

A STUDY ON THE INVESTMENT PERSPECTIVES OF THE SALARIED STRATA AT COIMBATORE DISTRICT

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ABSTRACT

The financial facet of the world at all times exhibits an uncanny proportionate impact of the public investment choices, their awareness about the investment needs, their expectation of returns on their investments etc. Perhaps, predicting the progress of the commercial world would be indispensable without an appropriate comprehension of the investment policies of the prime part of the society called salaried middle class. Pondering on this perspective has routed into this empirical study on juxtaposing the investment awareness of the salaried middle class along with that of their anticipation on their investment returns. This paper intends to serve a bridge to the need of a holistic comprehension of the financial aspirations of the salaried middle class investors with that of their ambitious longing for the percentage of investment returns. Indeed, this knowledge could wide open the horizons of predicting even the future of Indian Economy itself besides, giving scope to fine-tuning the investment discretion of the public towards progressive and win-win choices for themselves and the nation.

KEYWORDS: Saving, Investment, Income, Awareness, Expected Return and Salaried Class

INTRODUCTION

The investment priority of a person is based on several factors like his/her awareness, environment, level of exposure, intensions, beliefs, responsibilities and so on. Every individual is unique because of the individuality of his/her behavioral traits. These traits perhaps, assume a comprehending the need for investments and making the necessary decision with the help of discretion. This uniqueness indeed, become an inevitable challenge to be analyzed. If explored properly, the underpinning reality of discrepancies in the investment planning, apparently branch out due to this uniqueness of every individual when he/she turns to be an investor. It is here, the indispensable need for studying the discrepancies in the choices of investment policies of an investor. On the other facet, making investments has its own premeditated strategies like assessment of appropriate investment avenues, level of determination to invest in risky plans aiming hefty yield, reviewing of either the earlier investments made by the same or another individual etc.,. These differences actually seem to be the impediments to hazard a guess, or presume the investment discretions of an investor.

REVIEW OF LITERATURE

Securities and Exchange Board of India (SEBI) and NCAER (2000) 'Survey of Indian Investors' has reported that safety and liquidity were the primary considerations which determined the choice of an asset. Ranked by an ascending order of risk perception fixed deposit accounts in bank were considered very safe, followed by gold, units of UTI-US64,

fixed deposits of non-government companies, mutual funds, equity shares, and debentures. Households preference for instruments in which they commonly invested matched the risk perception. Bank deposits, which had an appeal across all income classes, and tax-saving schemes were preferred by middle-income and higher-income groups. There was a correlation between the income levels and investments of households in market-related securities.

Nasir and Khalid (2004) assessed behavior of saving and investment in Pakistan using appropriate econometric and statistical technique and attempted to generate a model on the basis of fundamental theories of saving and investment. They used data from 1971 to 2003, collected from Economic Survey of Pakistan. Ordinary Least Square Method was used as an estimation technique. The study concluded that Government Expenditures, Growth rate of Gross Domestic Product and Remittances Growth were positively and significantly influencing National Savings. Lewis A Sanders (2004) believes that people, irrespective of their location, have their own bias and react differently when investing in financial assets.

According to Vasudha Tamrakar and Anoliba Mani, (2007) study report '1984-85 to 1995-96' was a remarkable phase of growth of Indian economy. The jump in savings rate only substantiated the hypotheses that economic liberalization did promote savings through economic growth. This study also revealed that life insurance and provident/pension fund investments have also seen a rise may be on account of increased awareness about the need to ensure and also increased competition from the private sector.

FORESIGHT OF THE INVESTORS BEHAVIOURAL TRAITS

A great deal of economic theories is generally based on the rational behaviour of the investors besides, embedding all existing information about the processes of investments. Perhaps, this assumption forms the crux of this paper to enhance the investors investment assessments. With this perspective a close observation is pursued on the investors behaviour which could help to make predictions about the economic flow of the nation proportionately related to the progress of the financial market.

