



A Study on Satisfaction and Expected Rate of Return of Salaried Class Investors In Coimbatore District

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ABSTRACT

Until 90's most of the middle class Indians were paying attention on managing their personal finance during their working span and at the time of retirement, they would consult their well wishers or advisors about various schemes with banks or post office's etc which would ensure them regular returns. A small percentage of rich and daring adventurous Indian's would dabble in stock markets or UTI schemes as the case may be with the advent of new products increased salary structure and needs have multiplied and changed. The right advice at the right time being appreciated and every average Indian is trying to remain abreast of the developments in finance markets so as to manage "Personal Finance" efficiently. In this content, this research will bring out whether the salaried class are satisfied on their return on investments.

Keywords : Saving, Investment, Income, and Expected income

saving is an important part of the economy for any nation. With saving money invested in various options available to the society money acts as a driver for growth of the nation. Indian financial scene too presents a plethora of avenues to its investors. The expectation of ordinary man is to deposit money in the market with less risk and normal rate of return because the respondents were not interested to keep the money idle which expected to generate a specified sum of money for a specific goal in their life and make a provision for an uncertain future. One of the important reasons why one need to invest wisely is to meet the cost of inflation. Inflation is the rate at which the cost of living increases. Inflation causes money to lose its value because it will not buy the same amount of a good or services in the future as it does now or in past. When one starts investing early he allows his investment more time to grow, whereby the concept of compounding of income, by accumulating the principal and the interest as dividend earned on it year after year.

Methodology the study is based on the data collected from the individual investors in Coimbatore district. Convenient sampling technique has been used in order to collect data from 1000 respondents which was collected for a period of 8 months i.e from December 2010 to July 2011 through structured questionnaire. For the purpose of study Coimbatore district includes Valparai, Pollachi, Coimbatore and Metupalayam. This study has been conducted based objectives, so as to analyze the profile of the salaried class investors and expected rate of return on their investments.

RESULTS & DISCUSSION - Expected Rate of Return on Investments the expected rate of return of investors is seldom fulfilled and mostly they receive less than the moderate level of return. In this context, it was considered very important to know the rate of return expected by investors. An attempt was made to understand the expectation, desire and ambition of investors.

Table: 1 - Expected Rate of Return on Investment

Rate of Return	< 10%	11% -to 14%	15% - 18%	> 19%
Investors	345 (34.5)	452 (45.2)	161 (16.1)	42 (4.2)

Source : Collected through Questionnaire

The above table clearly defines that 4.2 percentage of investors are expected with high rate of return, who admit to the take risk for their return ie high risk will obviously yield more return. 34.5 percentage of sample respondents are ordinary investors, who is not interested to take risk for their investments made were they want to get meager returns for the money which cannot be kept idle. ie., No Risk Category. 45.2 percent of the sample investor, are willing to take low risk for their investment by which their money is not kept idle as well as it earns some amount of interest and whose principal sum will be safe ie., bank deposits. The rest of the investors are like cat on the wall that is not interested to take risk but also expects more than the average return for their investment.

Sex and Expected Rate of Return of Investors:

Every woman is more than or equal to men. This being the state of affairs, today every women had started earning equally or less than or equal to every men in this world. Their earning capacity has increased and that enabled them to construct their own investment portfolio. A general option is that all women expect higher return than men. The table 2 shows that there is no greater difference in expected rate of return 4.5 percent of women are expecting, 19 percentage return but only 4.1 percent of men expect that percentage. It proves that all women are expecting more for their investment.

Age and Expected Rate of Return:

When age increases, the responsibility also multiplies and also desires to earn more. This being the convention, the age group between 41-50 expects more return for their investment because they want to save more before the retirement even 6.7 percent of sample investors of age group between 51-60 expect more than 19 percent of return for their investment, because they want to save for them and also for their dependences and they don't want to take more risk after their retirement.

Marital Status and Expected Rate of Return:

Married person will have more commitment in their life that invest more and expect more return to satisfy their future expectations. It is observed from the table that 4.5 percentage of married sample investors expect high return than the unmarried person because only 3.4 percent of unmarried sample investors expect their return. Though as said before getting

married accumulation of wealth is made by both but after marriage both sexes run to come up along with the society for which there is no difference between married and unmarried respondents. Both expect high return which is equally distributed.

Type and place of Residence and Expected Rate of Return:

Investors in different location have different life style. Investors who have own residence go for other type of investment because they have somewhat settled in their life and preferred to take risk compared to the investors, who reside in rental houses. 7.0 percent of the sample investors reside in their own houses, expect greater than 19 percent of return and only 2.3 percent of the investors reside in rental houses, expect that much of return. Investors in urban and rural area have same expectation, there is no more difference. Table 2 clearly state that 44.5 & 46.9 percent of rural & urban investor expect same level of returns.

