any other University of India or abroad.
3. I have followed the guidelines provided by the university in writing the report.
4. Whenever I have used materials (data, theoretical analysis, and text) from other sources, we have given due credit to them in the text of the report and giving their details in the references.

Yuvraj Singh Shekhawat

2019BBA037

Institute of Management

CERTIFICATE

It is certified that the Summer Internship Report titled Investment need and pattern of an Indian Consumersubmitted by **yuvraj singh shekhawat** is an original piece of research work carried out by the candidate under my supervision.



ACCRRUAL INTELLIGENCE MANUALS INDIA PVT. LTD.

20 Aug, 2021

To,

Yuvraj Singh Shekhawat

AAA

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9024398934

We are pleased to confirm that Yuvraj Singh Shekhawat from JK LAKSHMIPAT has successfully completed his Internship with Project Title '**INVESTMENT NEEDS AND PATTERN OF INDIAN CONSUMER**' from 14 Jun, 2021 to 14 Aug, 2021.

Aggregate on the basis of his performance during the Internship: 82%.

Location for internship: (Delhi/Work from Home)



(Authorized Signatory)

Head HR

AIM India Pvt. Ltd.

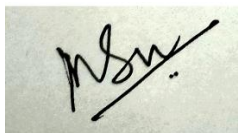
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Sign. of the Faculty Guide

(Prof. Umamahesvaram Mandi)

ACKNOWLEDGEMENT

This project report bears the imprint of those who had rendered their wholehearted support and encouragement without whose help this effort of mine would be in vain. I express my deep sense of gratitude and sincere thanks to my project guide **Prof. Umamahesvaram Mandi** for his directions, suggestion, and information provided which were of utmost importance for the successful completion of the project.

I present sincere thanks to **Mr. Chinmay Dev Tiwari** who allowed me to collect the data and helped in organizing it in a better manner. I would also like to thank the whole AIM INDIA Team for their wonderful support & inspirable guidance.

Sincerely,

Yuvraj Singh Shekhawat

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Project Summary

Investing behaviour and pattern plays a major role in wealth creation for the last ten decades all around the globe. The project tries to find out investing needs and patterns of an Indian consumer.

The report consists of most financial instruments and the effects of investing in them. The goal is to find out the need of the investor. So, that the organization can work according to the needs of the Indian consumer.

In this report, the author has included the organization's overview, as well as the responsibilities author, has been given to handle. The author has also included the analysis of the survey and wrote the conclusion drawn out of it. This report discusses all the information of the current scenario & all the data which is used in the analysis is primary data i.e., collected by the author itself.

Industry and Company Overview

Industry Overview

AIMS INDIA Ltd. works in portfolio management and wealth management industry. The wealth management industry worldwide is estimated to hold around \$89 trillion of AUM. Wealth management is one part of the financial industry. Professionals who work in this discipline combine investment advice with other financial services tailored to wealthy clients. These individuals discuss their financial situation and goals with wealth managers and financial advisers who, in turn, make suggestions on different investment vehicles.

Most wealth managers brand themselves as stewards of assets and financial life coaches. They incorporate financial planning with tax services, help target significant life purchases, and some might offer estate planning. They may work in firms or as independent consultants and may serve either businesses, individuals, or both.

Importance of Wealth Management in India:

Although 8 percent of the total population in India represents 45 percent of the total wealth, only 20 percent of wealthy families take advice from wealth managers. However, this number is growing steadily as more and more clients seek advice for:

- 1) Asset Management
- 2) Financial Planning (specific short term and long-term goals)
- 3) Tax Planning
- 4) Estate Planning

Around 69 percent of the total HNI population in India is below the age of 55 years. This population seeks a wealth manager as they neither have the expertise nor the time to monitor their investments.

