

SMART

JOURNAL OF BUSINESS MANAGEMENT STUDIES

(An International Serial of Scientific Management and Advanced Research Trust)

Vol.4

No. 1

January - June 2008

ISSN 0973 - 1598

Chief Editor

Dr. M. SELVAM, M.Com., Ph.D.,
Bharathidasan University,
India



SCIENTIFIC MANAGEMENT AND ADVANCED RESEARCH TRUST
(SMART)

TIRUCHIRAPPALLI (INDIA)

<http://www.geocities.com/smartbard>

A STUDY ON INVESTMENT BEHAVIOUR OF SALARIED PERSONS IN COIMBATORE CITY

N. Yesodha Devi

Principal,PSGR Krishnammal College For Women,Coimbatore, India.

V.S.Kanchana

Head of the Department,PSGR Krishnammal College For Women,Coimbatore, India.

S.Sujatha

M.Phil Scholar,Department of Commerce, PSGR Krishnammal College For Women, Coimbatore, India.

Abstract

The present study seeks to examine the attitude of 200 salaried respondents, about their savings and investment pattern. The respondents were selected by probability sampling technique in Coimbatore city of Tamil Nadu. The relevant data on the factors influencing the investors to invest in various investment opportunity, awareness of investment schemes through various media, to analyze the reason for preference of particular investment scheme, to know the role of government in protecting the interest of the investors were collected with the help of structured questionnaires. Majority of respondents have given top rank for bank deposits with the factor of first preference being safety. The Chi-Square analysis shows that personal factors like marital status and occupation had significant influence on the factor of first preference considered while investing. There is significant influence between the type of investments and the reason for investing in these investments. The Weighted Average Ranking Analysis shows that the respondents have given top rank for Bank deposits.

Introduction

Quantum of investment made in different sections is the most important determinant of the growth of an economy. Both the private and public sector investment needs are largely satisfied by the flow of funds from the general public. India, being a developing country, requires capital formation through savings and investments. This objective can be achieved when individual savings and investments have been properly planned, promoted and channeled.

When an individual is saving some money and investing it in the shares of a particular company, he is directly participating in economic development by providing the risk capital. On the other hand, while he is paying his life insurance premium, he is indirectly participating in capital formation because with this money, the LIC is supporting developmental activities.

In a money economy, current money income represents the remuneration of productive services committed to the production of goods and services. The recipients of income spend the major part of it on current consumption and save the rest on a future claim on the society. These claims are lent out to entrepreneurs who commit their resources to the productive capacity of the economy.

There are different motives of investments for the salaried income group. Every salaried person wants to save a portion of his current income to meet the future needs such as building a house, marriage of children, contingencies etc., and the root cause of saving for salaried people is to spend one's future life in comfort. Investing is an activity that fascinated people from all walks of life regardless of the occupation status, education and family background. Money and information are the basis and major factor

affecting investment decision. Through savings and investment, this objective can be achieved when individual savings and investments have been properly planned, promoted and channeled.

Statement of the Problem

Salaried income group is blessed with different investment channels to invest their surplus funds. Flooding of Indian commodity market with modern consumer durables has attracted the salaried people towards it. This has largely affected the saving habits of the salaried classes as well as quantum of savings, which in turn has affected the investment decision.

The investor should be very careful in selecting the investment avenue. He should exercise his skill, knowledge, and experience in choosing the investment opportunity. In this context, the present study becomes highly essential.

Objectives of the Study

1. To identify the factors influencing the investors to invest in certain investment opportunities.
2. To study the awareness of investment schemes through various media.
3. To find out the investment schemes preferred by investors and the reasons for preference to particular investment scheme.
4. To know the opinion of investors in relation to the role of the government in protecting the interest of investors.

METHODOLOGY

Sources of Data

For the purpose of this study, primary data was collected through questionnaires.

Sampling

The type of sample considered in this study was probability sample. 200 salaried persons in the Coimbatore city were drawn at random from the population.

Area of the Study

The area of the study was restricted to Coimbatore city where all classes of people like lower class, middle class and upper class are living..

