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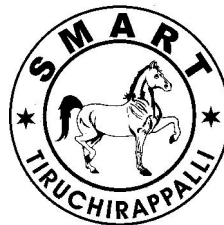
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A STUDY ON INVESTMENT PATTERN AND AWARENESS OF THE SALARIED CLASS INVESTORS IN NILGIRIS DISTRICT

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Abstract

Until the 90s, most of the middle class Indians were paying little attention to managing personal finance during their working span and only at the time of retirement, they would consult their well wishers or advisors about some deposit schemes with banks or post office or companies which would ensure them regular monthly or quarterly returns. A very small percentage of rich and daring or adventurous Indians would dabble in stock markets or UTI schemes. With the advent of new millennium, needs have multiplied and changed and so have the solutions. The importance of correct advice at the right time is being appreciated and average Indian is trying to remain abreast of the developments in finance markets so as to manage his "Personal Finance" efficiently.

1. Introduction

Investment means the purchase by an individual of a financial or real asset that produces returns proportionate to the risk assumed over some future investment period. For achieving this, he has to decide on how and where to deploy his savings so that his future requirements for money can be best met. An investor should always have three types of financial investments.

- i) Liquid Investments such as Savings Account.
- ii) Liquid Funds- regular income investments i.e. Fixed Deposits, Bonds, Debentures, etc.
- iii) Growth Investments like equity based mutual funds, residential house, gold, etc.

A proper balance among these three categories is needed so that the wealth grows to meet the various requirements. While selecting an investment option, care has to be taken that investment does not result in increase in taxable income.

2. Objectives of the study

The study is undertaken with the following objectives:

- a) To analyse the profile of the salaried class investors.

- b) To analyse the awareness level of salaried class investors towards the nature of investments held by investors.

3. Period and area of study

The data are collected for a period of 7 months i.e. from April, 2006 to October, 2006. The data collected, opinion and expectations revealed pertain to the same period. The study is based on the data collected from individual salaried class investors in "The Nilgiris" district, which consists of four towns (Ootacamund, Coonoor, Kotagiri and Gudalur).

4. Methodology

a) Sampling Design : The validity of any research is based on the systematic method of data collection and analysis of the data collected. The study is based on the data collected from individual investors in Nilgiris district called "NEELA MALAI" in the state of Tamilnadu . This district has only one public limited company (Hindustan Photo Films, Ootacamund), one private limited company (Needle Industries, Ketti) and a Defence factory (Cordite Factory, Aruvankadu). The investors were selected by convenience sampling method from the selected revenue blocks such as Ootacamund, Coonoor, Kotagiri and Gudalur of Nilgiris District.

b) Collection of Data : This study uses the primary data obtained from salaried class investors in Nilgiris district. Questionnaire was the main tool for collecting the data. The questionnaire was pretested to ensure clarity and prompt response from the respondents. Secondary data were collected from various text books, journals, magazines, RBI annual report, SEBI annual report, etc. The sample size was 600.

5. Profile and awareness of salaried class investors

The profile of sample investors has been discussed by taking into consideration their personal data. The term 'awareness' is used to describe the awareness of investors about the existence of numerous avenues of savings and investments. In this study, the level of awareness of salaried class investors is measured through the construction of Awareness Scale. Moreover, there is no fixed or ready-made method available to measure the awareness level. In order to quantify the awareness level, the researcher has identified 13 components as investment channels and awareness scale has been constructed by awarding scores to the 13 components. Each component has been given one score in order to give equal importance to each avenue of investment. The identified components and scores secured by them have been presented in Table-1. It is observed from Table-1 that all sample investors recognized bank deposits as a mode of savings and investment. It is followed by insurance products which were known to 80.7 percent of sample investors. Almost equal number of sample investors (80.5 percent) were aware of the Provident Fund and PPF investment. 63.2 percent of investors were familiar with Postal Savings & Deposits and so on. In order to know the different levels of awareness of respondents, awareness scores had been grouped into 3 categories, namely, investors with high, medium and low level of

awareness. For identifying these levels of awareness, the researcher has made use of mean and standard deviation techniques. The mean and standard deviation are calculated from the collected data. Therefore, the mean = 5 and standard deviation = 2.