Education Qualification and Expected Rate of Return:

In general, we discuss that educated expects a high return due to their qualification, knowledge and as the case may be. An attempt has been made as to test whether investors with varying knowledge shows, any significant difference which is depicted in table 2. They said the statement is true, the professional background investors expects high return and the investors, who had just completed higher secondary of their schooling expects only less than 10 percent of return on their

investments. It is evident that the government with RBI, SEBI has to come down in giving investor education so that invariably all of them will think of starting investing.

Nature of Work and Expected Rate of Return:

The work is which one is getting engaged himself or herself for having a better stay in this world. Each category of employee differ in the way of investment due to their wages and salary. Having it in the mind the researcher had analyzed and found that managerial cadre invests and expect more return than the clerical cadre investors, because of their higher salary which makes them to take high risk. i.e., 7.3 percent of managerial investors expects more than 19 percent as returns.

Types of Employment and Expected Rate of Return:

Government and private sector employees is under one umbrella as because both fall under salaried class. Both expects same level of return which is shown in the table that 16.1 percent of government employees and private employees expects 15-18 percent of return on their investments.

Status in the Family and Expected Rate of Return:

The table 2 shows that Kartha (Male Head of the family) and every member of the family has equal responsibility and expects a return of 4.0 to 4.5 percent as return on their investment. Hence, the size and the number of members equally have the same mind set of investing and earning the maximum return on the investment made.

Table 2 : Table showing personal profile of the sample respondents.

Personal Factors	Return on Investment in %				Personal Factors	Return on Investment in %			
	<10%	11 – 14%	15 – 18%	> 19 %		<10%	11 – 14%	15 – 18%	> 19 %
Gender					Earning Member in the Family				
Male	268(34.4)	348(44.7)	131(16.8)	32(4.1)	One	220(35.4)	271(43.6)	107(17.2)	24(3.9)
Female	77(34.8)	104(47.1)	30(13.6)	10(4.5)	Two	63(25.9)	125(51.4)	40(16.5)	15(6.2)
Age					Three & above	62(45.9)	56(41.5)	14(10.4)	3(2.2)
21-30	127(33.5)	180(47.5)	57(15.0)	15(4.0)	Spouse earning person				
31-40	98(30.5)	155(48.3)	59(18.4)	9(2.8)	Yes	64(32.0)	88(44.0)	33(16.5)	15(7.5)
41-50	59(39.1)	62(41.1)	22(14.6)	8(5.3)	No	281(35.1)	364(45.5)	128(16.0)	27(3.4)
51-60	61(40.9)	55(36.9)	23(15.4)	10(6.7)	Number of dependent				
Marital status					None	220(35.4)	271(43.6)	107(17.2)	24(3.9)
Married	247(33.7)	328(44.8)	124(16.9)	33(4.5)	1-2	63(25.9)	125(51.4)	40(16.5)	15(6.2)
Unmarried	98(36.6)	124(46.3)	37(13.8)	9(3.4)	3-4	62(45.9)	56(41.5)	14(10.4)	3(2.2)
Place of Residence					Payment of investment				
Village	90(29.7)	142(46.9)	47(15.5)	24(7.9)	Monthly	119(44.6)	100(37.5)	37(13.9)	11(4.1)
Town	255(36.6)	310(44.5)	114(16.4)	18(2.6)	Quarterly	34(26.8)	49(38.6)	35(27.6)	9(7.1)
Types of Residence					Half-yearly	146(30.4)	261(54.4)	63(13.1)	10(2.1)
Own	133(33.3)	174(43.5)	65(16.3)	28(7.0)	Annual	46(36.5)	42(33.3)	26(20.6)	12(9.5)

