PORTFOLIO MANAGEMENT (INVESTMENT AND RETURN)

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ABSTRACT

Portfolio Management is the art and science of making decisions about investment mix and policy matching investment to objectives, asset allocation for individual and institutions balancing risk against performance.

Portfolio Management is very important in modern era. There are many functions of Portfolio management. The portfolio which is once selected has to be continuously reviewed over a period of time and then revised depending on the objectives of the investor.

A Portfolio is a collection of securities since it is really desirable to invest the entire funds of an individual or an institution. A fundamental aspect of Portfolio Management is choosing assets which are consistent with the portfolio holder's investment objectives and risk tolerance. The final goal of portfolio management is to achieve the optimum return for a given level of risk. Portfolio Managers have the knowledge and skill which encourage people to put their investment decisions in the hands of a professional. Portfolio Management is an art of putting money is fairly safe, quite profitable and reasonably in liquid form.

INTRODUCTION

Now-a-days Portfolio Management is playing a crucial role in the society. It helps investors in effective and efficient management of their investment. The rapid growth of capital in India has opened up new investment revenues for investors.

Portfolio analysis considers the determine of future risk and return in holding various blends of individual securities. The modern portfolio theory believes in the maximization of return through a combination securities. Portfolio, which are combination of securities, may or may not take on the aggregate characteristics of their individual parts. Investors choose to hold groups of securities rather than single security that offer the greater expected returns. They believe that a combination of securities held together will give a beneficial result if they are grouped in a manner to secure higher return after taking into consideration the risk element. Every investor wants to gain heavy return. Therefore, the main aim of portfolio management is to achieve the optimum return for a given level of risk. Risk is the main element to investment. Portfolio Management strategies may be either active or passive. Investors can choose the both active and passive portfolio management.

Portfolio Management should have the knowledge of it and encourage people to invest their money etc. Investment Manager makes the buy-sell decisions referring to the account owner for every transaction. In India Portfolio Management now in its infancy. Investment is also depend on the economic

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condition and savings of an investor. An investor has to choose a portfolio according to his/her priorities.

Portfolio Management is a process including many activities of investment in assets and securities. Risk and Return are two factors for which the evaluation of portfolio is to be done. The changes in the portfolio are to be effected to meet the changing condition. The objective of each investor is to have two different kinds of stocks on his/her portfolio, so that the combination would eliminate the risk and would give him/her the kind of return that he/she would require. The Portfolio Managers also use the techniques of Portfolio Management time to time for the encouragement to the investors.

REVIEW OF LITERATURE

CAPM (Capital Asset Pricing Model) was developed in 1960's. It has been contributed to William Sharp, John Linter and Jan Mossin independently. Ahead this model is often referred to as Sharp Linter Mossin Capital Asset Pricing Model. CAPM is really an extension of the portfolio theory of Markowitz. The portfolio theory is a description of how rational investors should built efficient portfolio and select the optional portfolio. The capital markets if everyone behaved in the way the portfolio theory suggested. Now-a-days it has became very popular.

The relationship between risk and return established by the security market line is known as the capital asset pricing model. It is basically a simple liner relationship and therefore, larger would be the return expected by the investors. Capital Asset Pricing Model represents one of the most important discovery in the field of finance. Finance is life blood of modern era. Without finance nothing is possible.

The Indian Capital market has changed dramatically over the last few years, especially since 1990. So that the hopes and expectations of the investors are also changing. Risk is a main element for the investment. At present “Risk Management” is very essential. Risk Management of investing in corporate securities is under active and extensive discussion among academicians and capital market operators.

Grewal S.S. and Navjot Grewall (1984) revealed some basic investment rules for selling shares. In 1986 Preeti Singh disclosed the basic rules for selecting the Company to invest in. She opined that understanding and measuring return. According to her, most investors are risk averse. To have a higher return the investor has to face greater risks.

Preeti Singh (1986) disclosed the basic rules for selecting the Company to invest in. According to her most investors are risk averse. She said that the risk is fundamental to the process of investment.

David L. Scott and William Edward (1990) reviewed the important risks. They said that the severity of financial risk depends on how heavily a business relies on

Debt? Lewis Mandells (1992) reviewed the nature of market risk. He revealed that certain risks that are so global that they affect the entire investment market. Nabhi Kumar Jain (1992) specified certain tips for buying shares for holding and also for selling shares. He suggested selling the shares the moment company has or almost reached the peak of its growth.

