



A STUDY ON INVESTMENT PATTERN OF SALARIED PEOPLE WITH REFERENCE TO COIMBATORE CITY

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Abstract

Investment pattern of salaried employee are quite different, the character of employment and income level plays an essential role, but one factor is common for all its regular basis of income may result in eventual investment or monthly saving habit rather than payment saving. This research focused only on salaried persons. Investors are unaware of various investment avenues; meanwhile non-investors are unaware of importance and benefits of investments. This study is that specialize in the pattern, preference, purpose, problem and awareness of Investments by salaried class people and it'll be helpful to spot the higher investment options within the market. 150 respondents constituted sample covering Coimbatore city. Percentage analysis, Chi-Square test and rank analysis are used for research purpose. It can be concluded that salaried employees are conscious of various investments and satisfied with their investments.

Keywords: Investment Avenues, Investment Portfolio, Salaried employees, Awareness.

INTRODUCTION

Investment pattern of salaried employee are quite different, the character of employment and income level plays an essential role, but one factor is common for all its regular basis of income may result in eventual investment or monthly saving habit rather than payment saving. This research focused only on salaried persons. The saving and investment pattern of the salaried employees is different from each other thanks to opinion on safety, return on investments, regular income, tax savings benefits, retirement benefits.

Mr. Warren Buffett, one among world's successful investor, has said: - "Don't save what's left after spending; spend what's left after saving."

The salaried class incorporates a fixed source of income and supplemented by additional income from other sources. The salaried class investors with assured monthly income might be regular savers. Various studies at micro level confirm the role of salaried class investors in providing the financial resources to the economic sector. But the amount of savings will be still being augmented from salaried class if the economic system is formed more attractive to them. Keeping in sight of the potential savings of salaried class investors, this study is prompted to grasp the behavior of salaried class investors.

Statement of the Problem

- The problem stated within the study is compared to other countries, India has very low rate of investors.
- Investors are unaware of various investment avenues; meanwhile non-investors are unaware of importance and benefits of investments.
- Savings alone won't make financial growth faster. Financial planning is must for each household. Financial planning goes beyond savings. it's an investment with a purpose. it's a thought to save lots of and spend future income and will be carefully budgeted.

Objectives of the Study

- To identify the popular investment avenue and also the level of satisfaction of investors in their investment.
- To know the aim of investments and motivating factors which influence investment decisions.
- To know the factors that influence investment behavior of the salaried people.
- To identify the issues faced by the investors towards investment pattern.
- To analyze the awareness level regarding different investment avenues of salaried people and sources of awareness towards investment avenues.

Scope of the Study

- This study is that specialize in the pattern, preference, purpose, problem and awareness of Investments by salaried class people and it'll be helpful to spot the higher investment options within the market.
- The researcher would gain more practical knowledge within the field of wealth management service. The results of this research would help the people involved within the wealth management process in advising their salaried class investors regarding investments that are best suited in keeping with their demographics and personality type.

Research Methodology

Research methodology is that the precise process or strategies accustomed identify, pick, technique, and examine statistics a couple of topics. in an exceedingly studies paper, the methodology section allows the reader to critically evaluate a take a glance acts overall validity and reliability. The area of the study is Coimbatore city. Data was collected using both primary and secondary data collection methods. In this research the first data that's been utilized in questionnaire. Structure questionnaire has been framed to gather the info from the respondent. This maybe accustomed collect the mandatory data and records by different website, magazines, annual report, journal, book of facts and newspapers. Convenience sampling technique has been adopted to pick out sample respondents for the study. 150 respondents constituted sample covering Coimbatore.

Statistical tools used in this research. They are,

- Percentage Analysis
- Chi square Test
- Rank Analysis

Limitations of the Study

- The primary data has been collected a structured questionnaire to a sample of investors in Coimbatore city, which cannot reflect the opinion of the whole population.
- Some were reluctant to share the knowledge regarding income and investment decisions, which they thought was personal.
- The information is often biased because of use of questionnaire.

REVIEW OF LITERATURE

Dr. Ramanujan V, Chitra Devi K (2012)¹ The study shows that lack of awareness of investors about the concept and dealing of the investment pattern. Further, it's observed that the extent of income also influences the investment decisions. Higher income group shows relatively high preference towards investment in share market, conversely lower and average income group shows keen preference towards insurance and banks because the most preferred investment avenues.

Ramanathan K V, Dr. Meenakshisundram K S (2015)² The results of research indicate that majority of the respondents are saving money for his or her safety and also the results of the study would be of a guide for private finance and investment.

