

Investment Perspective of Salaried People in Private Sector With Reference to Tiruchirappalli City

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Abstract - Investment for the salaried class is a kind of self-restriction from spending the entire income to stabilize the regular financial flow during some inevitable time hindrance. Investment is considered the sacrifice of certain present value of money in anticipation of a reward. A variety of investment avenues are available such as shares, bank deposits, companies, gold and silver, real estate, life insurance, postal savings and so on. The investors invest their surplus money in these avenues based on their risk taking attitude. Investors always face the problem of selecting the best investment avenue. He should exercise his skill, knowledge and experience in choosing the investment opportunity. Therefore in this context the present study becomes highly essential. The detailed extensive analysis of the behavioral pattern of the investors would help the government to work out various schemes to mobilize finance.

Key words: *Investment, Private Sector, Avenues, Preference, Risk, Return, Level of Satisfaction.*

I. INTRODUCTION

Investment is the allocation of monetary resources to assets that are expected to yield some gain or positive return over a given period of time. These assets range from safe investment to risky investment. Investment is considered the sacrifice of present value of money in anticipation of a reward. It is always interesting, challenging and rewarding. When there is a high risk, more rate of return is assured. Risk and reward go together. The major features of an investment are safety of principal amount, liquidity, income stability, appreciation and easy transferability. A variety of investment avenues are available such as shares, bank deposits, companies, gold and silver, real estate, life insurance, postal savings and so on. The investors invest their surplus money in these avenues based on their risk taking attitude.

Significance of the study

Investment for the salaried class is a kind of self-restriction from spending the entire income to stabilize the regular financial flow during some inevitable time hindrance. However, this is subjected to market risks. Therefore indepth knowledge of the investor about their capacity of investment, choice of right investment, attitude towards investment, factors that exhibit an upper hand over their plans becomes mandatory in order to predict the economical growth of a particular geographical area.

Statement of the Problem

A lot of investment avenues are being provided in today's competitive environment by various Public and Private financial organizations. Investing even a small amount can produce considerable rewards over the long-term. Decision

has to be taken regarding how much to invest and where to invest. In order to choose wisely, one need to know the investment options thoroughly. Investors always face the problem of selecting the best investment avenue. He should exercise his skill, knowledge and experience in choosing the investment opportunity. Therefore in this context the present study becomes highly essential.

II. REVIEW OF LITERATURE

An empirical study on "Indian Individual Investors Behavior" by **Syed Tabassum Sultana (2010)** was an attempt to know the profile of the investors and also to know their characteristics so as to know their preference with respect to their investments. The study also tried to reveal the influence of demographic factors like gender and age on risk tolerance level of the investors.

Mathivannan and Selvakumar (2011) examined the investment and saving patterns of teachers of Sivakasi Taluk, Tamilnadu and they found that there is great importance of money and money's worth for them and they are regularly preparing budgets for expenditures and compare it with the actual expenditure and take necessary actions if there are any deviations and are influenced by fashionable and costly items.

Chitra and Sreedevi (2011) analyzed the influence of seven personality traits namely emotional stability, extraversion, risk, return, agreeability, conscientiousness and reasoning on the choice of the investment pattern. The results of the study show that these personality traits of the investors have an impact on the individuals while taking decisions. They also have a strong influence on determining the method of investment. The study found that personality

traits influence the investment decision more, compared to that of demographic variables.

Bhardwaj Rajest, Raheja Rekh and Priyanka (2011), propounded in their study that saving and investment pattern of salaried class school teachers of government and private schools have depended upon income and they both get salary but the scale of the salaries are different and therefore their saving pattern are also different. Government teachers prefer to invest the money for emergency purposes and private teachers on children marriage and education.

Ananthapadmanabha Achar (2012) studied “Saving and Investment Behavior of Teacher – An empirical study”. In this analysis individual characteristics of teachers such as age, gender, marital status and lifestyle determined the savings and investment behavior of teaching community in the study region. They considered that the monthly family income, stage of family life cycle and upbringing status emerged as determinants of their savings and investment behavior.