Carter Randal (1992) offered to investors the underlying principles of winning on the stock market. L.C Gupta (1992) revealed the findings of his study that there is existence of wild speculation in the Indian Stock Market. Yasaswy N.J. (1993) disclosed how 'turnaround stocks' offer big profits to bold investors and also the risk involved in investing in such stock. Sunil Damoder (1993) evaluated the 'Derivatives' especially the futures as a tool or short term risk control.

OBJCTIVE OF THE STUDY

The main objective of the study is to propagate the benefits and important of Portfolio Management other objectives are as under

1. To know the analysis the risk return characteristics of sample scripts.
2. Ascertain portfolio weights.
3. To construct an effective portfolio which offers the maximum return for minimum risk. So that the investors can be benefited with their investments. In addition to investors the country will also be benefited because national income will be increased as well as per capita income.

RESEARCH METHODOLOGY

The study is based on primary data collected with the help of structured questionnaire conducted with 150 respondents. The questionnaire consisted of five items that assessed the respondent's age, gender, qualification, designation, monthly salary/income.

The study use stratified sampling technique. These 150 respondents are selected approximately equally for all the brands. The age of respondents is approximately between 25-60 years. The income level of respondents taken also lies between Rs. 20,000 to Rs. 60,000 per month. Total 150 respondents, 70% are the males and rest 30% are the females. It is based on the convenient sampling. Reasons for selecting convenient sampling.

- Time Constraint
- Resource Constraint
- Cost Constraint

As per investor's view the portfolio management is very useful to them. This study will helps to every investor to invest his/her money and gain more with minimum risk.

Table 1: Profile of the Respondents

Sl. No.	Variable	Classification	Frequency	Percentage
1.	Age	25 to 30 years	20	13.3
		31 to 40 years	25	16.7
		41 to 50 years	30	20
		51 to 60 years	75	50
		Total	**150**	**100**
2.	Gender	Male	105	70
		Female	45	30
		Total	**150**	**100**
3.	Qualification	Under Graduate	30	20
		Graduate	45	30
		Post Graduate	50	33.3
		Professional	25	16.7
		Total	**150**	**100**
4.	Designation	Entrepreneur	75	50
		Associate	25	16.7
		Others	50	33.3
		Total	**150**	**100**
5.	Monthly Income	Rs. 20,000 to 25,000	40	26.7
		Rs. 25,001 to 35,000	50	33.3
		Rs. 35,001 to 50,000	35	23.3
		Rs. 50,001 to 60,000	25	16.7
		Total	**150**	**100**

Source: Primary Data

FINDINGS

Portfolio Management is a process encompassing many activities of investment in assets and securities. The objective of this service is to help the unknown and investors with the expertise of professional in investment portfolio management. Findings of this research are as under:

1. About 75% respondents known about the Investment option.
2. Above 70% Investors are investing their money for liquidity, Return and Tax benefits.
3. More than 30% Investors had lose heir money during the concerned year.
4. About 65% residents manage their Portfolio through the different company whereas 35% Investor manage their portfolio themselves.
5. At the time of Investment the investors basically considered the both Risk and Return in more percentage around 70%.

SUGGESTIONS AND CONCLUSION

Portfolio Management is playing a crucial role in the society. The knowledge of Portfolio Management helps to invest the money of the investors. So that the investors must feel safe about their money invested.

From the above discussion it is clear hat portfolio functioning is based on market risk so one can get the help from the professional Portfolio Manager. The Portfolio Management has become an important service for the investors to identify the companies with growth potential. The main objective of the portfolio management is to maximize the profits and to minimize the risks. Regular return, stable income, appreciation of capital, more liquidity, safety of investment, Tax benefits and Investor's welfare are its ancillary objectives.

Portfolio Management Services helps investors to make their choice to selecting the investment. Portfolio Management is a dynamic activity of evaluating and revising the portfolio in terms of portfolio objectives. The role of portfolio management is still not identified in the recent time but due to expansion of investors market and growing complexities of the investors the services of the portfolio managers will be in great demand in the near future. It will be more beneficial to the investors as well as to the society.

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