Deepak Sood, Dr. Navdeep Kaur (2015)³ The study shows that the majority preferred investment options are LIC and bank deposits and most of the factors influencing investment decisions are high returns, tax write-off and safety.

Sekar B, Uma G (2020)⁴ The study evidenced that higher level of awareness was found within the aspects of return on various schemes in life assurance, about bank fixed deposits and various schemes in insurance. And lesser level of awareness was identified within the aspects of requirements to create investments available market, Knowledge about right time to take a position or disinvest mutual funds and about net assets value.

Babu K A, Dr. Giridhar K V (2021)⁵ It's found that there's a major difference existing within the income, savings and also investment pattern of those private sector salaried households. But there's no significant change in their pattern of expenses. it's recommended to the govt to confirm guaranteed income and reduced expenses.

PROFILE OF THE STUDY

Investment

An investment is an asset or item acquired with the goal of generating income or appreciation. Appreciation refers to a rise within the value of an asset over time. When a private purchases an honest as an investment, the intent isn't to consume the nice but rather to use it within the future to form wealth. An investment always concerns the outlay of some capital today—time, effort, money, or an asset—in hopes of a greater payoff within the future than what was originally put in.

Types of Investment Avenues

1. Fixed Deposit
2. Mutual Fund
3. Government Schemes
 - Public Provident Fund (PPF)
 - National Pension Scheme (NPS)
 - National Savings Certificate (NSC)
 - Senior Citizens Savings Scheme (SCSS)
 - Recurring Deposit (RD)

4. Real Estate
5. Gold
6. Sovereign Gold Bond (SGB)
7. Exchange-Traded Funds (ETF)
8. Stocks, Shares and Bonds

DATA ANALYSIS AND INTERPRETATION

Chi-Square Test

Exhibit No: 4.1

Table Showing the Relationship Between Annual Income and Investment Percentage

ANNUAL INCOME	INVESTMENT PERCENTAGE			TOTAL
	5% - 10%	11% - 20%	21% - 30%	
BELOW Rs. 2,50,000	64	2	10	76
Rs. 2,50,001 - Rs. 5,00,000	24	8	17	49
Rs. 5,00,001 - Rs. 10,00,000	7	3	7	17
ABOVE 10,00,001	3	0	5	8
TOTAL	98	13	39	150

$$\text{Chi-Square Value } x^2 = \sum (O-E)^2 / E$$

$$= 29.66664491$$

$$\text{Degree of freedom} = (\text{row}-1) (\text{column}-1)$$

$$= (4-1) (3-1) = (3) (2) = 6$$

$$X^2 \text{ Tabular Value} = 12.592$$

$$X^2 \text{ Calculated Value} > X^2 \text{ Tabular Value}$$

Interpretation:

In the above analysis the calculated value (29.666) is greater than the table value (12.592) at the level of 0.05 significance. Hence there is no significant relationship between annual income and investment percentage.

Exhibit No: 4.2

Table Showing the Relationship Between Family Size and Preferred Time Period

FAMILY SIZE	PREFERRED TIME PERIOD			TOTAL
	SHORT TERM	MEDIUM TERM	LONG TERM	
2 – 3	13	22	13	48
4 – 5	22	43	23	88
ABOVE 5	4	5	5	14
TOTAL	39	70	41	150

$$\text{Chi-Square Value } x^2 = \sum (O-E)^2 / E$$

$$= 0.9708651$$

$$\text{Degree of freedom} = (\text{row}-1) (\text{column}-1)$$

$$= (3-1) (3-1) = 4$$

$$X^2 \text{ Tabular Value} = 9.488$$

$$X^2 \text{ Calculated Value} < X^2 \text{ Tabular Value}$$

Interpretation:

In the above analysis the calculated value (0.970) is lower than the table value (9.488) at the level of 0.05 significance. Hence there is significant relationship between family size and preferred time period.

RANK ANALYSIS

Table No. 4.3

Table showing Ranking of the Investment opted by Respondents

INVESTMENT AVENUES OPTED	TOTAL	RANK
FIXED DEPOSIT	61	1
MUTUAL FUND	38	4
GOVERNMENT SCHEMES	39	3
REAL ESTATE	25	7
GOLD	55	2

STOCK AND SHARES	33	5
INSURANCE	33	5
OTHERS	14	8

Interpretation:

The above table depicts that the investment avenues respondents have opted, the highest rank towards fixed deposit, second rank towards gold and also include jewels, coins, bars, SGB, ETF; third rank towards government schemes and also include PPF, NPS, NCS, SCSS, RD; fourth rank towards mutual fund, fifth rank has two products like stock & shares, seventh rank towards real estate and eighth rank towards others like chit fund and crypto.