DEMOGRAPHIC STUDY ON THE SALARIED STRATA

The profiles of the sample investors chosen for the study is obtained to pursue with a close observation on the hypothesis of the research to fix whether there sustains a connection between investors awareness and their anticipation of the rate of investment returns. As the prime focus of the study is concerned with the evaluation of personal finance, savings and investment practices of the salaried class investors, it is expected to act as a magic wand in the hands of financial policy makers. In fact, it is aimed to help the public towards better investment plans to reap maximum yield. The in-depth analysis of the behavioural pattern of the investors would help the government to work out various schemes to mobilize finance from the salaried class investors by bringing out tax saving schemes, retirement benefits schemes etc. In short the research parameters identified to proceed with the procedural exploration of this research significantly got geared up by exploring the 1000 sample investors chosen for this study on those factors mentioned subsequently.

- Gender Information - Masculine and Feminine composition in the sample group.
- Age – slab– Identification of the investors age in the sample group.
- Marital Status – Observation of the marital status of sample group investors.
- Own and Rental residents – Classification of own / rental residents of investors.

- Rural and Urban citizens – Examination of the sample investors who belong to either rural or urban areas.
- Educational Qualification – Inference of the educational exposure of investors.
- Public and Private Sector Employees –Exploration of the sample group of investors about their public and private sector employment.
- Employed Spouse – Deciphering the spouse employment status of investors.
- The Count of Dependents in the Family –Studying the count of dependents in the family of the sample group of investors.
- Monthly Income Scale – Observing the monthly pay scale

ASSESSMENT STRATEGIES

The thousand salaried investors chosen for this research are examined on two different criteria namely investment awareness and expectation of investment returns with respect to the Ten above stated demographic information to fix those influential parameters. Consecutively, a complete quantitative assessment is pursued through a couple of strategies namely, Chi Square Analysis and Anova Findings. The facts comprehended through these two analyses served the base for making interpretations about the invest choices of the salaried strata taken the research.

SKETCH OF THE RESEARCH

This paper has made a precocious observation of the investment temperament of the salaried strata based on couple of dimensions namely, investment awareness and expectation of the rate of investment returns. Actually, the organization of this research is explicitly depicted in Figure 1, titled, Silhouette of the Research.

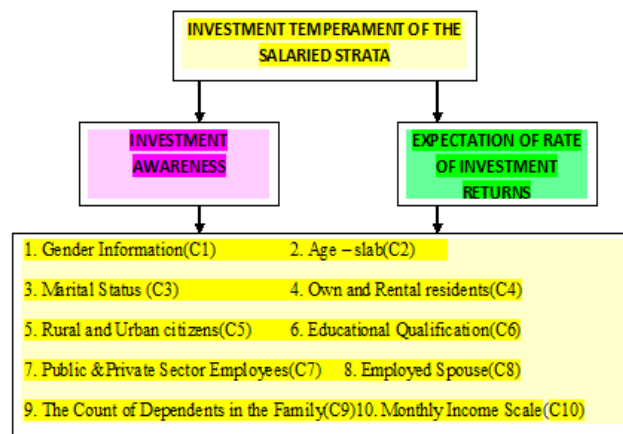


Figure 1: Silhouette of the Research

INVESTMENT AWARENESS OF SALARIED STRATA

The target group of salaried investors chosen for this research is closely observed on the Ten different demographic parameters ranging from C1 to C10. Based on the results quantified through ‘T tests’ at the background, the interpretations on the investment awareness of the salaried class are made and enunciated as shown in Table 1 Interpretations of Investment Awareness of the Sample Investors.