Low level awareness = mean – standard deviation = $5-2 = 3$ and below

Medium level awareness = Scores between mean \pm standard deviation = 5 ± 2

High level awareness = mean + standard deviation = $5+2 = 7$ and above.

According to the system devised, investors who score 3 or below belong to low awareness category. Those who obtained scores between 4 and 7 belong to medium awareness category and scores of 7 and above with high awareness. The Table 3 exhibits the three categories of investors with regard to awareness. From the Table:3, it is ascertained that 60 percent of investors had medium awareness, 18.3 percent investors had high awareness level and 21.7 percent investors were under the low awareness category. Also, 78.3 percent sample investors had a moderate awareness (medium + high).

1) Sex and Awareness Level

The Table 2 shows that 76 percent of investors were male and the rest were female.

Null Hypothesis : There is no association between sex and level of awareness.

The calculated value of chi-square test is 9.639. The table value at degree of freedom 2 and at 5 percent level of significance is 5.99. The calculated value is more than the table value. Hence, the H_0 is rejected and it is concluded that there is association between sex and level of awareness.

2) Age and Awareness Level

From the Table-2, it is observed that 45 percent of sample investors are between the age group of 40-50 years, 25 percent of sample

investors are between the age group of 30-40, 18 percent of sample investors between 50-60 and 12 percent investors between 20-30 years.

Null Hypothesis : There is no relationship between age and level of awareness.

The calculated value of chi-square test is 8.323. The table value, with degree of freedom at 6 and at 5 percent level of significance, is 12.6. The calculated value is less than the table value. Hence, the Ho is accepted and it is concluded that there is no association between age and level of awareness.

3) Educational Qualification and Awareness Level

Table :2 reveals that 35 percent of sample investors have higher secondary level education, 25 percent of sample investors are at postgraduate level, 24 percent sample investors are at degree level, 10 percent sample investors are with professional education and remaining 6 percent of sample investors are at other levels.

Null Hypothesis : There is no relationship between educational qualification and level of awareness.

The calculated value of chi-square test is 57.287. The table value is 15.5 (at 5 percent level of significance and degree of freedom is 8). The calculated value is more than the table value. Hence, we reject the Ho and conclude that education of investors is strongly associated with the level of awareness.

4) Nature of Work and Awareness Level

From the Table- 2, among the sample investors, 32 percent are in teaching, 28 percent are clerical cadre employees, 24 percent are other categories employees, 8 percent are in managerial cadre and professional cadre. The standard deviation value of percentage to the total shows 10.12 which indicates significant variation between the sample sizes from each cadre.

Null Hypothesis : There is no relationship between the nature of work and awareness level.

The calculated value of chi-square test is 57.448. The table value at degree of freedom 8 and at 5 percent level of significance is 15.5. The calculated value is more than the table value. Hence, the Ho is rejected and it is concluded that there is strong relationship between nature of work and level of awareness.

5) Types of Employment and Awareness Level

Table-2 clearly states that government sector employees constitute the majority of sample (ie. 76 percent) and private employees form 24 percent of sample.

Null Hypothesis : There is no association between Government and Private Sector employees with regard to their awareness level.

The calculated value of chi-square test is 12.444. The table value at degree of freedom 2 and at 5 percent level of significance is 5.99. The calculated value is more than the table value. Hence, the Ho is rejected and it is concluded that there is relationship between type of employment and level of awareness.

6) Place of Residence and Awareness Level

Table : 2 shows that 56 percent of sample investors are from town areas and 44 percent of sample investors are from rural areas.

Null Hypothesis : There is no association between the place of residence and the level of awareness.

The calculated value of chi-square test is 10.248. The table value at degree of freedom 2 and at 5 percent level of significance is 5.99. The calculated value is more than the table value. Hence, the Ho is rejected and it is concluded that there is association between place of residence and level of awareness.