The evolving landscape of the Wealth Management industry in India:

With the growing population of HNIs outside of tier 1 cities, penetration and access to services become a growing challenge. With technology being the prime driver of businesses, there is lesser and lesser affinity

to be tied down to a specific geographic location. This has made use of technology to deliver solutions to HNIs a very important part of the offering as the cost of delivering service in tier 2 and tier 3 locations are becoming difficult. Slowly and steadily Wealth Management firms are finding technology solutions for offering advice by use of Robo advisors. These computer-driven asset allocation models can do the mundane jobs of basic asset allocation with ease. However, for high involvement solutions like tax minimizing strategies, estate planning, etc. will continue to be done with human intervention. In terms of offerings, Family Office solutions and Estate Planning are increasingly in demand as more and more family-run businesses see the next generation wanting to start afresh and not necessarily continue with the traditional family business.

Another aspect of note is the emergence of the mass affluent. With increasing urbanization and organized jobs (IT being the leader in this aspect), more and more families can generate surplus income and would like to channelize this into productive investments and not just savings in banks.

Future scope for Wealth Management in India:

The wealth management industry in India is still in a very nascent stage. The industry is slowly and gradually moving from a one size fits all model to a more customized offering. This is supplemented by technology to take care of the non-core activities. As high as 25.5 percent HNI population in the Asia Pacific (ex-Japan) is using credit to enhance their returns. Hence, there is an increased thrust on lending and credit solutions for HNIs. The thrust on customization, technology dependence, need for lending solutions and raising awareness, and thrust on financial assets as against physical assets is creating large opportunities for the Wealth Management industry in India. As investors and products evolve, the industry can position itself to be able to serve specific needs of clients across situations.

Company overview-

AIM INDIA Ltd. is a Wealth management advisor and corporate service provider, which was established in 2017.

AIM deals in wealth advisory, accounting, consulting, insurance, retirement planning, mutual funds, etc.



India headquartered & experts in Wealth Advisory & Internships

- Based in India
- Wealth Management Advisors
- Corporate Service Provider
- AIM India believe in Dynamic Culture and it is our goal to help the Individual in dealing with the dynamism of the environment whether it is related to their wealth or expansion of business. Aim India Group is the leading Advisory in India and Abroad. AIM India provide Training / Development programs in India and Abroad. Team of exclusive corporate trainers. AIM principle is to deliver a high rate of returns to our clients through our network of government sector banks in India.

Keeping in mind the most critical needs in today's context, AIM came up with a wealth Advisory firm to provide customer expertise advice to achieve financial Independence.

AIM INDIA HIGHLIGHTS

12000

Corporate client from all the World

18000

Interns Certified

Services Portfolio

Internship

Aim provide domestic & international level internships. We have a team of experienced educational and training professionals who can provide services/solutions for clients. Exposure to interns in mixed specialization i.e. HR and Marketing which will result in the implication of their theoretical knowledge into the corporate world.

Wealth Advisory

Aim is having experts who are helping individuals in managing their wealth. These experts are also providing consultancy services regarding the financial and investment sector to individuals so that they can secure the financial future for themselves and their families.

Accounting

Aim will help the customer in maintaining books to give you a strategic insight into the financial position of your company.

Consulting

Helping customers providing professional or expert advice in wealth maximization, carrier planning, etc. and Aim also guide them in taking crucial decisions.

Training & Development

AIM India Training specialists include professionals in Marketing, HR, and Finance. They will help employees and interns in learning values that are needed in the corporate world to enhance propositions that will help them in making their careers.

Taxation

Tax Management is required in every organization but due to its strenuous process, it can be difficult to manage at higher levels. AIM Professionals are flexible in their approach and provide services according to the needs of clients.

International Expansion

With the help of our business partners, Aim is helping Individuals in expanding their business at the international level. AIM Professionals are helping our clients to settle them abroad.

Recruitment

AIM objective is to fulfil professional commitments and value-added services in terms of recruitment of quality manpower and have been providing our recruitment services to the known names in all sectors

Insurance

Life insurance is an act of love. Let's talk about protecting what matters the most.

AIM's motto is to provide coverage at affordable premiums, underwriters will provide customer with required coverage efficiently & effectively.

Mutual Funds

Never depend on a single income. Make investments to create a second source. Mutual funds have historically offered safety & diversification & they spare investor from the responsibility of picking the individual stocks.

Objectives:

1. Investment pattern of Indian consumers:

Investment is a tool to build wealth through various investment instruments.

Author will analyse the investment pattern of Indian consumers via the percentage of their investment in a different instrument.