Table 1: Interpretations of Investment Awareness of the Salaried Strata

	Variable	Table Value	Chi-Square Value	Anova	Results Observed
INVESTMENT AWARENESS	Gender(C1)	5.991	1.665		Not Significant
	Age(C2)	2.614		.086	Not Significant
	Marital status(C3)	5.991	1.466		Not Significant
	Place of Residence(C4)	5.991	6.296		Significant
	Urban versus Rural dwellers(C5)	9.488	10.639		Significant
	Education qualification(C6)	3.338		3.095	Not Significant
	Public and private sectors employees(C7)	15.507	15.027		Not Significant
	Employee spouse(C8)	15.507	12.903		Significant
	No of dependent(C9)	3.801		14.322	Significant
	Monthly income(C10)	2.223		4.373	Significant

Sources: Primary Data

The criteria that exhibited certain changes in the investment awareness of the salaried strata chosen for the study are C4, C5, C8, C9 and C10. At this juncture, it is also noteworthy that there are five other criteria namely C1, C2, C3, C6, and C7 where no change was witnessed.

Table 2: Personal Profile (Awareness of Investors)

Personal Factors	No of Respondent	Percentage	Low	Medium	High
Gender					
Male	779	78	639	130	10
Female	221	22	173	44	4
Age					
21-30	379	38	304	68	7
31-40	321	32	261	58	2
41-50	151	15	123	26	2
51-60	149	15	124	22	3
Marital Status					
Married	732	73	596	124	12
Unmarried	268	27	216	50	2
Place of Residence					
Village	303	30	232	65	6
Town	697	70	580	109	8
Education Qualification					
Higher Secondary	327	33	273	52	2
Degree	376	38	301	70	5
Post Graduates	133	13	97	31	5
Professional	107	11	91	14	2
Others	57	5	50	7	-
Earning Member in the Family					
One	622	62	515	101	6
Two	243	24	190	47	6
Three & above	135	14	107	26	2
Number of Dependent					
None	34	3	20	10	4
1-2	127	13	84	37	6
3-4	662	66	551	108	3
5&above	177	18	157	19	1
Monthly Income					
<10,000	52	5.2	41	9	2
10000-15000	496	50	405	86	5

Table 2: Contd.,

15000-20000	327	32	268	53	6
20000-25000	99	9.9	79	19	1
25000-30000	19	1.9	14	5	-
> 30000	7	1	5	2	-
Monthly Expenses					
Less than 5000	98	9.8	72	21	5
5000-10000	576	57	473	95	8
10000-15000	277	28	228	48	1
15000-20000	46	5	36	10	-
20000-25000	3	0.3	3	-	-
>25,000	-	-	-	-	-
Monthly Investment					
Less than 4000	184	18	147	32	5
4000-8000	694	69.4	571	115	8
8000-12000	103	10.3	83	19	1
12000-16000	16	2.0	10	6	-
16000-20000	3	0.3	1	2	-
>20,000	-	-	-	-	-

Sources: Primary Data

EXPECTATION OF INVESTMENT RETURNS OF SALARIED STRATA

Invariably the above selective informants of the salaried investors chosen for the research are again closely observed on their temperament over the investment returns. The parametric exploration even here is unanimously the same ten demographic information ranging from C1 to C10 as above.

The quantification of results on this aspect is pursued through 'T tests' and the interpretations on the expectation of the investment returns of the salaried class are enunciated in Table 3.

Table 3: Interpretations of Expectation of Investment Returns of the Salaried Strata

S.No	Criteria of Investment Return Expectation	Results Observed
C1.	Gender based analysis	Not significant
C2.	'Age-wise' expectation	Significant
C3.	Marital status of the investors	Significant
C4.	Residents of Own versus Rental houses	Not significant
C5.	Urban versus Rural dwellers	Significant
C6.	Educational Qualification	Significant
C7.	Public and Private Sector Employees	Significant
C8.	Employed spouse	Significant
C9.	Number of dependents	Significant
C10.	Monthly income versus expectation	Not significant

Sources: Primary Data

The criteria edified noticeable changes in the expectation of investment returns of the salaried strata chosen for the study are C2, C3, C5, C6, C7, C8, and C9. The three significant criteria left behind with the observation of no change were C1, C4, and C10.

