

## A Five Year's Comparative Study of Individual Assets in India

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### **Abstract:**

This study provides insight into the rationality of investor by examining the pattern of various individual assets and asset class in the India. The objective of this study is to see the change in financial and physical assets; change in individual assets; and change in proportion of individual assets in India through secondary data. The study is descriptive research based on secondary data; last five financial years are considered for study. This data is collected from the annual reports of India Wealth Reports. Simple tables are made, and on that basis, charts of 2D line markers are made. Every year there is change in physical and financial assets and individual assets. The study also finds year wise, the change in various asset sub class. Financial assets are increasing as compare to physical assets. There is no any pattern or trend in different assets and their subclass and therefore change is observed in proportion of different types of assets. Equity is the only asset subclass, which shows maximum growth among all others in spite of one-year downfall. Hence though total individual assets are increased, proportion of equity and debt (including cash) are increased whereas proportion of real estate and alternate assets are decreased. The outcome will help investors, managers, financial marketers, financial consultants and management students to know more about change in pattern and investor psyche etc. Hence some guidelines for further investment. Overall, this study makes contribution to find change in investor's behavior and its impact on individual assets in India.

### **Key Words**

Types of Assets, Subclass of assets, Individual Assets, Proportion of Assets.

### **Introduction:**

India is emerging as a powerful economic country. As economy changes, related things also change. Change is the common thing in human life. Economy of India is a growing economy

from last few years. Changing economy leads to change in life style, consumption pattern, savings and investment etc. These changes ultimately effects on change in consumer behavior. Whenever savings and investments come in picture it has been observed that it is also changing accordingly. Investment behavior is affecting as per changes happens in income. In last few years average income of Indians increased and it may go rise in future because of the speed of economic growth. In India, on the basis of financial condition or income, there are three main classes like high income group, low income group and middle-income group which is also known as middleclass group. Statistics shows that numbers in the high net worth and middle-class group are increasing day by day, where as poor or low-income group reducing in numbers. This clearly shows income in India, increasing and hence assets are also increasing. Different income groups have different choices, different patterns. Patterns of consumption, patterns of life style, patterns of savings, patterns of investment etc. Consumption increased from last few years, confirms change in life style, change in savings and investments too.

Reasons of these changes are due to increase in income. Various options are available for investment, awareness about various products, aggressive marketing by marketers etc. Choice of investment is mostly depending on returns on investment, safety, security, tax benefit, knowledge about that product, convenience and financial goal etc. In India selection of the investment product is also depends on education, profession, geographical area, tradition etc. In India best example is Gold, as far as gold is concerned it is related with tradition, emotion and attraction of Indians. Indians are doing their saving and investment as per their income, interest, knowledge, tax benefit, financial goal etc. In India assets are mainly divided into two main class are physical asset and financial asset. Physical assets are assets which are tangible in nature whereas financial assets are intangible in nature. Real estate and gold are main physical assets whereas platinum, silver, gems and other metals are also physical assets. Direct equity, fixed deposits, debentures and bonds, mutual funds, insurance, public provident fund, pension products, postal saving, saving deposit and cash are different types of financial assets. For this study physical assets are divided into two classes as real estate and alternate assets whereas financial asset are divided into two classes as equity and debt including cash. In India financial year is started from 01<sup>st</sup> April and ends with 31<sup>st</sup> March, major financial statistics are depending on this financial year.

## **Literature Review**

Medabesh A. and Khan A. J. (2020) found in their study that reason of attraction of investor towards financial asset is, it does not require big amount, these assets provides benefits like returns, tax benefits etc. Some products like SIPs (Systematic Investment Plans) obliged investors to save some certain portion as per their financial goals and due to these benefits salaried class preferring for financial assets.

Rahu C. and Rajamohan R.R. (2011) found that in last decade investors invested major portion either in fixed income financial tools or physical assets. They conclude that low income investors do not prefer risky assets. Employees having option of pension does not attract towards risky assets as against their guaranteed returns of pension. Though they required money after retirement do not have attraction towards more but uncertain money. They also concluded that age, income, planning etc. positively influence the investment in risky assets.