2. To analyse the product in the market:

The product that is available for investment for an Indian consumer

3. Diversification and asset allocation:

The awareness of risk and asset allocation in an uncertain environment.

4. Need of an Indian consumer:

5. Indian consumer SWOT analysis.

6. Learning

Methodology

❖ Problem Statement

India as a country ranks low on literacy rate and even lower on front of financial literacy. So, the investment pattern and behaviour of Indian consumers are substantially important to make a better product or better placement for reachability.

❖ Data collection method

The data is collected with help of Leeds of about 30 people, who have made fair share investment till now and reached them out for the AIM India product. Got to interact with people who seek investment opportunities.

❖ Limitation

The limitation of the study was the reluctance on the part of the respondents to provide exact details which can lead to different learnings.

Analysis:

The Analysis is based on how Author got the response from the Investor during my Aims product pitch
So, here is the basis of my analysis:

Investment amount-

The amount which an investor invests in a single financial instrument plays a major role if there is less flexibility in the financial instrument then the investor tends to choose another option.

As the response from the investor interacted with me are interested in flexible investment amount and stoppage of investment premium whenever they want.

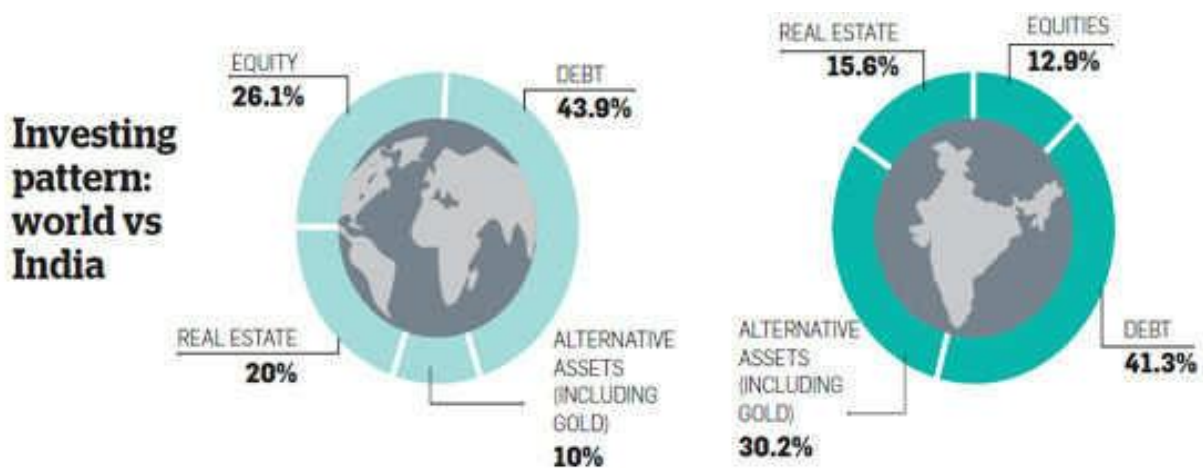
The flexibility here refers to exit and entry in an investment.

So, Investment amount plays a major role in the investment decision.

The major range of investment amounts ranged from 25,000 to 1,00,000 per annum for AIM India products for all 30 Leeds and they have lots of other premiums to pay annually for their other investment.

Uncertainty in returns of the financial instrument-

There is a saying if there is a low risk then there will be low reward and vice versa. As most Indian consumers as per data invest in low-risk low return kind of investment...



source- ET prime

The above image shows the investing pattern of India as a country.

This shows us the pattern of how uncertainty plays role in the investment decision.

So, for the selling of AIM India products, Author talked with relatives and friends.

The first question they asked was the rate of interest and the risk involved in the investment. As for AIM products the risk is zero. But there is a lock-in period.

So, Uncertainty plays a major role in the investment decision of Indian consumers.

Uncertainty here refers to the fluctuation of return in speculative assets.

Asset Allocation-

Asset allocation is a wide aspect that hedges your portfolio against uncertainty and gives all-weather returns also known as all-weather investing in the stock market.

As, Indian consumer tends to invest in 4 major assets which gold, real estate, Bank F.D./R.D., and L.I.C insurance.