Tools for Analysis

- Percentage Analysis
- Chi- Square Analysis
- Weighted Average Rank Analysis

Results and Discussion

The findings of the study are presented in the following paragraphs.

Percentage Analysis

Table-1 shows the general profile of respondents. Out of the 200 respondents taken for the study, 40 per cent of them belonged to the group of 41-50 years, 84 percent of them were males and 92 percent of them were married. As regards educational qualification, 75 percent were college level and 48 per cent were employed in private sector.74 percent of their spouses were not employed. 49.5 per cent of the respondents reported two children in their family, 57.5 percent of respondents reported one earning person in their family, 45 percent of the respondents recorded a monthly income of Rs.10000-20000, and 63 percent of the respondents were income tax assesseees.

Table-2 shows the investments of respondents in various sources. Out of the total respondents taken for the study, 36.5 per cent

of them invested in equity shares, 49 per cent invested in savings account, while 5 per cent of the respondents invested in Units, 14 per cent have invested in Mutual Funds, 28 per cent of the respondents invested in Post Office Recurring Deposit, 83 per cent invested in LIC, 17 per cent of them invested in Chits and Private Financial Institutions, 66 per cent invested in Gold and Silver, 51 per cent invested in Land and Real Estates, 2 per cent invested in Antiques. Majority of the respondents have invested in LIC, followed by Savings Bank Accounts and Gold / Silver.

Table-3 shows the various sources through which the respondents were aware of the investment information. Out of the total respondents taken for the study, 43 % of the respondents were aware of the investment information through friends and relatives, 20 % of them were aware of it through advertisements, while 16 % of the respondents were aware through the source of agents. Majority of the respondents were aware of the investment information through friends and relatives.

Table-4 shows the factor of first preference in investing in various investments. 70 % of the respondents preferred safety as the first factor to be considered, 20 % of the respondents preferred rate of returns, 8 % of respondents preferred tax concession to be availed as the prime factor and 2 % of the respondents voted for marketability. Majority of respondents considered safety as the first and important factor to be considered while investing.

Table-5 shows the opinion of respondents regarding government's role in protecting the interest of the investors. Out of the total respondents taken for the study, 47.5% opined that the government's role was good. 43.5% of

the respondents reported that the government's role was satisfactory while 1 % of them asserted that the government's role was bad. Majority of respondents maintained that the government's role in protecting the interests of investors was good.

Chi Square Analysis

1. Personal Factor and Source of Investment Information

Hypothesis: The personal factors of respondents have no significant influence on the source of information.

Table-6 clearly indicates that the hypothesis is rejected (significant) in four cases and in four cases the hypothesis is accepted. Hence it is understood that the sex, marital status, occupation and number of earning persons in the respondents' family have no significant association with the source of information. Factors like Age, Education, Number of Children and Level of Income have significant influence on the source of information about the investment.

2. Personal Factor and Factor of First Preference

Hypothesis: The personal factors of respondents have no significant influence on the factor of first preference considered while investing.

Table-7 shows that the hypothesis is accepted (not significant) in six cases and only in two cases the hypothesis is rejected. Hence it is clear that marital status and occupation of respondents have significant association over the factor of first preference in investing. Other personal factors have no significant association over the factor of first preference considered while making the investment.

3. Personal Factor and Opinion on Government's Role

Hypothesis: The personal factors of respondents have no significant influence on the opinion about the role of government in protecting the interest of the investors.

Table-8 clearly indicates that the hypothesis is rejected (significant) in two cases and in six cases the hypothesis is accepted. Hence it is clear that the number of children and number of earning persons in the respondents' family have significant relationship on the opinion about the government's role in protecting the interests of investors. Other, personal factors have no significant association, with the opinion on the role of government.

4. Investments and Reasons for investing

Hypothesis: There is no significant influence between the type of investments and the reason for investing in these investments.

Table-9 reveals that the hypothesis is rejected (significant) in all the four cases. Hence it is understood that all the above factors have significant influence over the reason for investing in these investments.