Dhawan D. and Mehta S. (2019) found relationship among income and saving. Saving and investment changes according to gender, age, occupation, awareness about financial product and financial literacy etc. They concluded that most of the investors prefer that financial investment or asset which is safe, having more liquidity, tax benefit, guaranteed returns and minimum locking period.

Monika and Agarwal K. (2017) concluded that investors are aware about the risk associated with various investment options. Investors mostly preferred low risk products as they are more conservative in nature. Most of the investors preferred product is life insurance as it gives risk coverage along with tax benefits and future provision.

## **Objectives**

To study of change in individual assets in India.

To study of change in financial and physical assets in India.

To study of change in proportion of individual assets in India.

### **Research Methodology**

Research is descriptive type of research. The research data is secondary data. A five year's data is taken for study. Individual Assets in India along with their types and subtypes of data are considered for the study. Collected data is arranged in tables and from these tables, charts of 2D line markers are made. Tables and charts are clearly showing patterns and trends of different individual assets.

### **Data Analysis and Interpretation**

Individual total assets, physical assets, financial assets in India along with their subclasses like real estate, equity, alternate asset and debt including cash are collected as a data.

**Table No.1 Year wise Total Individual Assets in India**

<b>Year</b>	<b>Total Individual Assets (INR in Cr)</b>
<b>2014-15</b>	28044973
<b>2015-16</b>	30428937
<b>2016-17</b>	34400293
<b>2017-18</b>	39244848
<b>2018-19</b>	43004855

Source: <http://www.karvywealth.com>

Above table shows year wise total individual assets in Indian Rupees in Crore. This table shows increase in year on year individual assets. In last five years that is from financial year 2014-15 to 2018-19 total individual assets are increased by 53.34 %. Total individual assets as shown in above table are addition of two main types of assets is physical assets and financial assets.

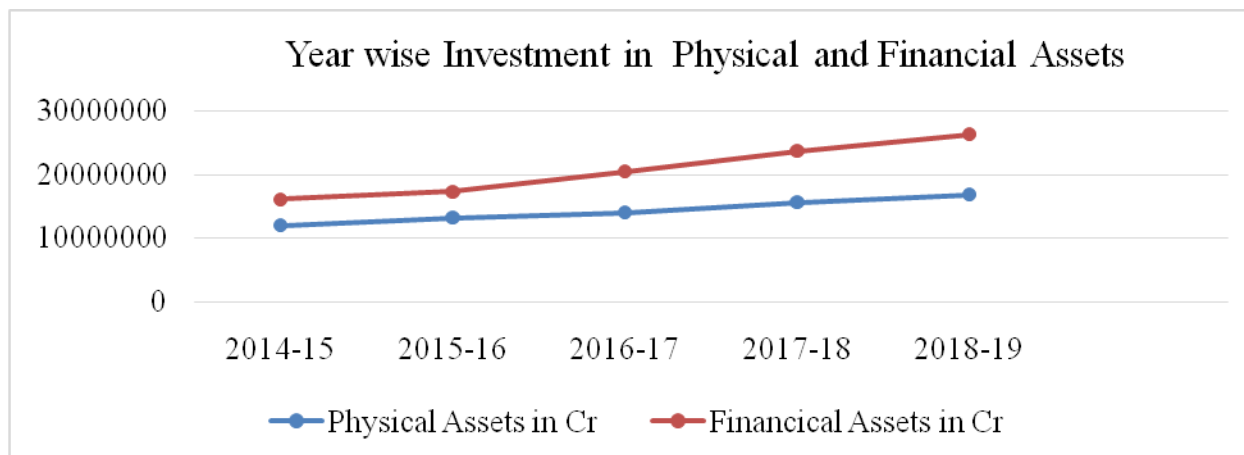
**Table No.2: Physical Assets and Financial Assets in India**

<b>Financial Year</b>	<b>Physical Assets (INR in Cr)</b>	<b>Physical Assets Proportion (%)</b>	<b>Financial Assets (INR in Cr)</b>	<b>Physical Assets Proportion (%)</b>
<b>2014-15</b>	11989287	42.75	16055686	57.25
<b>2015-16</b>	13226839	43.47	17202099	56.53
<b>2016-17</b>	14009717	40.73	20390576	59.27
<b>2017-18</b>	15610118	39.78	23634730	60.22
<b>2018-19</b>	16794231	39.05	26210624	60.95