Table 4: A Personal Profile (Expected Rate of Return)

Personal Factors	Expected Rate of Return			
	Fair	Good	Excellent	Total
Gender				
Male	156(15.6%)	586(58.6%)	37(3.7%)	779(77.9%)
Female	36(3.6%)	170(17.0%)	15(1.5%)	221(22.1%)
Age				
21-30	88(8.8%)	269(26.9%)	22(2.2%)	379(37.9%)
31-40	49(4.9%)	254(25.4%)	18(1.8%)	321(32.1%)
41-50	20(2.0%)	123(12.3%)	8(.8%)	151(15.1%)
51-60	35(3.5%)	110(11.0%)	4(.4%)	149(14.9%)
Marital Status				
Married	132(13.2%)	567(56.7%)	33(3.3%)	732(73.2%)
Unmarried	60(6.0%)	189(18.9%)	19(1.9%)	268(26.8%)
Place of Residence				
Village	61(6.1%)	236(23.6%)	6(.6%)	303(30.3%)
Town	131(13.1%)	520(52.0%)	46(4.6%)	697(69.7%)
Types of Residence				
Own	65(6.5%)	310(31.0%)	25(2.5%)	400(40%)
Rental	127(12.7%)	446(44.6%)	27(2.7%)	600(60%)
Education Qualification				
Higher Secondary	72(7.2%)	244(24.4%)	11(1.1%)	327(32.7%)
Degree	77(7.7%)	285(28.5%)	14(1.4%)	376(37.6%)
Post Graduates	28(2.8%)	91(9.1%)	14(1.4%)	133(13.3%)
Professional	11(1.1%)	85(8.5%)	11(1.1%)	107(10.7%)
Others	4(.4%)	51(5.1%)	2(.2%)	57(5.7%)
Nature of Work				
Clerical	19(1.9%)	105(10.5%)	5(.5%)	129(12.9%)
Managerial	7(.7%)	45(4.5%)	3(.3%)	55(5.5%)
Professional	93(9.3%)	261(26.1%)	23(2.3%)	377(37.7%)
Teaching	19(1.9%)	72(7.2%)	11(1.1%)	102(10.2%)
Others	54(5.4%)	273(27.3%)	10(1.0%)	337(33.7%)
Type of Employment				
Govt.	138(13.8%)	426(42.6%)	27(2.7%)	591(59.1%)
Private	54(5.4%)	33(3.0%)	25(2.5%)	409(40.9%)
Status of the Family				
Head	99(9.9%)	428(42.8%)	27(2.7%)	554(55.4%)
Member	93(9.3%)	328(32.8%)	25(2.5%)	446(44.6%)
Earning Member in the Family				
One	139(13.9%)	465(46.5%)	18(1.8%)	622(62.2%)
Two	33(3.3%)	186(18.6%)	24(2.4%)	243(24.3%)
Three & above	20(2.0%)	105(10.5%)	10(1.0%)	135(13.5%)
Spouse Earning Person				
Yes	27(2.7%)	156(15.6%)	17(1.7%)	200(20%)
No	165(16.5%)	600(60.0%)	35(3.5%)	800(80%)
Number of Dependent				
None	2(.2%)	26(2.6%)	6(.6%)	34(3.4%)
1-2	14(1.4%)	95(9.5%)	18(1.8%)	127(12.7%)
3-4	146(14.6%)	490(49.0%)	26(2.6%)	662(66.2%)
5&above	30(3.0%)	145(14.5%)	2(.2%)	177(17.7%)
Payment of Investment				
Monthly	45(4.5%)	197(19.7%)	25(2.5%)	267(26.7%)
Quarterly	33(3.3%)	85(8.5%)	9(.9%)	127(12.7%)
Half-yearly	82(8.2%)	382(38.2%)	16(1.6%)	480(48.0%)
Annual	32(3.2%)	92(9.2%)	2(.2%)	126(12.6%)

