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## Study On Financial Planning For Individual Investors

**Sagar Kumar**

Galgotias University

### CHAPTER 1: INTRODUCTION TO THE TOPIC

#### Introduction

Financial planning refers to the process of achieving life goals through effective money management. It involves analyzing one's current financial situation, setting future financial goals, and outlining a strategy to reach those goals. This process gives a clear direction to an individual's financial choices and helps them understand how every decision they make affects their overall financial well-being. For instance, purchasing a particular investment could help repay a loan faster or, on the contrary, delay retirement. By viewing each financial decision in the broader context, one can evaluate both short-term and long-term impacts on life objectives. Financial planning also offers the flexibility to adapt to life changes, ensuring that one's goals stay on track.

Simply put, financial planning is how an individual manages their money. It is an age-old practice — from the time people first began receiving income, they had to decide whether to spend it immediately or save it for future use. Even today, the same choice remains: to spend now or to save for later.

In India, however, financial planning is often misunderstood as merely investing in tax-saving instruments. This is largely due to the various tax benefits available under the Income Tax Act. As a result, many people invest without truly understanding the purpose or logic behind their investments. Moreover, many investors are influenced by the commissions or rebates offered by agents and advisors, believing they've made a smart choice simply because they received a higher rebate. Unfortunately, this often leads to compromising their financial future without realizing it.

### CHAPTER 2: COMPANY PROFILE

#### About Reliance Money

Reliance Money is a part of the Reliance Anil Dhirubhai Ambani Group and operates under Reliance Capital — one of India's fastest-growing private financial service companies. It ranks among the top three private sector firms in terms of net worth. The company was officially launched on **May 3, 2007**.

Reliance Money is designed as a comprehensive provider of financial services and solutions, enabling users to trade and invest in a secure, affordable, and convenient way. It functions as a **one-stop financial platform**, offering complete end-to-end services through online portals and mobile access.

With more than **10,000 retail outlets and 20,000 touchpoints** across **5,165 cities and towns**, Reliance Money serves the diverse financial needs of over **3 million customers**. The platform allows investments in various asset types including:

- Equity
- Commodity Derivatives
- Offshore Investments
- Mutual Funds
- IPOs
- Portfolio Management Services
- Wealth Management
- Insurance (Life and General)
- Gold coins

Additionally, users can avail of services like loans, credit cards, money transfers, and currency exchange.

#### Access and Transactions

Reliance Money allows both **online and offline** transactions through various modes: its official portal, call-and-transact services, physical kiosks, and a large affiliate network. Its mission is to revolutionize how Indians interact with the financial market and services.

#### Reliance Money's Affiliates

Reliance Money operates in partnership with various associated companies, each specializing in a unique area:

- **Reliance Securities Ltd.** – Offers equity brokerage services to individual, institutional, and corporate clients; registered with NSE and BSE; also a SEBI-approved portfolio manager.
- **Reliance Capital Ltd.** – Provides depository services; registered with both CDSL and NSDL.
- **Reliance Commodities Ltd.** – Handles commodity broking for retail and corporate customers; registered with MCX and NCDEX.
- **Reliance Money Express** – Offers foreign currency exchange and money transfer services.
- **Reliance Financial Ltd.** – A non-banking financial company (NBFC) registered with the Reserve Bank of India.

### ***Business Segments of Reliance Money***

Reliance Money's core services fall into three categories:

1. **Trading** – Involving equities, commodities, derivatives, and offshore investments.
2. **Distribution** – Includes mutual funds, insurance, IPOs, wealth management, corporate business, and private banking.
3. **OTC (Over-the-Counter) Services** – Such as currency exchange, money transfer, and sale of precious metals.

### ***Trading Platforms***

Reliance Money was the first in India to introduce a **flat-fee prepaid trading model** secured with a **unique security token**. It provides a unified platform to access markets like equity, commodity, derivatives, and offshore investments.

Their **Demat account** allows investments in IPOs, NFOs, and existing mutual funds at some of the lowest transaction costs in India. The company has built a **four-level access system**: web portal, call centers, franchises, and kiosks.

It offers a variety of trading tools to suit different user preferences and expertise levels. These include:

- Easy Trade
- Instant Trade
- Fast Trade
- Power Trade
- Commodities Mega Trade
- Mobile Trading

These platforms are tailored to provide users a smooth and flexible trading experience.

### ***Distribution Network***

Reliance Money partners with major financial product providers in India, offering a broad range of investment instruments. It has simplified the IPO process across the country through its widespread distribution network (both online and offline). Investors no longer need to worry about paperwork or queues — IPO applications can now be submitted quickly and easily through their online platform, **reliancemoney.com**.

## **CHAPTER 3: STUDY OF VARIOUS FACTORS**

When creating a financial plan, several important factors must be taken into account:

### **1. Time Horizon and Goals**

It is crucial to identify what goals a person wants to achieve and the timeline for accomplishing them. Goals can be short-term, such as those to be achieved within a year, or long-term, which extend over many years. For short-term goals, a conservative approach is preferred to avoid excessive risk. However, long-term goals allow more room for risk-taking since there is more time to recover from any losses.