So, Bank F.D. gives a certain return but there can be a rate cut whenever the RBI wants than there is a Real estate which is also uncertain as real estate prices depend on development majors and locality, etc.

So, Asset allocation is not a widely used area in India till date as Indian consumer has very less interest in financial markets, the debt market, and mutual funds.

But as digitalization is booming more consumers will start SIP as suggested by data below after the coronavirus



These pictures show us the impact of covid on increase in retail participation in the Indian equity market and mutual funds.

Percentage of investment in health and life insurance in India:

The Indian consumer is always neglected the proper life and health insurance policy, (other than L.I.C). Due, covid 19 insurance sector has seen the Boom in the industry as shown in Data below:

Health insurance and life insurance is a great tool to minimize the impact of risk which are present in the long path of life.

During, my sales module author talked with 30 people whom author tried to convince for aims product which also gives life cover. So, it was quite evident that all the people talked with was already having health insurance in the last 2 years. Due to quite known reason of pandemic.

Market performance of Indian and global insurance companies, index (100 = Dec 31, 2019)



¹DS Insurance Index (Thomson Eikon).

²Percentage point.

Source: Thomson Eikon; McKinsey analysis

The above image show case the performance of Indian insurance sector in comparison to financial services, nifty 50. Insurance sector has outperform all of them.

The actual return of the financial Instrument:

In this point, we will focus on the history of returns provided by major financial instruments present in India for the last 30 years and will compare the pros and cons of those investment instruments.

So, if we talk about major financial instrument rate of return in the last 30 years.

1. Equity market- Majorly judged through the return of Nifty and Sensex which have given a return of about ~17% in the last 30 years in CAGR annually.

Equity market are the place where people buy share of a company and hope that company grows, and the value of the share also grows. Investors have to pay tax on capital gains like for short term (STCG) and for long term (LTCG).

Tax only comes in picture if the holding is sold.

2. 1-year bank fixed deposits

Interest	rate: 5.5%
Annualized return: 5.5%	

3. Debt income fund

Historical	returns: 9.07%
Annualized	return: 9.07%
post-tax (20% after indexation)	return: 8.8%

Based on the 5-year category average return. Can vary significantly in the future.

e.g., HDFC cooperate debt fund, axis cooperate debt fund.

4. Diversified equity fund

Historical	returns: 12.7%
Annualized	return: 12.7%

Tax-free returns: 12.7% (Rs 12,700)

Based on the 5-year category average return. Can vary significantly in the future.

e.g., Axis blue chip fund, PPFAS, SBI mid cap fund, Axis small cap fund.

5. Returns get enhanced with added tax sops

Taxability of returns varies between 80C products. Though the risk is higher, ELSS could generate better returns in the long term.

6. EPF

Interest						rate: 8.8%
Annualized						return: 8.8%
Return: 8.8%	(Rs	8,800);	12.74%	after	80C	benefit

The interest rate may be revised downward in the future.

7. PPF

Interest						rate: 8.1%
Annualized						return: 8.1%
Return: 8.1%	(Rs 8,100);	11.72%	after	80C	benefit	

e.g., It can be opened with any bank in India.

8. ELSS FUNDS

Historical						returns: 10.8%
Annualized						return: 10.8%
Return: 10.8%						

Return: 10.8% ; 13.87% after 80C benefit

e.g., Kotak tax saver scheme.

9. NPS

Historical				returns: 11.62%
Annualized				return: 11.62%
Return: 11.62%		with	tax	benefits.

Based on the 5-yr category average return. Calculations assume 50% of investment is in equities and 25% each incorporates and govt debt.

e.g., HDFC pension fund

10. ULIPS

Historical				returns: 10.92%
Annualized				return: 10.92%
Return: 10.92%		with	tax	benefit

15-year policy. Premium allocation charge of 20% for the first year, 5% for each remaining year assumed. Admin charges Rs 500 and Rs 3,000 for the insurance cost.

e.g., ICICI Pru. signature ULIP plan.

11. ENDOWMENT PLANS

Historical				returns: 6.27%
Annualized				return: 6.27%
Return: 6.27%	(Rs	6,270);	7.73%	after 80C benefit

For a 15-year policy with a 4% annual bonus. Rs 3,000 is considered as the annual cost of insurance. Bonus rates of 3% and 4% may come down in the future.