Table 4: Contd.,

Monthly Income				
<10,000	3(.3%)	42(4.2%)	7(.7%)	52(5.2%)
10000-15000	102(10.2%)	376(37.6%)	18(1.8%)	496(49.6%)
15000-20000	55(5.5%)	255(25.5%)	17(1.7%)	327(32.7%)
20000-25000	28(2.8%)	64(6.4%)	7(.7%)	99(9.9%)
25000-30000	4(.4%)	14(1.4%)	1(.1%)	19(1.9%)
> 30000	-	5(.5%)	2(.2%)	7(.7%)
Monthly Expenses				
Less than 5000	7(.7%)	82(8.2%)	9(.9%)	98(9.8%)
5000-10000	119(11.9%)	431(43.1%)	26(2.6%)	576(57.6%)
10000-15000	52(5.2%)	211(21.1%)	14(1.4%)	277(27.7%)
15000-20000	13(1.3%)	30(3.0%)	3(.3%)	46(4.6%)
20000-25000	1(.1%)	2(.2%)	-	3(.3%)
Monthly Investment				
Less than 4000	17(1.7%)	149(14.9%)	18(1.8%)	184(18.4%)
4000-8000	143(14.3%)	522(52.2%)	29(2.9%)	694(69.4%)
8000-12000	28(2.8%)	71(7.1%)	4(.4%)	103(10.3%)
12000-16000	4(.4%)	11(1.1%)	1(.1%)	16(1.6%)
16000-20000	-	3(.3%)	-	3(.3%)

Sources: Primary Data

COMPARISON OF THE CRITERIA OF THE STUDY

The juxtaposition of the dual parameter namely Investment Awareness and Expectation of the Investment Returns of the salaried strata assessed in this study through T-Tests is explicitly stated in Table 5. While the criteria Urban versus Rural dwellers(C5), Employed spouse(C8) Number of dependents(C9) show considerable impact on the dual parameters mentioned above, the criterion Gender(C1) based analysis alone edifies no significant change in the data obtained through the performance of the T-tests. The fluctuating criteria with respect to the study are Residents of Own versus Rental houses(C4) and Monthly income (C10) versus expectation exhibiting statistical difference in the parametric analysis pursued.

Table 5: Comparison of Criteria of the Research

Criteria	T-Test Results Made on the Investment Awareness		T-Test Results Made on Expectation of Investment Returns	
	Significant Change Witnessed	No Significant Change	Significant Change Witnessed	No Significant Change
C1-C10	C4, C5, C8, C9 C10	C1, C2, C3, C6, C7	C2, C3, C5, C6, C7, C8, C9	C1, C4, C10.

AWARENESS PROGRAMME

Awareness on Investment is the need of the hour for the investors though number of institutions part with investors education as they are not sufficient. A desirable knowledge about the equal and balanced distribution of investments to generate proportionately enhance the wealth of any individual who shall regularly contribute to the holistic progress of the nation's treasury by impeccable regular payment of all his/her taxes.

CONCLUSIONS

The psychological impact of the salaried middle class over their investment policies as explored in this paper shall be pursued in different areas, regions, districts, states and nations to make specific predictions about the world economy by

and large. This study creates a feasible arena for further proceeding with developing both the behaviour and investment models of a specific group of the society. The conceptualized crux of this paper is expected to create prospective avenues for improvising the efficacy of the business world. A large scale exploration of research pursued here. However on district level shall banish incredible impediments or challenges of the financial sector. Predicting the mind-set of the investors based on their investment awareness and their expectations of the rate of returns on their investments. The proportionate link between the dual criteria addressed as investment awareness and expectation of investment returns explicitly unveils the investment discretion of the salaried class taken for the study. Precisely, this research could serve an ice-breaker for the public as well as the financial facet of the nation, if pursued on a large scale.

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