Source: <http://www.karvywealth.com/>

Table No.2 shows financial year wise asset investment in Indian rupees in crore and contribution/proportion of two main assets classes-Physical Assets and Financial Assets of individual assets. These percentages are proportion of the total assets in subsequent financial year. By observing this table and chart no.1, it is clear that year on year both physical assets and financial assets investment are increasing however year on year proportion of physical assets are decreasing except in the year 2015-16. The proportion of financial assets is increasing continuously. Hence it is clear that though investment of both assets -financial and physical assets and ultimately total assets are increasing year on year, proportion wise only the financial assets are increasing whereas physical assets are decreasing.

**Chart No.1**



Above chart clearly shows the growth of two types of assets. Both the assets are increased however physical assets are increased slowly as compare to financial assets.

The total individual assets are divided into four major subclasses as Equity, Real Estate, Debt (including Cash) and Alternate Assets. Equity and Debt (including cash) are financial assets whereas real estate and alternate assets are physical assets.

**Table No.3 Individual Assets- Asset Class-wise investment in INR in Cr.**

Financial Year	Equity (INR inCr)	Real Estate (INR in Cr)	Debt (including Cash) (INR in Cr)	Alternate Assets (INR in Cr)
2014-15	4445696	5285577	11553990	6759710
2015-16	3956303	5547254	13115652	7809728
2016-17	5770905	6025206	14446810	8158182
2017-18	7465344	6956802	15973918	8848784
2018-19	8125252	7452944	17849707	9576952

Source: <http://www.karvywealth.com>

**Chart No.2**

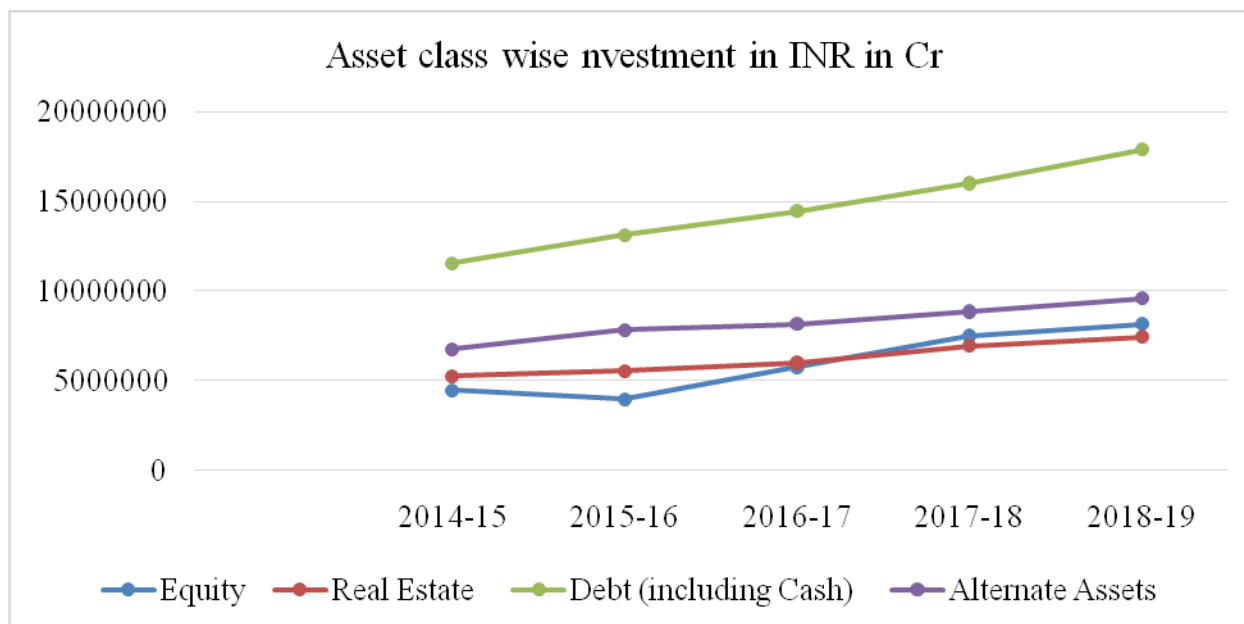


Table No. 3 and Chart No. 2 shows asset class-wise investment in Indian Rupees in Core. Individual assets are divided into four subclasses equity, real estate, debt and alternate assets. Out of these four assets equity and debt (including cash) are financial assets whereas real estate and alternate assets are physical assets. By observing entire table and its figures, it is clear that all assets are increasing year on year with the exception of one year that is year 2015-16 where equity shows reduction in asset. By observing above figures, though investment in equity dropped in year 2015-16 it recovered in next three years and increased markable.

