



A Study on Middle Class Investors Preference for Financial Instruments in Greater Gobichettipalayam of Erode District (India)

KEYWORDS

Middle class Investors, Return, Avenues and Investment Choices

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ABSTRACT *In the modern world income plays an important role in every one's life. Investment is one of the major issue of the middle class families as their small savings of today are meet the expenses of tomorrow. The person dealing with the planning must know all the various investment choices can be chosen for the purpose of attaining the overall objectives. The risk and returns available from each of these investment avenues differ from one avenue to another. The sampling method used was the convenient sampling was sample size as 200. The tool used for data collection is questionnaire.*

Introduction

Investment involves employment of funds with the aim of achieving additional income or growth in values. In other words investment, investment refers to a commitment of funds to one or more assets that will be held over some future time period. Each individual investor selects the investment option for certain time period looking at their personal financial goals. The people has to choose Proper Avenue among them, depending upon his specific need, risk preference, and return expected Investment avenues can broadly categories under the following heads.

Sukanya Samriddhi Account

Sukanya Samriddhi Account (literally Girl Child Prosperity Account) in a Government of India backed saving scheme targeted at the parents of girl children. The scheme encourages parents to build a fund for the future education and marriage expenses for their female child.

Pradhan Mantri Suraksha Bima Yojana

Pradhan Mantri Suraksha Bima Yojana is a government-backed personal accident [HYPERLINK "https://en.wikipedia.org/wiki/Accident_insurance"](https://en.wikipedia.org/wiki/Accident_insurance) [HYPERLINK "https://en.wikipedia.org/wiki/Accident_insurance"](https://en.wikipedia.org/wiki/Accident_insurance) insurance scheme in India personal accident insurance policy is that only road accidents are covered under the policy. It is not true the definition of accidents is broad but subject to certain terms and conditions. For example, personal accident insurance policies also cover accidents due to natural disaster. In my personal opinion, this cover is more suitable for accident prone people.

Pradhan Mantri Jeevan Jyoti Bima Yojana

It is basically a term life insurance policy that can be renewed either on a yearly basis or for a longer period of time. It will provide life insurance coverage on the death of the policyholder.

Statement of the Problem

The middle class investors have different expectations from the investment as their needs differ such as savings, safety of Investment, interest earned reasonable return, stable income, easy liquidity, develop the habit of savings, Children's marriage, purchase of assets, expected money in future and the like. The middle class investors get from vari-

ous sources of information such as print media, web sites, agents, newspapers, magazines, colleagues, other investors etc. In order to fulfil the objectives of the investment of the middle class investors have different priorities over different investment. So the behaviour of investment may differ from person to person.

The middle class investors want money to be safe and they would like to see it grow as well. But money is a very fluid asset. A well-planned investment alone can ensure that it retains its value and can be used to meet our particular financial requirements. A sound investment programme can be emulated if the rural women investors know herself with various alternative investment available.

In the present day situation middle class investors have entered every field such as textiles, Business, IT sector, Education and many other fields. Due to one or other reasons many middle class investors have started their own ventures or gave gone to different jobs? Thus the also become the winner of the family.

Objective of the Study

The following objectives are framed.

Primary objective

- To study the socio-economic and investment profile of the respondents.
- To analyze the problems faced by the middle class investors while making investment.
- To offer valuable suggestions for making better investment by middle class investors.

Secondary objective

- To understand the needs and wants of the respondents with respect to their financial requirements in their life.
- To have an understanding of the respondents savings pattern.

METHODOLOGY OF THE STUDY

(i) Area of study

This study is confined to Gobichettipalayam Taluk only.

(ii) Sampling design

The sampling technique selected for the study as simple

random sampling. The respondents have been randomly selected from total population.

- **Sample size**

The sampling size is 200. The questionnaire were systematically prepared and distributed to the consumer respondents. The respondents varied from a wide cross section of various economic and demographic characteristics.

- (iii) **Source of data**

The data for this study has been collected from primary and secondary sources.