E.g., L.I.C. Endowment plan, BOB India first life Insurance Maha Jeevan plan (8% rate of interest)

❖ Financial Instrument Annualised Return (in table)

Financial Instruments	Annualised Returns	Tax Benefit	Example available in market
1. Equity Market	~ 17%(30yr.)	No	Stocks, ETF etc.
2. 1-year bank fixed deposits	5.5 %	No	HDFC F.D. etc.
3. Debt Fund	9.07%	No	Axis cooperate debt Fund
4. Mutual fund	12.07%	No	Axis blue chip fund, PPFAS, SBI mid cap fund
5. EPF	8.8%	Yes	
6. PPF	8.1%	Yes	Provided by banks
7. ELSS fund	10.8%	Yes	Kotak tax saver scheme
8. NPS	11.62%	Yes	HDFC pension fund
9. ULIPS	10.92%	Yes	ICICI Pru. signature ULIP plan.
10. Endowment Plan	6.27%	Yes	Bank of Baroda Maha Jeevan Plan.

❖ **SWOT Analysis of the Indian consumer in the wealth management industry**

- **Strength:**

1. Many products are available for Indian consumers.
2. Growth opportunities for India will cause higher returns for the Indian consumer.
3. Asset allocation of Indian consumers doesn't end up as all eggs in one basket.

- **Weakness:**

1. Lack of knowledge about different financial instruments.
2. Less exposure in equity and mutual fund market.
3. Merging insurance and return with each other.

- **Opportunity:**

1. Growing awareness about equity and mutual funds through digital media and TVC.
2. AUM increase will make investment easy.

- **Threats:**

1. Uncertainty like pandemic, natural calamities.
2. Bubble in markets leads to capital erosion.
3. Inflation rates in India.

Learnings

The learning through the report are as follows:

1. The Indian consumer are more likely to invest in risk free with less return than investment with more risk more reward.
2. The Indian consumer are getting more into taking health insurance and Term life insurance.
3. More and more new investor is getting interested in speculative assets and favourable risk to reward ratio asset.
4. Investor wants to know the downside in uneven markets and fund performance in favourable markets.

❖ Learning as Intern in Aim India ltd.

As an intern in AIM INDIA ltd., we were trained for first 15 days, and then we were shifted towards second module which was sales module.

In the training period, the following were taught-

1. How H.R. works in corporate world.
2. Taxation and how to make salary slips
3. Learned about financial instrument and made a ppt on major financial instrument present in Indian market.
4. Prepared a ppt on banks given by manager. Their history, branches, employees and brand value etc.
5. Learned the art to stand out in group discussion
6. Participated in group discussion in training period for improvement in group discussion skills.

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Questionnaire

Investment behavior and pattern

Form description

Name *

Short answer text

Gender *

Suggestions: Other

- ☐ Male
- ☐ Female
- ☐ Prefer not to say



Age Group *

- ☐ 18-25
- ☐ 26-35
- ☐ 36-45
- ☐ 45 or above



Which type of asset do you like to invest in most? *

- ☐ equity
- ☐ F.D.
- ☐ Real estate
- ☐ Insurance
- ☐ Endowment Plan
- ☐ Mutual Fund
- ☐ Debt Fund
- ☐ ELSS

Do you have health insurance *

Suggestions: [Maybe](#)

- ☐ Yes
- ☐ No

Do you have any kind of investment? *

Suggestions: [Maybe](#)

- ☐ Yes
- ☐ No

If given option to invest in single financial instrument for life, which would it be? *

- ☐ Equity
- ☐ Debt
- ☐ Tax saving funds
- ☐ mutual funds
- ☐ Endowment plan
- ☐ F.D.