Awais et al. (2016) explored the factors which influence the decision-making process of investors. According to them, the decisions of the investors depend upon the degree of the risk factors. Finally, they found that by increased level of knowledge about financial information and the increased ability of analyzing that information, investors could improve the capacity jump into risky investments for earning high returns by managing investment efficiently.

Scope of the study

The study covers the behavioral pattern of investment among the salaried people working in private sector. It provides and insight into the factors considered for an appropriate investment. It gives a wider scope to understand various issues related to investment by the salaried people.

Objectives of the study

- To elicit the view of the respondents with respective to awareness, attitude, purpose and benefits obtained from investment.
- To analyse the impact of personal factors in determining the perception of the respondents on investment.
- To offer suggestion to improve the perspective of the respondents on investment.

Research Hypotheses

- ❖ There exists a significant association between gender and educational level on the level of satisfaction of the respondents.
- ❖ There exists a significant association between annual income and preference for avenues of investment of the respondents.
- ❖ There exists a significant association between age and the type of investment option preferred by the respondents.

III. RESEARCH METHODOLOGY

- The research design adopted in this study is exploratory in nature. The information on various factors that determine the perception on investment and on its avenues is collected and analyzed.
- Convenience random sampling technique is adopted. The respondent is selected at random as per the convenience of the researcher.
- Sample size is taken to be 75 respondents covering the places in Tiruchirappalli city.
- Primary and secondary data are collected. Primary data is collected from the respondents through closed ended questionnaire. Secondary data is collected from various websites, reports, articles, newspapers and journals.

Analysis of Data

The collected data is tabulated, the frequency and the percentage of frequency is determined. Statistical analysis like Chi-Square test is applied to test the significance of relationship between the personal variables and the level of satisfaction of the respondents on investments, annual income and avenues of investment and finally between age and type of investment option preferred by the respondents.

Limitations of the study

- Sample size is limited to only 75 respondents.
- The study is based on information given by the respondents. Hence chances of biased information may be present.

IV. ANALYSIS AND DISCUSSION

The demographic frequency of the respondents taken up for the study is shown in following table no.1.

Table No.1 Demographic Frequency Table

Variables	Description	Frequency	Percentage
Gender	Male	42	56
	Female	33	44
	Total	75	100
Age	Below30 years	33	44
	30-40 years	21	28
	40-50 years	13	17
	50-60 years	8	11
	Total	75	100
Marital status	Married	54	72
	Un married	21	28
	Total	75	100
Educational Level	School Level	9	12
	Under Graduate	26	35
	Post Graduate	26	35
	Others	14	18

	Total	75	100
Annual Income	Rs.1 lakh – Rs.2 lakhs	56	75
	Rs.2lakhs - Rs.5 lakhs	14	18
	Rs.5 lakhs - Rs.10 lakhs	1	1
	Above Rs.10 lakhs	4	6
	Total	75	100
Annual Savings	Below Rs.1 lakh	58	77
	Rs.1 lakh – Rs.2 lakhs	11	15
	Rs.2 lakhs – Rs. 4 lakhs	4	5
	Above Rs.4 lakhs	2	3
	Total	75	100
Annual Investment	Below Rs.1 lakh	43	57
	Rs.1 lakh – Rs.2 lakhs	23	31
	Rs.2 lakhs – Rs. 4 lakhs	7	9
	Above Rs.4 lakhs	2	3
	Total	75	100
Designation	Officers/Executives	10	13
	Staff	28	37
	Business	22	30
	Others	15	20
Total	75	100	

Table no.1 reveals that out of the total of 75 respondents taken up for the study, a majority of 56 per cent of the respondents are male, a major portion of 44 per cent of them are from the age group of below 30 years, a maximum of 72 per cent are married and an equal proportion of 35 per cent of them are under graduates and post graduates. A majority of 75 per cent are getting annual income between Rs.1 lakh to Rs.2 lakhs, 77 per cent of the respondents annual savings are below Rs.1 lakh, 57 per cent of the respondents' annual investment are also below Rs.1 lakh and finally a greater proportion of 37 per cent of the respondents are in the designation category of staff.