- **Primary data**

Primary data are those, which are collected a fresh and for the time and thus happen to be original in character. In this study the questionnaire were used for the primary data collections.

- **Secondary data**

Secondary data are those which have already been collected by some other context and which have been already processed through the statistical process. Secondary data was collected through journals, books, websites, and published data.

- (iv) **Statistical Tools**

The following were the statistical tools applied for the analysis of data collected.

- Percentage analysis
- Average rank analysis
- Chi-Square analysis

II-REVIEW OF LITERATURE

Ms. K. Parimalakanthi&Dr.M.Ashok kumar(2015), propounded in their study Pertaining to Investment Behaviour of Individual Investors in Coimbatore district of Tamilnadu ,India the present day investors think only about safety as their priority hence, MOF,RBI,GOI, SEBI and policy makers should frame policies in such a way that safety is given the highest priority than other parameters considered for the study. Hence, the study concludes that saving habits to be developed with Individuals at all levels rural or urban, aged or young, male or female, married or spinster, low class or high class and so on.

Megha Goyal & Dr.Anukrati sharma (2014), examined the Investment Behaviour of Middle Income Group towards Different kinds of Investment Avenues. The study found income class looks for safest or less risky investment avenue because of their small saving and prefers to make investments according to their risk bearing capacity. Thus, they preferred fixed deposits with banks and post office, public provident fund and life insurance policies.

M. Muthu Goplakrishnan&PrashantMane(2013), was aimed at Investors Attitude towards Various Tax Scheme. In fact it is a complex collection of measures available to reduce one's own tax incidence. Further the tax saving options or schemes or deductions provided as per Income-Tax Act 1961 are huge in number which further complicates the process. Thus tax planning has evolved into an intellectual activity. One of the ways to plan the tax incidence for individuals is to invest in some avenues where government gives relaxation for various tax schemes. But this again is not as simple as it may sound to be. Investments in these avenues do not give the same advantage to all the individuals in the same manner.

Prof.CA Yogesh P.Patel &Prof CS Charul Y.Patel(2012), has conducted on Investment :Perspective of Salaried People(Private Sector).The study found that the economy is prospering, the job market is booming and salaries are touching a new high. The new breed of Indian youth has its pockets full and is intelligent enough not to let its money rust in bank accounts. Investment is on their mind and an option that has the potential to multiply their savings and provide maxi-mum tax rebate is the one they crave. Traditional saving options like post office schemes and fixed deposits

ANALYSIS AND INTERPRETATIONS

In this chapter the analysis and interpretation of the study on consumer awareness and attitude towards consumer protection measures, based on the information supplied by a sample of 200 respondents selected from Gobichettipalayam Taluk.

Education is considered to be an important criterion for investment purpose as every investment avenue requires careful analysis and clear understanding before the investing. The investors needed to know about the pros and cons of investment scheme looking into the viable factors of investment before committing funds. The distribution of the respondent on the basis of their educational qualification is shown in table1.

TABLE NO: 1
Educational Qualification

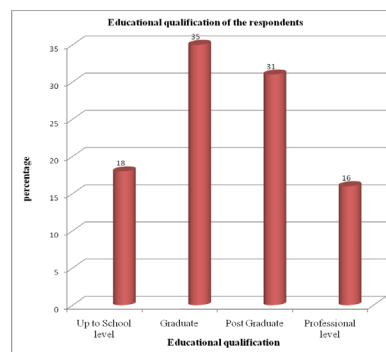
Educational qualification	No of Respondents	Percentage
Up to School Level	36	18
Graduate	70	35
Post Graduate	62	31
Professional Level	32	16
Total	200	100

Source: Primary data

The above table indicates that, Out of 200 respondents, 35 % respondents are graduates, 31 % respondents are post graduates, 18 % of the respondents are up to the school level and 16 % respondents are in the category of professional level.

The table shows that maximum percentage of the respondents (35 %) belongs to graduate.