Table No. 4.4
Table showing Ranking of Investors Preference on Different Investment Avenues

PREFERENCE OF INVESTMENTS	R1	R2	R3	R4	R5	TOTAL SCORE	RANK
FIXED DEPOSIT	56	51	34	6	3	601	1
MUTUAL FUND	28	63	51	6	2	559	6
GOVERNMENT SCHEMES	48	52	43	6	1	590	3
REAL ESTATE	28	63	45	10	4	551	7
GOLD	47	58	41	2	2	596	2
STOCK & SHARES	38	56	50	5	1	575	5
INSURANCE	40	57	48	3	2	580	4

Interpretation:

The above table depicts that preference of investment avenues by the respondents, the highest rank towards fixed deposit, second rank towards gold and also include jewels, coins, bars, SGB, ETF; third rank towards government schemes and also include PPF, NPS, NCS, SCSS, RD; fourth rank towards insurance, fifth rank towards stock & shares, sixth rank towards mutual fund and seventh rank towards real estate.

Table No. 4.5
Tables showing Ranking of Awareness about Investment Avenues by the Respondents

AWARENESS OF INVESTMENTS	R1	R2	R3	R4	R5	TOTAL SCORE	RANK
FIXED DEPOSIT	52	53	43	0	2	603	1
MUTUAL FUND	24	68	57	0	1	564	5
GOVERNMENT SCHEMES	32	58	57	3	0	569	4
REAL ESTATE	22	67	54	5	2	552	7
GOLD	36	61	50	2	1	579	2
STOCK & SHARES	27	59	59	4	1	557	6
INSURANCE	31	63	54	1	1	572	3

Interpretation:

The above table depicts that awareness of investment avenues by the respondents, the highest rank towards fixed deposit, second rank towards gold and also include jewels, coins, bars, SGB, ETF; third rank towards insurance, fourth rank towards government schemes and also include PPF, NPS, NCS, SCSS, RD; fifth rank towards mutual fund, sixth rank towards stock & shares and seventh rank towards real estate.

FINDINGS, SUGGESTIONS & CONCLUSION

Findings through Percentage Analysis

- Majority of 58% of male respondents.
- Majority of 56.7% of the respondents fall under age group between 21-30 years.
- Majority of 38% of the respondents are under graduates.
- Majority of 50.7% of the respondents are unmarried.
- Majority of 58.7% of the respondents has 4-5 members in their family.
- Majority of 48% of respondents has 2 earning members in their family.
- Majority of 50.7% of respondents has earning below Rs. 2,50,000.
- Majority of 65% of the respondents are invests 5% - 10%.
- Majority of 38% of the respondents are invest below one year.

- Majority of 37% of the respondents monitor investments monthly.
- Majority of 46% of the respondents are satisfied with their investments.
- Majority of 46.7% of the respondents prefer medium term investments.
- Majority of 38.7% of the respondents prefer to invest in quarterly frequency.
- Majority of 29.3% of the respondents expect regular income as investment objective.
- Majority of 30.7% of the respondents invest for future needs.
- Majority of 45.3% of the respondents are agreed with risk factor and maturity factor.
- Majority of 44% of the respondents are agreed with change in rate of interest as the problem while investing.
- Majority of 26% of the respondents are self – aware about investment.

Chi-Square Test

- There is no significant relationship between annual income and investment percent.
- There is significant relationship between family size and preferred time period.

Rank Analysis

- Investment avenues, the respondents have opted the highest rank towards fixed deposit.
- Preference of investment avenues by the respondents, the highest rank towards fixed deposit.
- Awareness of investment avenues by the respondents, the highest rank towards fixed deposit.

Suggestions

- Investors should make the investment with proper planning keeping in mind their investment objectives.
- Investors should also consult the financial advisor to hunt information and advice but their decision mustn't merely be supported consultants' advice rather the choice should be supported their careful investigation.
- Work with people you trust—those who will facilitate your make the proper level of progress, and encourage confidence that you simply are on course to a successful future.
- The investors should select a selected investment option on basis of their need and risk tolerance.
- The investors should diversify their investment portfolio so as to cut back the danger.
- The investors should continuously monitor their investments.
- The companies should provide all relevant information to the investors.
- Make a listing of your financial goals, and also the timeframe for reaching all.

Conclusion

In this study, the researcher has made an effort to investigate the investment pattern of salaried class investors. Additionally, to the current, basic objective of salaried people for creating an investment is regular income. Through analysis, investors are preferring to speculate their money in fixed deposits and gold. It will be concluded that, they're conscious of various investments and satisfied with their investments.

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