Preference for Avenues of Investment

The classification of respondents on the basis of their preference for the various of investment are shown in table no.2.

Table No.2 Preference for Avenues of Investment

Particulars	Frequency	Percentage
Government bonds	8	11
Stock market	4	5
Mutual funds	13	17
Gold	35	47

Real estate	15	20
Total	75	100

Source: Primary data

Table no.2 shows that 47% of respondents prefer to invest their money on gold, 20% of respondents on real estate, 17% of respondents on mutual funds, 11% of respondents on government bonds and securities and remaining 5% of respondents on stock markets.

Thus majority (47%) of the respondents prefer to invest their money on gold.

Types of Investment preferred by the Respondents

The different types of investment that are preferred by the respondents are shown in the following table no.3.

Table No.3 Type of Investment preferred by the Respondents

Particulars	Frequency	Percentage
Higher return with higher risk	12	16
Lower return with lower risk	16	21
Medium return with medium risk	47	63
Total	75	100

Source: Primary data

Table no.3 shows that 63% of the respondents prefer investment that gives medium return with medium risk on their investment, 21% of the respondents prefer investment which gives lower return with lower risk and remaining 16% of the respondents prefer investment that gives high returns with higher risk.

Thus a major portion (63%) of respondents however prefers to invest their money on investment that gives medium return with medium risk.

Level of Satisfaction with Investment

The level of satisfaction of respondents with their investment is shown in the following table no.4.

Table no.4 Level of Satisfaction with the Investment

Particular	Frequency	Percentage
Highly satisfied	8	11
Satisfied	42	56
Neutral	24	32
Dissatisfied	1	1
Highly dissatisfied	-	-

Total	75	100
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Source: Primary data

Table no.4 shows that out of 75 respondent, 56% of the respondents are satisfied with their investments, 32% respondents have a neutral opinion,11% of respondents are highly satisfied with their investments,1% of respondents are dissatisfied and none are highly dissatisfied.

Thus majority (56%) of the respondents are satisfied with their investments.

Testing of Hypotheses

i) There exists a significant association between gender and level of satisfaction of the respondents on their investment.

Table No.5 Gender and Level of Satisfaction of the Respondents with Investment

Gender	Level of Satisfaction of Respondent with Investments					Total	Calc. value of X ²	D.F.	Sign. Value
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied				
Male	4	24	13	1	-	42	1.994	3	0.574 (not sign.)
Female	5	17	11	-	-	33			
Total	9	41	24	1	-	75			

Table no.5 reveals that the significant value of X² is 0.574 which is not significant at 5% level. Therefore, the hypothesis is rejected and it is found that gender is not significant in determining the respondents' level of satisfaction on their investments.

ii) There exists a significant association between education and level of satisfaction of the respondents on their investment.

Table No.6 Education and Level of Satisfaction of the Respondents with Investment

Education	Level of Satisfaction of Respondent with Investments					Total	Calc. value of X ²	D.F.	Sign. Value
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied				
School level	-	5	3	-	-	14	16.749	9	0.053 (sig @)
Under graduates	6	15	5	-	-	26			

Post Graduate	-	14	12	1	-	27	75	5% level)
Others	2	8	4	-	-	14		
Total	8	42	24	1	-	75		

Table no.6 indicates that the significant value of X² is 0.053 which is significant at 5% level. Thus the hypothesis is accepted and there exists a significant association between the respondents' education level and their level of satisfaction on the investment.

iii) There exists a significant association between annual income and preference for avenues of investment of the respondents.