Chart No: 1



Average Ranking Analysis

In this section, average ranking analysis is used to analyse the ranks given by the respondents for various factors, the weights has given to various ranks and total scoring are calculated. The average ranking scores are calculated based on total scores and then the ranks are allotted according to the average ranking scores.

Table No: 2
Ranking of factors on problem of investment faced by Middle Class Investors

Problems	Rank 1	Rank 1I	Rank 1II	Rank 1V	Rank V	Rank VI	Rank VII	Rank VIII	Total	Mean	Rank
	8	7	6	5	4	3	2	1			
High risk	20	60	28	24	16	28	12	12	200		
Score	160	420	168	120	64	84	24	12	1052	5.26	1
Uncertain Return	52	40	16	12	8	20	28	24	200		
Score	416	280	96	60	32	60	56	24	1024	5.12	2
Lack of awareness	12	20	32	48	24	16	28	20	200		
Score	96	140	192	240	96	48	56	20	888	4.44	6
Low liquidity	20	24	24	28	64	12	20	8	200		
Score	160	168	144	140	256	36	40	8	952	4.76	4
Less Safety Measures	28	12	40	32	32	36	16	16	200		
Score	224	84	240	160	128	108	32	16	992	4.96	3
Commission & Brokerage Charges	16	20	12	40	16	20	40	36	200		
Score	128	140	72	200	64	60	80	36	780	3.9	7
Income is inadequate	24	16	28	12	28	72	12	8	200		
Score	192	112	168	60	112	216	24	8	892	4.46	5
Lack of market information	28	8	20	4	12	8	44	76	200		
Score	224	56	120	20	48	24	88	76	656	3.28	8

Sources: Primary Data

The above table reveals that the respondents have assigned first rank to High risk, second rank to Uncertain return, third rank to Less safety measures, fourth rank to Low liquidity, fifth rank to income is inadequate, sixth rank to Lack of awareness, seventh rank to Commission & Brokerage Charges and eighth rank to Lack of market information.

Majority of the respondents ranked first to more risk in various investors problems.

Chi-Square Analysis

In this section, chi-square test is employed to identify whether there is a any significant association between the personal profile of the respondents and study factors. The quality χ^2 describes the magnitude of the discrepancy between theory and observation. It is defined as:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where O refers to observed frequency and E refers to the expected frequencies. The calculated value of χ^2 compared with the table value for given degrees of freedom at a certain specified level of significant.

If the calculated value is more than the table value, the difference between theory and observation is considered to be significant, on the other hand, the difference between theory and observation is not considered as significant.

TABLE NO: 3
Table showing Age Group (vs.) Investment frequency

Investment frequency	Age Group				
	Below 20 years	21-35 years	36-50 years	Above 50 years	Total
Regular	-	5	5	-	10
Occasionally	-	34	20	-	54
Sometimes	-	65	19	28	112
Never	24	-	-	-	24
Total	24	104	44	28	200

Sources: Primary Data

Ho: There is no significant association between age and Investment frequency

Result: Calculated value: 39.3

Table value : 12.592

Degrees of freedom 6 at 5% level of significance

Inference: Since the calculated value of χ^2 is greater than the table value, the null hypothesis is rejected.

Hence it can be concluded that there is a significant association between age group and Investment frequency.

Conclusion

Today, the living standard of the people increasing day by day so salaried class community has started realizing the importance of savings and proper investment of their savings. The investment decision are driven by the income of the family, economic conditions, different risk, returns and tax consideration while take investment decision and are the diverse nature. They avoid spending money on heavy luxurious life style and preferring the normal living standard. It is evident from the study undertaken that most of the people are saving their money for children's education, marriage and to fulfill the other goals of life. Investors move towards other avenues like bond, Pradhan Mantri Suraksha Bima Yojana, Sukanya Samridhi Yojana and others like land, gold, building etc. The theory that the investors are expected to assign similar risk – return ratings for each type of investment

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