**Table No.4**

**Growth of Individual Assets (in %) in Last Five Years**

Year	Equity (%)	Real Estate (%)	Debt (including Cash) %	Alternate Assets (%)	Total Assets (%)
Growth in 5 Years	82.76	41.00	54.49	41.68	53.54

**Chart No.3**

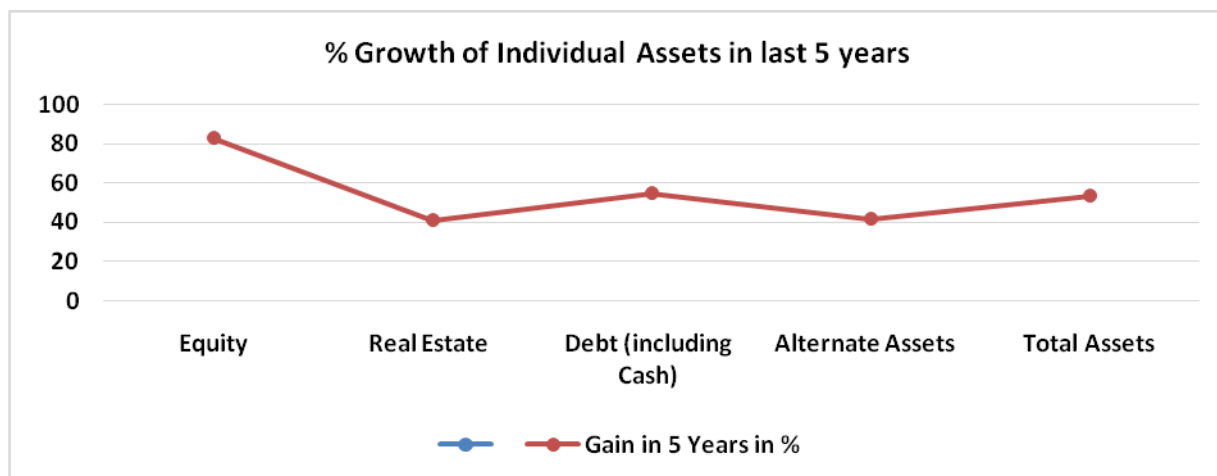


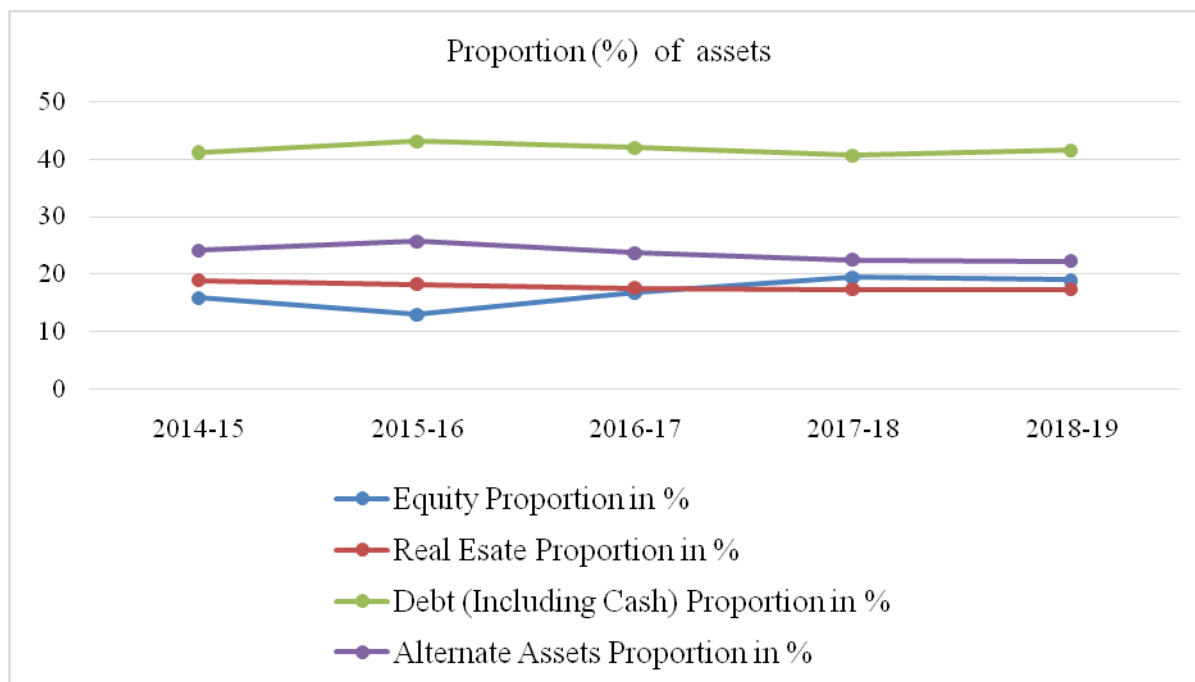
Table No. 4 and Chart No.3 shows five year’s investment growth of all assets in percentage. Just within last five years total individual assets are increased by 53.34 %. Equity is increased by 82.76 %, real estate is increased by 41 % and alternate assets are increased by 41.68 %. These figures clearly show less growth of physical assets as compare to financial assets because during last five physical assets are increased by 40 % whereas financial assets are increased by 63.25 %. On the basis of above table and chart it is clear that India investors are showing change in investment behavior and year on year financial assets are more preferred than physical assets.

**Table No.5:Proportion of assets into total individual assets.**

Year	Equity Proportion in %	Real Estate Proportion in %	Debt (including Cash) Proportion in %	Alternate Assets Proportion in %
2014-15	15.85	18.85	41.2	24.1
2015-16	13	18.23	43.1	25.67
2016-17	16.77	17.51	42	23.72
2017-18	19.42	17.33	40.7	22.55
2018-19	18.89	17.33	41.51	22.27

**Chart No.4**





From Table No. 5 and Chart No.4 it is clear that individual assets are changing year on year. Though investment in individual assets is increasing, in last five years proportion of real estate and alternate assets are slightly decreased. Debt (including cash) almost maintained its contribution/proportion whereas equity is the only asset whose proportion increased gradually. In year 2015-16 though proportion of equity was decreased, just within next three years it increased markable. This change in individual assets showing changed in investor behavior. Equity was popular in last three years.