Weighted Average Ranking Analysis

1. Investments and Rate of Returns

It is implied from the **Table-10** that the respondents, who have given rate of returns to be the factor of first preference while investing, have given the top rank for Bank Deposits, Rank 2 for Shares, Rank 3 for Gold / Silver, Rank 4 for Life insurance, Rank 5 for Land and so on.

2. Investments and Safety

It is implied from the **Table-11** that the respondents, who have given safety as the factor of first preference, have given the top rank for Bank Deposits, Rank 2 for Life

insurance, Rank 3 for Post Office Savings Scheme, Rank 4 for Gold, Rank 5 for Land and so on.

3. Investments and Tax Concession

It is implied from the **Table-12** that the respondents, who consider tax concession to be the factor of first preference, have given the top rank for Bank Deposits, Rank 2 for Life insurance, Rank 3 for Post Office Scheme, Rank 4 for Shares, Rank 5 for Gold/silver and so on.

4. Investments and Marketability

It is implied from the **Table-13** that the respondents, who have given marketability as the factor of first preference, have given the top rank for Bank Deposits, Rank 2 for Gold, Rank 3 for Land, Rank 4 for Post Office Schemes, Rank 5 for units and mutual funds and so on.

Ranking of Investments according to Personal Factors of the Respondents

It is understood from the **Table-14** that the respondents under all age groups have given the top rank for Bank Deposits and second Rank for Life Insurance. The respondents who are at the school level and college level have given the top rank to Bank deposits and Rank 2 to LIC whereas the respondents who are having no formal education and respondents under the category of others have ranked first LIC and second Bank Deposits. The respondents have given the top rank for Bank Deposits irrespective of their occupation – public or private. The respondents have given the top rank for Bank Deposits, second Rank for LIC irrespective of the number of earning persons in the family. The respondents who have monthly income upto Rs. 30,000 have given Rank 1 to Bank Deposits, Rank 2 to LIC and the respondents having monthly income more than Rs. 30,000 have given

top rank to Real Estate and the second Rank to Bank Deposits.

Ranking of Factors Considered while investing according to Personal Factors of the Respondents

It is understood from **Table-15** that respondents have given the top rank for Safety, second Rank for Good Returns and 8th Rank for Marketability irrespective of their age. The respondents irrespective of their educational status have given the top rank to Safety and Rank 2 is given to Good Returns. The respondents have given the top rank for Safety irrespective of their occupation – public or private. The respondents have given the top rank for Safety, second Rank for Good Returns irrespective of the number of earning persons in the family. It is clear from the table that the respondents have given Rank 1 to Safety, Rank 2 to Good Returns irrespective of the income level.

Conclusion

While saving and investing for life's many financial goals, each of us chooses the investment avenues to suit our specific needs and based on our projections of what returns they offer and our perceptions of how risky they are. The study reveals that the response of the salaried income group towards various savings schemes and investments is poor. Their intention is tax saving and for this, their preferences are provident fund and life insurance policies. Steps should be taken to create awareness among the

investors about other savings schemes and investment avenues.

The advertisements for various investment schemes are not adequate, as majority of the respondents are aware of the various schemes only through friends and relatives. Therefore, it is recommended to various financial institutions to adopt a broad advertising strategy in order to enable the investors to know the details of the various investment schemes. Majority of the respondents have not preferred to invest their savings in UTI and Mutual funds which are the latest investment schemes and hence the government should take appropriate steps to persuade the investors to invest in the above schemes.

The public or private institutions offer their own schemes. Depending upon the need, purpose and circumstances, investors prefer investment schemes. It cannot be denied that there is a growing trend of investing their savings in various schemes unlike in the past people used to keep their money idle. Thus, the researcher was able to conclude that there are greater opportunities for investing and investors have to plan their investments to suit their own taste and need so that they can have a balance between risk and returns.