### **2. Risk Tolerance**

Understanding one's ability to bear risk is essential. Some investments are riskier than others and may not be suitable for people with low risk tolerance or for goals that require a cautious approach. A person's risk appetite can change over time. For example, a young, single individual with no major financial responsibilities might take on more risk. But after marriage or having children, their financial responsibilities increase, and their risk tolerance may decrease accordingly.

### **3. Liquidity Needs**

It is also important to consider how quickly funds will be needed and how easily investments can be converted into cash. If you rely on selling an asset to meet a financial goal, it's necessary to ensure that asset is liquid. Typically, investments in money markets or stocks are easier to convert to cash, whereas real estate may take longer to sell and is less liquid.

### **4. Inflation**

Inflation is a persistent aspect of the Indian economy. For example, the price of a cold drink today is nearly twice what it was a decade ago. At an average annual inflation rate of 4%, an item priced at ₹20 today may cost ₹30 in ten years. Now imagine the rising costs of big purchases like cars or houses over the same period. Factoring in inflation is key to sound financial planning.

## CHAPTER 4: COMPANY PROFILE

### About Reliance Money

Reliance Money is a part of the Reliance Anil Dhirubhai Ambani Group and operates under Reliance Capital — one of the fastest-growing private financial services firms in India. As of its official launch on May 3, 2007, Reliance Capital ranked among the top three private financial institutions in the country based on net worth.

Reliance Money serves as a comprehensive financial services platform that empowers individuals to invest and trade in a secure, affordable, and convenient manner. It acts as a one-stop destination, offering a wide array of financial services through both online and mobile channels. With a vast network of over 10,000 outlets and 20,000 touchpoints spread across 5,165 cities and towns, it caters to more than 3 million customers.

Customers can invest across various asset classes including equities, commodities, offshore investments, mutual funds, IPOs, portfolio and wealth management services, life and general insurance products, and even gold coins. Additionally, services like loans, credit cards, money transfers, and currency exchange are also available.

### *Convenience at its Core*

Reliance Money enables transactions both online and offline via its website, phone-based services, physical transaction kiosks, and partner network. Its goal is to transform how financial services are accessed and how trading happens in India.

### *Affiliates of Reliance Money*

Reliance Money operates with the support of its sister concerns, which specialize in different financial services:

- **Reliance Securities Ltd.** – Offers equity broking services for retail, corporate, and institutional clients; registered with NSE and BSE.
- **Reliance Capital Ltd.** – Acts as a depository participant registered with both CDSL and NSDL.
- **Reliance Commodities Ltd.** – Handles commodity trading for individual and business clients; a member of MCX and NCDEX.
- **Reliance Money Express** – Provides money transfer and currency exchange services.
- **Reliance Financial Ltd.** – A registered NBFC offering general financial services.

### *Main Areas of Business*

Reliance Money's offerings are broadly categorized into three areas:

1. **Trading Services** – Includes equities, commodities, derivatives, and international investments.
2. **Distribution Services** – Covers mutual funds, insurance (life and general), IPOs, fixed deposits, portfolio and wealth management.
3. **OTC Services** – Encompasses money transfer, currency exchange, and sale of precious metals like gold.

### *Innovative Trading Platforms*

Reliance Money was the pioneer in India to introduce a flat-fee prepaid model for trading, secured with a unique token. Their platform integrates equity, commodity, derivative, and offshore trading in one place. Reliance Demat account users can also invest in IPOs, NFOs, and existing mutual funds.

They have implemented a four-tier transaction system—online portal, call center, franchises, and kiosks—across 10,000+ locations. Their trading platforms include Easy Trade, Instant Trade, Fast Trade, Power Trade, Commodities Mega Trade, and Mobile Trading, offering users options based on their experience and comfort level.

### *Distribution Network*

Reliance Money partners with leading financial institutions across India to deliver a wide range of products. Their robust distribution network supports IPOs across India both online and offline. Investors can apply for IPOs conveniently online without worrying about filling forms or submitting cheques—applications can be submitted in under a minute at [reliancemoney.com](http://reliancemoney.com).

## CHAPTER 5: OBJECTIVES AND HYPOTHESIS

### *Objectives of the Study*

- To analyze how individuals in Nagpur approach financial planning.
- To observe people's saving and investment habits.
- To explore the different investment avenues available to individuals.
- To promote awareness about the importance of financial planning.
- To study the various factors that influence investment decisions.

### *Hypothesis of the Study*

- **Null Hypothesis (H<sub>0</sub>):** There exists a relationship between the quality of financial planning and the financial outcomes experienced by individual investors.