7) Status in the family and awareness Level

From Table -2, it is observed that 65 percent of the investors are heads of family and the

remaining 35 percent of investors are members of the investors' families.

Null Hypothesis : There is no relationship between the status in the family and the level of awareness.

The calculated value of chi-square test is 8.786. The table value at degree of freedom 2 and at 5 percent level of significance is 5.99. The calculated value is more than the table value. Hence, the H_0 is rejected and it is concluded that there is relationship between status in the family and level of awareness.

8) Number of Earning Members and Awareness Level

Table: 2. shows that 13. 57 percent have only one earning member. 32 percent families have two earning members, 7 percent families have three earning members and 4 percent families have a maximum of four earning members.

Null Hypothesis : There is no relationship between the number of earning members and the level of awareness.

The calculated value of chi-square test is 30.005. The table value at degree of freedom 6 and at 5 percent level of significance is 12.6. The calculated value is more than the table value. Hence, the H_0 is accepted and it is concluded that there is strong relationship between number of earning members and level of awareness.

9) Spouse Employment and Awareness Level

Table- 2 show that 72 percent of investors' spouses are unemployed and 28 percent of investors' spouses are employed.

Null Hypothesis : There is no relationship between spouse employment and the level of awareness.

The calculated value of chi-square test is 16.07. The table value at degree of freedom 2 and at 5 percent level of significance is 5.99.

The calculated value is more than the table value. Hence, the H_0 is rejected and it is concluded that there is relationship between spouse employment and level of awareness.

10) Monthly Income and Level of Awareness

Table 2 shows that 47 percentage of sample investors have income ranging from Rs.5,000 to Rs.10,000 per month, 26 percent of sample investors have income between Rs.10,000 – 15,000 per month, 12 percent of sample investors earn between Rs.0-5,000 per month, and 4 percent of sample investors earn the maximum of Rs.25,000 per month and above. The average income of sample investors is Rs.10, 175 per month.

Null Hypothesis : There is no association between level of awareness and income level of investors.

The calculated value of chi-square test is 165.785 . The table value at degree of freedom 10 and at 5 percent level of significance is 18.3. The calculated value is more than the table value. Hence, the H_0 is rejected and it is concluded that there is strong association between the monthly income and level of awareness.

11) Monthly Family Expenses and Level of Awareness

Table 2 states that 50 percent of sample investors are spending between Rs.4, 000-8,000 per month, 35 percent of sample investors spend between Rs.0-4,000 per month and 11 percent of sample investors spend between Rs.8, 000-12,000. Only 3 percent and 1 percent of sample investors have the highest expenses range of Rs.12, 000-16,000 per month and Rs.16,000-20,000 per month respectively. Further, the average expenses of sample investors is Rs.5,414 per month.

Null Hypothesis : There is no relationship between the monthly family expenses and the level of awareness.

The calculated value of chi-square test is 71.446 . The table value at degree of freedom 10 and at 5 percent level of significance is 18.3. The calculated value is more than the table value. Hence, the Ho is rejected and it is concluded that the investors experience strong association between monthly family expenses and the level of awareness.

12) Monthly Investments and level of Awareness

Table- 2 shows that 46 percent of sample investors are in the saving range of Rs.0-3,000 per month, 39 percent of sample investors are saving between Rs.3,000-6,000, 12 percent of sample investors save between Rs.6,000-9,000 per month and 2 percent and 1 percent of sample investors save Rs.9,000-12,000 per month and Rs.15,000 per month and above respectively. The average saving of sample investors is Rs.3695 per month.

Null Hypothesis : The level of awareness does not depend on the investment level of investors.

The calculated value of the chi-square test is 159.648. The table value at 5 percent level of significance and at 10 degree of freedom is 18.3. The calculated value is more than the table value. Hence, we reject the Ho. We conclude that the level of awareness strongly depended on the level of investment of investors.