References

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Table - 1
General Profile of the Respondents

Factors	Classification	Number of respondents	Percentage
Age group	21 to 30 years	48	24
	31 – 40 years	32	16
	41 – 50 years	80	40
	Above 50 years	40	20
Sex	Male	168	84
	Female	32	16
Marital status	Married	184	92
	Unmarried	16	8
Educational Qualification	No formal education	2	1
	School level	38	19
	College level	150	75
	Others	10	5
Occupation	Private sector	96	48
	Public sector	66	33
	Professionals	28	14
	Others	10	5
Employment of spouse	Employed	52	26
	Not Employed	148	74
No. of Earning Persons	1	115	57.5
	2	76	38
	Above 2	9	4.5
Income level	< Rs 10000	60	30
	Rs.10000 – Rs.20000	90	45
	Rs.20000 – Rs.30000	28	14
	Above Rs.30000	22	11
Number of children	0	35	17.5
	1	55	27.5
	2	99	49.5
	3 and above	11	5.5
Income tax assesses	Yes	126	63
	No	74	37

Table - 2
Investment in Various Sources

Sources	Classification	Number of respondents	Percentage
Shares and Debentures	Equity Shares	73	36.5
	Preference Shares	15	7.5
	Debentures	15	7.5
Bank Deposits	Fixed Deposits	131	40
	Recurring Deposits	38	11
	Savings	162	49
Units		10	5
Mutual Funds		28	14
Post Office Schemes	KVP	29	20
	NSS	25	17
	NSC	18	12
	PPF	34	23
	RD	42	28
Insurance	LIC	179	83
	Private Insurance	37	17
Chits		34	17
Gold and Silver		133	66
Land and Real Estates		102	51

Table - 3
Awareness of Investment Information

Source	No. of respondents	Percentage
a) Friends and Relatives	132	43
b) Advertisement	63	20
c) Financial Newspapers	30	10
d) Periodicals	13	4
f) Investment Publication	21	7
g) Agents	52	16
Total	310	100

Table - 4
Factor of first Preference in Investing

Factor	No. of respondents	Percentage
a) Rate of Returns	40	20
b) Safety	140	70
c) Tax Concession	16	8
d) Marketability	4	2
Total	200	100

Table - 5
Opinion regarding Govt.'s Role in Protecting the Interest of the Investors

Opinion	No. of respondents	Percentage
a) Excellent	16	8.0
b) Good	95	47.5
c) Satisfactory	87	43.5
d) Bad	2	1.0
Total	200	100.0

Table - 6
Personal Factors and Source of Information while Investing

S.No	Factors	Chi-Square Value	Chi-Square table value	Significant / not significant
1	Age	28.08	24.99	Significant
2	Sex	8.92	11.07	Not Significant
3	Marital status	5.04	11.07	Not Significant
4	Education	102.40	24.99	Significant
5	Occupation	21.69	24.99	Not significant
6	No. of children	66.26	24.99	Significant
7	No. of earning person	8.99	18.31	Not Significant
8	Income level	25.83	24.99	Significant

Table - 7
Personal Factors and Factor of First Preference while Investing

S.No	Factors	Chi-Square Value	Chi-Square table value	Significant / not significant
1	Age	14.49	16.92	Not Significant
2	Sex	2.69	7.81	Not Significant
3	Marital status	10.05	7.81	Significant
4	Education	7.82	16.92	Not Significant
5	Occupation	18.37	16.92	Significant
6	No. of children	15.86	16.92	Not Significant
7	No. of earning person	11.02	12.59	Not Significant
8	Income level	9.77	16.92	Not Significant

Table - 8
Personal Factors and Government Role in Protecting the Investors

S.No	Factors	Chi-Square Value	Chi-Square table value	Significant / not significant
1	Age	6.02	16.92	Not Significant
2	Sex	5.41	7.81	Not Significant
3	Marital status	4.94	7.81	Not Significant
4	Education	6.09	16.92	Not Significant
5	Occupation	5.85	16.92	Not Significant
6	No. of children	18.88	16.92	Significant
7	No. of earning Person	53.42	12.59	Significant
8	Income level	11.70	16.92	Not Significant

Table - 9
The Types of Investments and Various Reasons for Investing

S.No	Factors	Chi-Square Value	Chi-Square table value	Significant / Not significant
1	Shares and Debentures	59.43	16.92	Significant
2	Banks	121.02	7.81	Significant
3	Post office scheme	152.46	7.81	Significant
4	Life Insurance	65.37	16.92	Significant

