

“Change in Financial Assets w.r.t. Household Sector in India”

Bendre Anil, Research Student, IMSCD&R, IMS Campus, Station Road, Ahmednagar 414001

Kayumi Hatim, Associate Professor, IMSCD&R, IMS Campus, Station Road, Ahmednagar 414001

Abstract: Investment decisions taken by retail investors are dependent on numerous factors. There are number of alternatives available in the hands of household or retail investors for investing funds in financial instruments / securities in India. Present study is a descriptive research that aims to examine the movements and changes in various financial assets particularly with respect to individual / household sector in India. Research is largely based on secondary data which was collected from annual reports and publications of RBI as well as through internet. Research tried to study movement in selected financial assets of household sector such as bank deposits, non-bank deposits, life insurance fund, provident fund & pension fund and shares & debentures. Research made attempts to examine the change or movement in these financial assets over a period of more than two and half decades, i.e. from year 1990-91 to 2016-17.

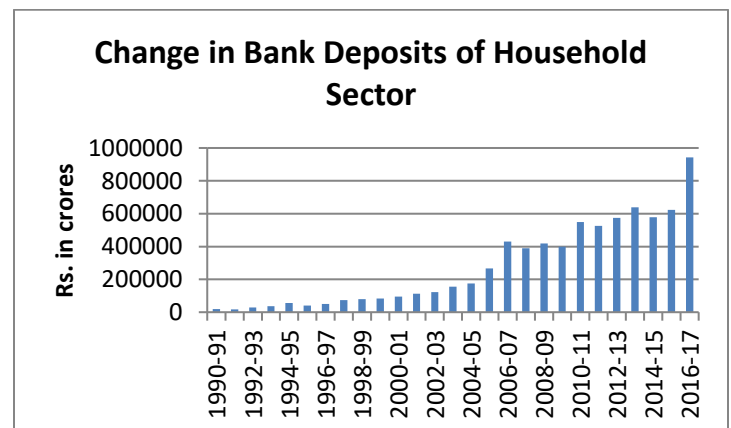
I) INTRODUCTION

Investment decisions taken by retail investors are dependent on numerous factors including their risk potential / risk taking ability, expected returns to be generated, understanding towards risks, liquidity / marketability of securities, perception towards safety of principal investments, anticipated time horizon, knowledge regarding investment options, etc. There are number of alternatives available in the hands of household or retail investors for investing funds in financial instruments /

securities in India. Some of these financial assets include currencies, bank deposits, non-bank deposits, life insurance funds, pension funds and provident funds, Government securities, shares and debentures, UTI units, trade debts, etc.

Present study is a descriptive research that aims to examine the movements and changes in various financial assets particularly with respect to individual / household sector in India. Research is largely based on secondary data which was collected from annual reports and publications of RBI as well as through internet. Research tried to study movement in selected financial assets of household sector such as bank deposits, non-bank deposits, life insurance fund, provident fund & pension fund and shares & debentures. Research made attempts to examine the change or movement in these financial assets over a period of more than two and half decades, i.e. from year 1990-91 to 2016-17.

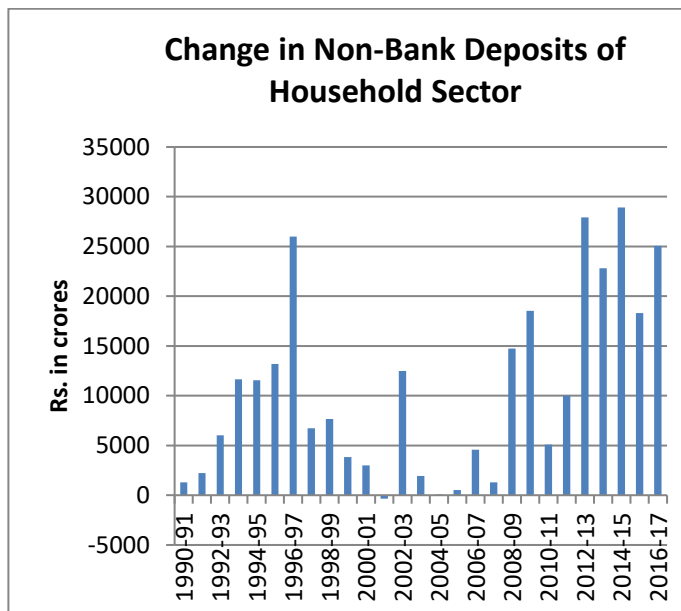
II) CHANGE IN BANK DEPOSITS OF HOUSEHOLD SECTOR



Source: Handbook on Statistics on Indian Economy, Reserve Bank of India (RBI)

Above data showed the change and movement in bank deposits of household sector from 1990-91 to 2016-17. Except few marginal falls, the bank deposits had increased largely over the period under study. However, this growth increased at an accelerated pace particularly since the year 2006-07. Further, year 2016-17 witnessed exceptional rise in the bank deposits of household sector.