Do you have health insurance *

Suggestions: [Maybe](#)

- ☐ Yes
- ☐ No

Investment Amount per asset *

- ☐ 10% each
- ☐ 20% each
- ☐ 33% each
- ☐ Any other combination

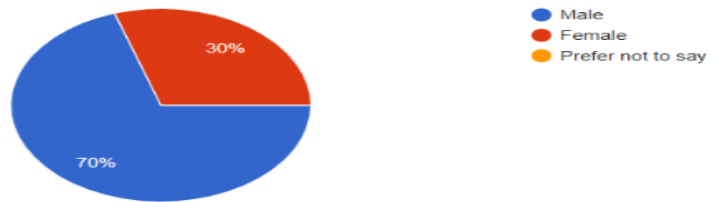
Do you make effort in asset allocation *

- ☐ Yes
- ☐ No

Responses

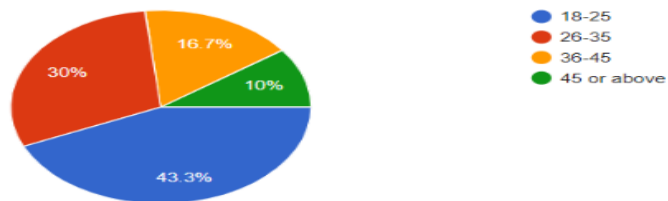
Gender

30 responses



Age Group

30 responses



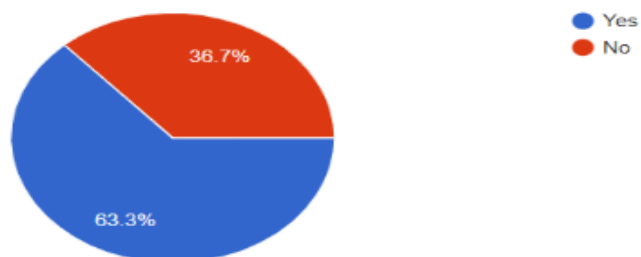
Investment Amount per asset

30 responses



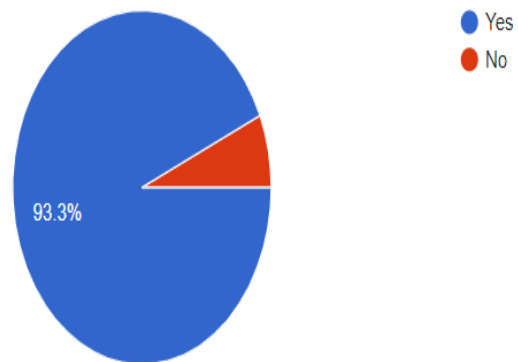
Due you make effort in asset allocation

30 responses



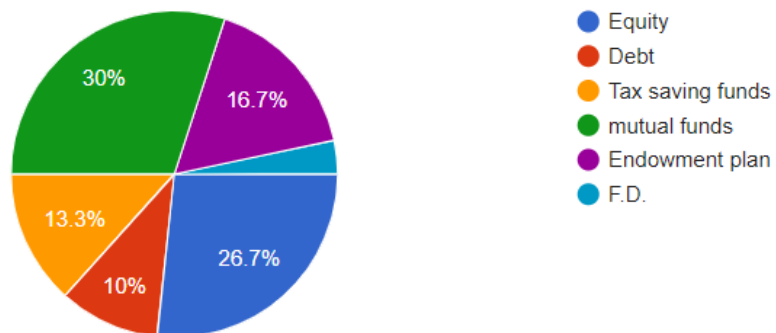
Do you have any kind of investment?

30 responses



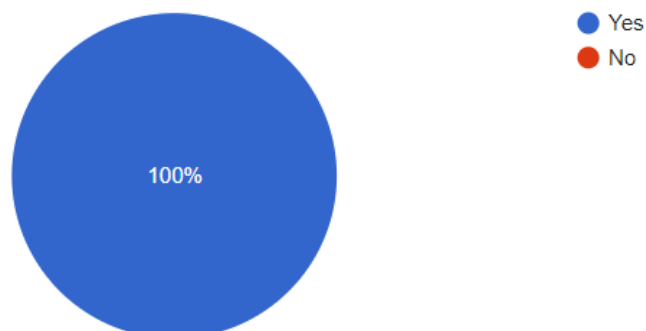
If given option to invest in single financial instrument for life, which would it be?

30 responses



Do you have health insurance

30 responses



Which type of asset do you like to invest in most?

30 responses