### **CHAPTER 6: LITERATURE REVIEW**

- **Gaurav Kabra et al. (2010)** aimed to explore the factors that influence individual investment behavior, focusing on how these factors affect risk tolerance and decision-making between men and women. Using tools like hedging and regression analysis, they concluded that while investors today are more informed and mature, they still tend to invest according to their personal risk tolerance levels.
- **Geetha and Ramesh (2012)** found that demographic factors such as age, gender, education, occupation, income, savings, and family size significantly influence investment choices, duration, and information access. Their study revealed that these factors have a noticeable impact on investment behavior.
- **K. Malar Mathi et al. (2012)** examined individual investor behavior using past literature and journal articles. They observed that economic growth relies heavily on rural market development, which remains limited due to inadequate financial access. Many rural residents migrate to cities in search of jobs, leading to low investment activity in rural areas.
- **Jothilingam et al. (2013)** studied investors' preferences for various investment avenues. Based on both primary and secondary data, they suggested that women should be encouraged to invest in diverse options like mutual funds, stocks, and currencies instead of sticking only to gold. The study found that most investors preferred low-risk investments like bank deposits, mutual funds, and gold.
- **Shalini Sah et al. (2013)** investigated the personal beliefs and attitudes that shape individual investment decisions, focusing particularly on behavioral biases. Their detailed study revealed that investors are influenced by various cognitive biases, and understanding these can help interpret their decision-making process more accurately.
- **Sindhu K. P. (2014)** focused on how perceived risk impacts mutual fund investment decisions. Based on literature and expert interviews, the study highlighted key elements that shape how investors perceive risk, which in turn influences their investment choices.
- **Puneet Bhusan (2014)** evaluated the financial literacy of salaried individuals and how it affects their investment preferences. Using a structured questionnaire and OECD methods across Himachal Pradesh districts, the study concluded that individuals with lower financial literacy tended to favor traditional investment products.
- **Ashly Lynn Joseph and M. Prakash (2014)** explored investment preferences in Bangalore and the factors people consider when investing. Their research found that many investors lack sufficient financial knowledge, leading to confusion when selecting investment products. Most participants were unaware of equity and stock exchange investments and preferred safer options like fixed deposits and insurance. The study recommended awareness campaigns by the government and financial institutions to educate people on various investment options.
- **Devi and Chitra (2014)**, in their study on salaried individuals in Rasipuram Town, analyzed savings and investment behavior. Using statistical tools like the Chi-square and F-test, they found that although investing was once limited to the wealthy, it has become common among working individuals. The study emphasized the importance of saving habits for economic stability, driven by rising incomes, tax benefits, and broader investment opportunities.
- **Laxman Prasad et al. (2015)** focused on investors' attitudes toward different investment options, with special attention to Systematic Investment Plans (SIPs). They stressed the need for thorough research before investing or seeking expert advice from asset management companies to reduce risks.
- **Uddin A. (2016)** investigated what motivates people to invest in SIPs and the challenges they face. With 100 SIP investors in Gandhinagar as the sample, data was collected using questionnaires and analyzed using statistical tools. The study found that the appeal of high returns with minimal risk attracted investors to SIPs, but lack of knowledge and limited access to proper platforms remained significant hurdles.

### **CHAPTER 7: RESEARCH METHODOLOGY**

#### *Research Design*

This study focuses on identifying various investment options available to individuals and how they can achieve their short- and long-term financial goals through proper financial planning. It explores the patterns of how individuals distribute their savings across different asset classes and aims to gauge their awareness about investment choices and planning.

The data for this research was collected through personal interviews and questionnaires. The research was conducted over a period of 20 days through **cold calling**, which involves approaching individuals who were not expecting the interaction. Nariman Point in Mumbai was selected as the research location due to the high presence of working professionals, which helped gather more insightful data on financial behavior.

#### *Data Collection Methods*

Both **primary** and **secondary** sources were used for gathering information.

- **Primary Data:** Fresh data was gathered through face-to-face interviews. This method allowed the researcher to collect detailed and specific insights. The interviews were a mix of structured (predefined questions) and unstructured (open-ended discussions), depending on the availability and willingness of respondents. In cases of limited time, structured interviews were used.
- Another primary method involved **questionnaires**, which helped standardize responses across a wider audience. These included yes/no (dichotomous), multiple-choice, and a few open-ended questions. The questionnaire was kept short and focused to ensure a higher response

rate and easier analysis.

- **Secondary Data:** This consisted of information already published or available from reliable sources such as financial journals, online articles, reports from financial organizations and the Government of India, and insights from the research guide, who shared his professional experience.

### *Sample Design*

Sampling was based on socio-demographic factors like age and income. The total sample size was limited to 50 individuals due to time constraints. Respondents were selected randomly in the Nariman Point area. No pre-determined list was used.

The research focused on several key parameters:

- Awareness about financial planning
- Alignment between personal life goals and financial goals
- Distribution of investments across different asset categories
- Key influences on investment decisions

### *Limitations of the Study*

- **Limited Responses:** As the research was done through cold calling, many potential respondents were not easily accessible or available for in-depth conversations.
- **Reluctance to Share Financial Details:** Many individuals were uncomfortable discussing their financial status. In such cases, the researcher had to make extra efforts to convince them or settle for general discussions.
- **Time Constraints:** Due to the short duration of the study, the research had to be limited to a small sample size, which may not fully represent the larger population.
- **Disclosure of Organization Name:** At times, the researcher had to reveal the name of the institution to gain trust, which led some people to believe the interaction was a sales pitch, resulting in negative responses.