Table No.7 Annual Income and Preference for Avenues of Investments of the Respondents

Annual Income	Avenues of Investments					Total	Calc. value of X ²	D.F.	Sign. Value
	Govt. Bonds	Stock market	Mutual Funds	Gold	Real Estate				
1lak - 2lakhs	6	4	10	30	6	36	25.267	12	0.014 (sig. @1% level)
2lakhs - 5lakhs	2	-	3	5	4	14			
5lakhs - 10lakhs	-	-	-	-	1	1			
Above 10 lakhs	-	-	-	-	4	4			
Total	8	4	13	35	15	75			

Table no.7 exhibits that the significant value of X² is 0.014 which is significant at 1% level. Thus the hypothesis is accepted and there exists a significant association between the annual income and preference for avenues of investment of the respondents.

iv) There exists a significant association between age and the type of investment option preferred by the respondents.

Table No.8 Age and Type of Investment option preferred by Respondents

Age	Types of Investments option			Total	Calc. value of X ²	D.F.	Sign. Value
	High return with high risk	Low return with low risk	Medium return with medium				

			risk				
Below 30 years	8	7	18	33	5.589	6	0.471 (not sign.)
30 – 40 years	1	4	16	21			
40 – 50 years	3	3	7	13			
50 – 60 years	-	2	6	8			
Total	12	16	47	75			

Table no.8 indicates that the significant value of X^2 is 0.471 which is not significant. Thus the hypothesis is rejected and age is not significant in determining the type of investment option preferred by the respondents.

V. INFERENCES OF THE STUDY

- Out of the total of 75 respondents taken up for the study, a majority of 56 per cent of the respondents are male, a major portion of 44 per cent of them are from the age group of below 30 years, a maximum of 72 per cent are married and an equal proportion of 35 per cent of them are under graduates and post graduates.
- A majority of 75 per cent are getting annual income between Rs.1lakh to Rs.2lakhs, 77 per cent of the respondents annual savings are below Rs.1lakh, 57 per cent of the respondents' annual investment are also below Rs.1lakh and finally a greater proportion of 37 per cent of the respondents are in the designation category of staff.
- Majority (47%) of the respondents prefer to invest their money on gold.
- A major portion (63%) of respondents however prefers to invest their money on investment that gives medium return with medium risk.
- A maximum (56%) of the respondents are satisfied with their investments.
- The application of X^2 – test statistic reveals the following:
 - ✓ Gender is not significant in determining the respondents' level of satisfaction on their investments.
 - ✓ There exists a significant association between the respondents' education level and their level of satisfaction on the investment.
 - ✓ There exists a significant association between the annual income and preference for avenues of investment of the respondents.
 - ✓ Age is not significant in determining the type of investment option preferred by the respondents.

VI. SUGGESTIONS OF THE STUDY

The detailed extensive analysis of the behavioral pattern of the investors would help the government to work out various schemes to mobilize finance from the salaried class investors by launching tax saving schemes, retirement benefit schemes, etc.

Real return is return that is post tax and post inflation. The value of investment depends on the amount that money can buy and this goes down as the inflation goes up. Therefore while evaluating the return from a scheme; one need to see whether it is giving returns beyond the inflation rate. The greatest problems with the investment avenues such as gold, silver, diamond and jewellery have been that they have not served as an effective hedge against inflation.

Theoretical aspects are very much known to individuals about stock market and not the practical aspects. It is also important for the investor to make sure that the investment made is safe by monitoring their investment.

VII. CONCLUSION

Respondents are more aware about various investment avenues like government bond and securities, stock markets, mutual funds, gold, real estate. Gold is still preferred to some extent especially when it comes to females. Due to rise in price of gold, gold is still shining as an investment option. Youngsters today are aware of what is happening around them and are intelligent enough to decide what is best for them. Every option is considered carefully before the decision to invest the hard-earned money in the investment. Every individual should be made aware about various investment avenues, its importance, advantages etc, for a secured future.

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