Table - 10
Ranking of Investments according to the factor Rate of Returns

Reasons	Shares	Bank Deposits	Units	Mutual funds	Post Office Schemes	LIC	Chits	Gold	Land	Antiques
Average Rank	4.15	2.77	7.20	5.13	5.33	4.44	7.85	4.21	4.90	9.08
Final Rank	2	1	8	6	7	4	9	3	5	10

Table No - 11
Ranking of Investments according to the factor safety

Reasons	Shares	Bank Deposits	Units	Mutual funds	Post Office Schemes	LIC	Chits	Gold	Land	Antiques
Average Rank	4.15	2.77	7.20	5.13	5.33	4.44	7.85	4.21	4.90	9.08
Final Rank	2	1	8	6	7	4	9	3	5	10

Table - 12
Ranking of Investments according to the factor tax concession

Reasons	Shares	Bank Deposits	Units	Mutual funds	Post Office Schemes	LIC	Chits	Gold	Land	Antiques
Average Rank	4.59	2.76	7.29	5.82	4.53	3.82	5.88	5.00	5.41	9.88
Final Rank	4	1	9	7	3	2	8	5	6	10

Table - 13
Ranking of Investments according to the factor marketability

Reasons	Shares	Bank Deposits	Units	Mutual funds	Post Office Schemes	LIC	Chits	Gold	Land	Antiques
Average Rank	6.25	2.50	5.50	5.50	5.00	5.25	9.00	3.00	3.75	9.5
Final Rank	8	1	5	5	4	7	9	2	3	10

Table - 14

Ranking of Investments according to Personal Factors of the Respondents

Personal Factors	Classification	No. of respondents	Rank	Shares	Bank deposits	Units	Mutual funds	Post office schemes	Life insurance	Chits	Gold/silver	Real estate	Antiques
Age Group	21-30yrs	47	AR FR	5.55 6	1.83 1	7.19 9	6.30 7	4.51 4	3.62 2	7.15 8	4.13 3	5.02 5	9.70 10
	31-40yrs	33	AR FR	5.73 6	2.27 1	6.94 8	6.00 7	4.00 3	3.24 2	7.27 9	5.27 5	5.06 4	9.21 10
	41-50yrs	80	AR FR	5.15 6	2.50 1	7.23 8	5.89 7	4.46 3	3.73 2	7.28 9	4.73 4	4.75 5	9.30 10
Educational Status	Above 50	40	AR FR	4.90 6	3.43 1	7.38 8	5.70 7	4.85 5	3.55 2	7.65 9	4.25 3	4.55 4	8.75 10
	No education	1	AR FR	7.00 7	2.00 2	6.00 6	5.00 5	8.00 8	1.00 1	10.00 10	3.00 3	4.00 4	9.00 9
	School level	39	AR FR	5.36 6	2.31 1	7.36 8	5.79 7	4.26 4	3.64 2	7.74 9	4.21 3	5.00 5	9.33 10
Occupation	College level	151	AR FR	5.23 6	2.44 1	7.15 8	6.06 7	4.45 3	3.62 2	7.32 9	4.60 4	4.85 5	9.28 10
	Others	9	AR FR	5.78 8	4.11 2	7.56 9	5.22 5	5.44 7	3.11 1	5.33 6	4.22 3	4.56 4	9.67 10
	Pvt. sector	95	AR FR	5.75 6	2.32 1	7.32 8	6.24 7	4.36 3	3.25 2	7.44 9	4.40 4	4.65 5	9.27 10
No. of earning person	Pub. sector	66	AR FR	5.29 7	2.68 1	6.98 8	5.20 6	4.15 3	3.67 2	7.77 9	4.82 4	4.98 5	9.45 10
	Professionals	29	AR FR	4.03 2	2.24 1	7.34 9	6.90 8	4.97 5	4.10 3	6.14 7	4.59 4	5.17 6	9.52 10
	others	10	AR FR	4.60 3	3.60 1	7.10 9	5.70 6	6.30 7	4.70 4	6.60 8	4.80 5	4.30 2	7.30 10
Income Level	1	115	AR FR	5.26 6	2.27 1	7.25 8	6.11 7	4.51 4	3.67 2	7.37 9	4.38 3	4.83 5	9.35 10
	2	76	AR FR	5.29 6	2.97 1	7.22 9	5.80 7	4.46 3	3.43 2	7.11 8	4.71 4	4.87 5	9.13 10
	> 2	9	AR FR	5.56 6	1.22 1	6.33 7	5.44 5	4.11 3	3.78 2	8.56 9	4.22 4	6.33 7	9.44 10
Income Level	<10,000	60	AR FR	5.25 5	2.08 1	7.12 8	6.10 7	4.27 4	3.40 2	8.00 9	4.18 3	5.28 6	9.32 10
	10,001-20,000	91	AR FR	5.58 6	2.37 1	7.24 9	6.00 7	4.30 3	3.75 2	7.10 8	4.55 4	4.84 5	9.27 10
	20,001-30,000	27	AR FR	5.11 5	2.89 1	7.07 8	5.74 7	3.70 3	3.41 2	7.19 9	5.04 4	5.15 6	9.70 10
> 30,000	22	AR FR	4.41 4	3.59 2	7.41 9	5.73 6	6.73 8	3.64 3	6.64 7	4.50 5	3.45 1	8.91 10	