**Findings:**

In India during last five financial years, total individual assets were increased by 53.34 %. In individual total assets proportion of financial assets are increased than proportion of physical assets. Year on year Indian investors preferring financial assets as compare to physical assets because during last five years physical assets grown by 40 % and financial assets grown by 63.25 % means financial assets shows 58 % more growth than the physical assets. Individual assets do not show any fixed pattern or trend as every year it shows change in proportion in different types of individual asset classes. During last five years investment in all assets increased such as equity investment increased by 82.76 %, investment in real estate increased by 41%, debt investment increased by 54.49 % and alternate assets are increased by 41.68 %. However, proportion of real

estate and alternate assets shows decrease in proportion or contribution in overall individual assets, equity proportion is increased comparatively whereas proportion of debt (including cash) remains same. During last five years portion wise equity shows 19.18 % growth whereas all other assets show negative growth comparatively in their proportion such as real estate show - 8.06 %, debt (including cash) shows -0.75 % and alternate asset show -7.59%. In broader view except equity remaining assets were show decrease in proportion.

### **Conclusion:**

Individual Assets in India are increasing gradually, last five years it shows growth of 53.34 %. Financial assets are increasing as compare to physical assets hence investors behavior is changing. In last five years physical assets are increased by 40 % whereas financial assets are increased by 63.25%. Subclass of individual assets shows change in investors behavior in India because though investment in individual assets increased gradually out of four asset sub class only equity-asset class shows rapid growth whereas real estate, alternate assets are decreased their proportion. Debt (including cash) proportion remains almost same. Hence though overall percentage of asset class changed investment portion also changed.

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