7. Conclusion

An attempt has been made by the researcher to study the profile and awareness of salaried class investors. Among the identified 13 investment avenues, all the investors recognized Bank deposits and followed by Insurance products which were known to 81 percent of the sample investors. Almost, equal number of sample investors recognized Provident Fund and PPF investment. 63 percent of the investors were familiar with Postal Saving & Deposits. 42 percent of investors were aware of Gold & Jewellery investment and 38.2 percent of the sample investors had knowledge about investment in chit fund and so on. The monthly mean income, expenses and investment of sample investors are Rs.10, 175 , Rs.5,415 and Rs.3,695 respectively.

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Table : 1 Investment Components and Awareness Level

S.No.	Description of Components	No. of investors	Percentage	Rank
1.	Bank Deposits	600	100.0	1
2.	Provident Fund and PPF	483	80.5	3
3.	Insurance Products	484	80.7	2
4.	Postal Savings & Deposits	379	63.2	4
5.	NSS/NSC	72	12.0	10
6.	Pension Fund	126	21.0	9
7.	Shares, Debentures & Bonds	28	4.7	11
8.	House Property	179	29.8	7
9.	Gold & Jewellery	254	42.3	5
10.	Units in UTI	15	2.5	13
11.	Mutual funds	25	4.2	12
12.	Chit funds	229	38.2	6
13.	Agricultural land	156	26.0	8
	Total	3030	-	-

Table : 2
Data on Personal Factors of the Investments

Personal Factors		No. of Respondent	Percentage	Level of awareness		
				Low	Medium	High
Gender	Male	453	76	109	270	74
	Female	147	24	22	87	38
	Total	600	100	131	357	112
Age (years)	20-30	73	12	20	42	11
	30-40	153	25	30	96	27
	40-50	268	45	68	153	47
	50-60	106	18	16	64	26
Name of Residence-	Own	339	57	81	193	65
	Rental	261	43	50	170	41
Qualification:	Upto +2	210	35	59	134	17
	Degree	141	24	21	91	29
	Post-Graduate	149	25	28	81	40
	Professional	63	10	5	39	19
	Others	37	6	19	14	4
Nature of work –	Clerical	168	28	38	112	18
	Managerial	48	8	6	34	8
	Professional	47	8	8	24	15
	Teaching	193	32	24	116	53
	Others	144	24	56	72	16
Type of Employment-	Govt.	454	76	84	281	89
	Private	146	24	47	78	21
Place of Residence-	Village	264	44	73	152	39
	Town	336	56	59	207	70
Status in family	- Head	389	65	92	239	58
	Member	211	35	38	122	51
No. of Earning Members –	1	341	57	80	212	49
	2	192	32	28	111	53
	3	43	7	13	23	7
	4	24	4	12	9	3
Spouse Employment	-Yes	170	28	20	107	43
	No	430	72	106	257	67
Monthly Income	Rs.0-5000	71	12	44	27	1
	5000-10000	281	47	69	189	23
	10000-15000	161	26	15	97	49
	15000-20000	52	9	3	31	18
	20000-25000	13	2	-	5	8
25000 & above	22	4	-	10	12	
Monthly Expenses Rs.	0-4000	208	35	68	127	13
	4000-8000	301	50	57	184	60
	8000-12000	69	11	6	35	28
	12000-16000	17	3	-	8	9
	16000-20000	3	1	-	2	1
20000 & above	2	-	-	1	1	
Monthly Investment	0-3000	276	46	105	158	13
	3000-6000	234	39	24	160	50
	6000-9000	75	12	2	38	35
	9000-12000	10	2	2	-	8
	12000-15000	-	-	-	-	-
15000 & above	5	1	-	2	3	
No. of Dependent	1-2	213	36	39	135	39
	3-4	312	52	78	182	52
	5-6	75	12	14	41	20

Table: 3- Level of Awareness of Investors

S.No.	Level of awareness	No. of investors	Percent
1.	Low	130	21.7
2.	Medium	360	60.0
3.	High	110	18.3
	Total	600	100.0