Rental	212(35.3)	278(46.3)	96(16.0)	14(2.3)	Monthly income				
Education Qualification					<10,000	30(57.7)	19(36.5)	3(5.8)	-
Higher Sec- ondary	124(37.9)	134(41.0)	56(17.1)	13(4.0)	1 0 0 0 0 - 15000	170(34.3)	237(47.8)	63(12.7)	26(5.2)
Degree	118(31.4)	174(46.3)	69(18.4)	15(4.0)	1 5 0 0 0 - 20000	102(31.2)	151(46.2)	61(18.7)	13(4.0)
Post Gradu- ates	49(36.8)	63(47.4)	17(12.8)	4(3.0)	2 0 0 0 0 - 25000	33(33.3)	34(34.3)	30(30.3)	2(2.0)
Professional	38(35.5)	53(49.3)	11(10.3)	5(4.7)	2 5 0 0 0 - 30000	7(36.8)	8(42.1)	3(15.8)	1(5.3)
Others	16(28.1)	28(49.1)	8(14.0)	5(8.8)	> 30000	3(42.9)	3(42.9)	1(14.3)	-
Nature of Work					Monthly Expenses				
Clerical	51(39.5)	59(45.7)	16(12.4)	3(2.3)	Less than 5000	51(52.0)	30(30.6)	9(9.2)	8(8.2)
Managerial	12(21.8)	23(41.8)	16(29.1)	4(7.3)	5 0 0 0 - 10000	196(34.0)	268(46.5)	87(15.1)	25(4.3)
Professional	134(35.5)	179(47.5)	55(14.6)	9(2.4)	1 0 0 0 0 - 15000	83(30.0)	135(48.7)	51(18.4)	8(2.9)
Teaching	38(37.3)	39(38.3)	19(18.6)	6(5.9)	1 5 0 0 0 - 20000	12(26.1)	19(41.3)	14(30.4)	1(2.2)
Others	110(32.6)	152(45.1)	55(16.3)	20(5.9)	2 0 0 0 0 - 25000	3(100)	-	-	-
Type of Employment					Monthly investment				
Govt	222(37.6)	255(43.1)	95(16.1)	19(3.2)	L e s s than4000	87(47.3)	73(39.7)	18(9.8)	6(3.3)
Private	123(30.1)	197(48.2)	66(16.1)	23(5.6)	4000-8000	217(31.3)	343(49.4)	107(15.4)	27(3.9)
Status of the Family					8 0 0 0 - 12000	34(33.0)	31(30.1)	30(29.1)	8(7.8)
Head	191(34.5)	256(46.2)	85(15.3)	22(4.0)	1 2 0 0 0 - 16000	5(31.3)	5(31.3)	5(31.3)	1(6.3)
Member	154(34.5)	196(43.9)	76(17.0)	20(4.5)	1 6 0 0 0 - 20000	2(66.7)	-	1(33.3)	-

Number of Earning Member and Expected Rate of Return:

Whenever the investor choose various modes of investments, they must make sure that it is the right fit for their family. If the number of earning members are more, then saving and investment will be higher as said in table 2. It also reveals that the above statement is true. If the earning member is more than two, then the expectation is greater than 19% of the return and also if there is one earning member the expectation is only less than 10% of the return, because the income in the family is less so the investment is also. Hence, they cannot expect higher return are to take higher risk on their investments.

Number of Dependents and Expected Rate of Return:

Dependents take a lions' share on the total consumption. If dependence are more in the family equally expenses will normally incur which means who might be difficult to save. It is true from the analysis because 8.8 percent of investors expect greater than 19 percent of return who have only 1-2 number of dependence. 3,4 percent of investors expect that level because they have more than 5 dependence in their family.

Monthly investments, Income Expense and Expected Rate of Return:

Investment is related to saving and expenses are important constraints in deciding the level of saving. In order to increase the savings of the investor they have to increase the income and at the same time he/she have to reduce the expenses to maximum possible extent. Table 2 shows clearly that investors who earn more than Rs.25,000 - Rs.30,000 expect more return for their investment and also investors reduce their expenses because table reveals that only 2.2 percentage of investors who spend Rs.15,000-Rs.20,000 expects more return for the investment.

Chi-Square analysis for the above study

From the analysis shown in table 3 it is revealed that there is significant difference among the following variables such as place of residence, types of residence, nature of work, type of employment, number of earning members in the family, payment of investments, monthly income, monthly expenses and monthly investments.

TABLE:3 CHI-SQUARE ANALYSIS

VARIABLE	VARIABLE	TABLE VALUE	CALCULATED VALUE	RESULTS
Expected Rate of Return	Gender	7.815	1.422	Accepted
	Age	16.919	14.011	Accepted
	Marital status	7.815	2.360	Accepted
	Place of Residence	11.345	17.589	Rejected
	Types of Residence	11.345	13.182	Rejected
	Education qualification	21.026	13.388	Accepted
	Nature of work	21.026	22.046	Rejected
	Type of employment	7.815	8.617	Rejected
	Status of the family	7.815	.877	Accepted
	No of earning member in the family	9.210	20.011	Rejected
	Spouse earning person	7.815	7.040	Accepted
	No of dependent	16.919	13.234	Accepted
	Payment of investment	21.666	61.740	Rejected
	Monthly income	30.578	39.377	Rejected
	Monthly expenses	21.217	38.162	Rejected
	Monthly investments	26.217	45.458	Rejected

Conclusion:

An attempt has been made by the researcher in order to study the profile and expected rate of return on their investments. It is concluded that men and women expect the same rate of return, who have higher education have more expectation on their rate of return and also it is understood that the place of residence being urban rural, which has no significant difference in the expected rate of return. From the study, it is

understood that, the investors who earn more expects higher rate of return and also they can invest more, provided if they reduce their expenses. It is concluded that, if there are more members earning in the family their investment is higher and also their expected rate of return is also higher. Finally it is concluded that the married investors expect more rate of return compared to unmarried investors.

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