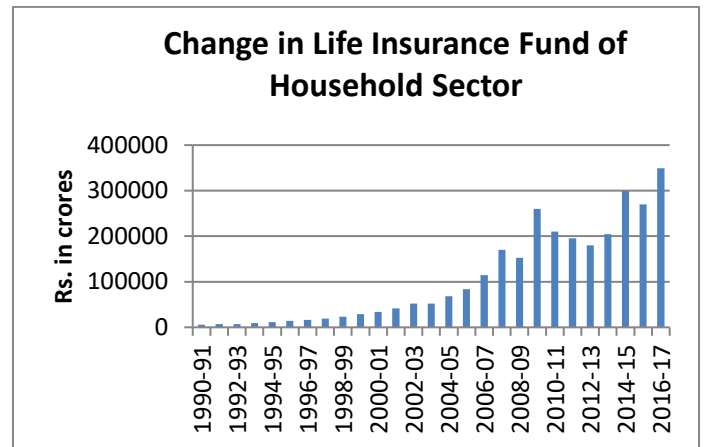
III) CHANGE IN NON-BANK DEPOSITS OF HOUSEHOLD SECTOR



Source: Handbook on Statistics on Indian Economy, Reserve Bank of India (RBI)

Above data showed the change and movement in non-bank deposits of household sector from 1990-91 to 2016-17. These non-bank deposits observed huge fluctuations and variation over the period under study. These non-bank deposits of household sector increased in the initial phase and rose significantly high in the year 1996-97. But later it kept on declining. During the year 2000-01, non-bank deposits turned negative. However, considering constant variations since year 2008-09, non-banks deposits has increased regularly.

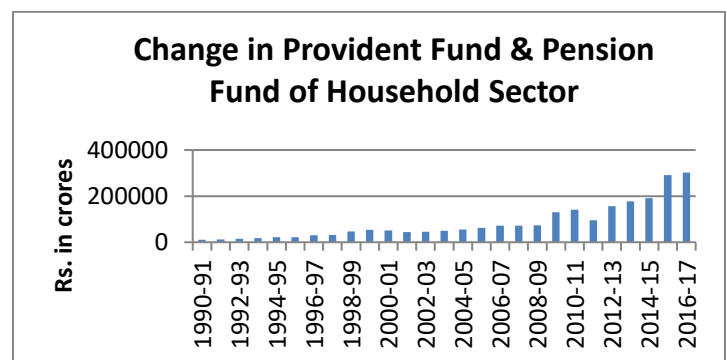
IV) CHANGE IN LIFE INSURANCE FUND OF HOUSEHOLD SECTOR



Source: Handbook on Statistics on Indian Economy, Reserve Bank of India (RBI)

Above data showed the change and movement in life insurance fund of household sector from 1990-91 to 2016-17. The life insurance fund has increased considerably at regular intervals over the period under study. Except a few falls since year 2008-09, this life insurance fund increased at an accelerated speed particularly after year 2006-07. During two years, i.e. year 2014-15 and year 2016-17 observed exceptional rise in the life insurance fund of the household sector.

V) CHANGE IN PROVIDENT FUND AND PENSION FUND OF HOUSEHOLD SECTOR



Source: Handbook on Statistics on Indian Economy, Reserve Bank of India (RBI)

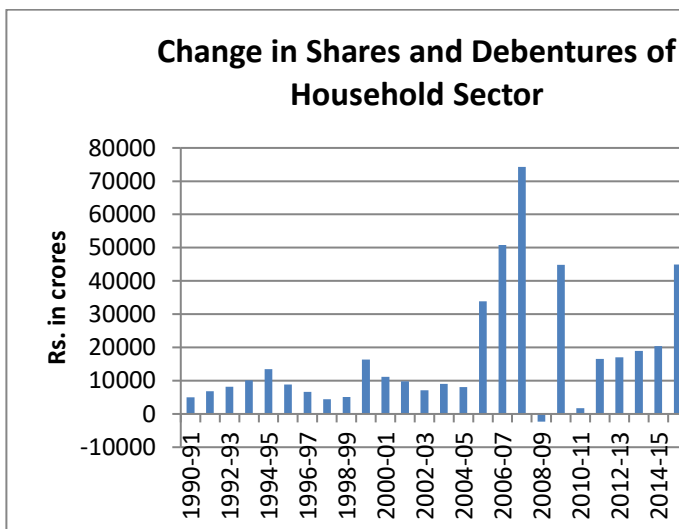
Above data showed the change and movement in provident fund and pension fund of household sector from 1990-91 to 2016-17. This provident fund and pension fund increased reasonably high at constant intervals over the period under study. Except few declines in between, this provident fund and pension fund had increased at a fast pace particularly after the year 2009-10. However, this provident fund and pension fund of household sector has shown tremendous growth during last years under study, i.e. year 2015-16 and year 2016-17.

debentures of household sector witnessed huge changes and fluctuations over the period under study.

REFERENCES

1. <https://onlinelibrary.wiley.com/journal/>
2. <https://shodhganga.inflibnet.ac.in/>
3. <https://www.indianjournals.com/>
4. <https://www.jstor.org/journal/jfinance>
5. <https://www.rbi.org.in/>
6. <https://www.researchgate.net/>
7. <https://www.springeropen.com/journals>
8. <https://www.ssrn.com/index.cfm/en/>

VI) CHANGE IN SHARES AND DEBENTURES OF HOUSEHOLD SECTOR



Source: *Handbook on Statistics on Indian Economy, Reserve Bank of India (RBI)*

Above data showed the change and movement in shares (stocks) and debentures (bonds) of household sector from 1990-91 to 2016-17. These shares and debentures underwent tremendous fluctuations and variations over the period under study. However, this change in shares and debentures observed massive growth and rise particularly in two years, i.e. 2006-07 and 2007-08. But later in year 2008-09, this shares and debentures turned negative and again rose in year 2009-10. Overall, the shares and