AR – Average Rank

FR – Final Rank

Table- 15
Ranking of Factors Considered while investing according to the Personal Factors of the Respondents

Personal Factors	Classification	No. of respondents	Rank	Safety	Apprtn . in value	Good returns	Marketa-bility	Tax planning	Minimum risk	Conveni-ence	Secured future
Age Group	21-30yrs	47	AR 2.49 FR 1	3	4.15	2.79	6.43	5.13	5.02	5.79	4.21
	31-40yrs	33	AR 2.24 FR 1	5	4.15	3.76	6.85	4.12	5.55	5.52	3.82
	41-50yrs	80	AR 2.03 FR 1	3	4.26	2.99	5.74	5.33	5.29	5.61	4.76
	Above 50	40	AR 2.20 FR 1	3	4.25	3.43	5.55	5.20	5.03	5.80	4.55
	No education	1	AR 1.00 FR 1	4	4.00	2.00	3.00	5.00	6.00	8.00	7.00
	School level	39	AR 1.85 FR 1	4	4.36	3.36	5.92	5.77	4.95	5.74	4.05
Educational Status	College level	151	AR 2.32 FR 1	3	4.18	3.05	6.09	4.88	5.39	5.59	4.50
	Others	9	AR 2.00 FR 1	5	4.22	4.11	6.22	4.00	4.11	6.56	4.78
	Pvt. sector	95	AR 2.14 FR 1	3	4.12	3.08	6.33	5.23	5.02	5.63	4.45
	Pub. sector	66	AR 1.94 FR 1	4	4.08	3.39	6.27	5.20	5.47	5.62	4.03
	Professionals	29	AR 2.79 FR 1	4	4.97	2.97	5.07	4.03	4.97	6.10	5.10
	others	10	AR 3.30 FR 2	3	3.90	2.80	4.70	4.90	6.10	5.20	5.10
No. of earning person	1	115	AR 2.32 FR 1	4	4.25	3.10	5.90	5.24	5.29	5.64	4.24
	2	76	AR 2.14 FR 1	3	4.11	3.18	6.21	4.63	5.12	5.87	4.74
	> 2	9	AR 1.22 FR 1	5	4.67	3.56	6.44	6.11	5.11	4.44	4.44
	<.10,000	60	AR 2.02 FR 1	3	3.97	3.12	5.92	5.83	5.03	5.52	4.60
	10,001-20,000	91	AR 2.54 FR 1	4	4.22	2.96	6.20	4.86	5.47	5.88	3.88
	20,001-30,000	27	AR 1.89 FR 1	4	4.63	3.52	5.70	4.33	5.22	5.48	5.22
Income Level	> 30,000	22	AR 1.73 FR 1	3	4.36	3.64	6.18	4.68	4.64	5.50	5.27
			FR 1	3	2	2	8	5	4	7	6

AR – Average Rank
FR – Final Rank