



ORIGINAL RESEARCH PAPER

Management

STUDY ON INVESTMENT STRATEGIES OF MIDDLE CLASS PEOPLE IN MADURAI DISTRICT

KEY WORDS: Invest Money, Strategies, Habits, and Deposits.

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ABSTRACT

One of the best ways to money is by visualizing what you are investing for. If you need motivation, set investing targets along with a timeline to make it easier to invest. Investing is an excellent habit that you must inculcate early on in life to ensure your financial security. The most frequently used strategies are behavioral investing strategies for increasing the efficiency of spending (e.g., shopping more carefully for food) and for reducing consumption (e.g., spending less on leisure). Qualitative results indicate that individuals also use goals and mental accounting to help them invest, view their deposits as bills or pay their accounts first to help them make deposits. Long-term goals typically aren't achieved for at least five years. Retirement is usually the biggest long-term goal for investors.

INTRODUCTION:

Utilizing multiple savings accounts is a strategic approach to allocate funds for distinct financial objectives. Maintaining more than one savings account facilitates the segregation of money earmarked for specific goals, preventing inadvertent use for unrelated purposes. Investing encompass funds set aside from earned income, designated for future needs such as unforeseen expenses, significant purchases, or retirement planning. An emergency fund, constituting a cash reserve, is specifically reserved for unexpected financial challenges like car repairs, home maintenance, medical bills, or situations involving a loss of income. This prudent financial practice ensures that resources are appropriately designated, enhancing financial security and preparedness for various life circumstances. Investing is the balance that remains after meeting of the consumption needs of an individual. People who buy on credit and have incremental EMI commitments would have little or none to invest on a monthly basis. Investing help in pooling up funds for the future. Investing money in a middle-class family is stressful. Lack of finance knowledge, poor budgeting, relying on a single-income family member, and increasing prices of daily goods and services are some of the biggest barriers to investing money in a middle-class family. Another core barrier is investing in FDs over investing. Most Indian middle-class families prefer to keep their money to invest in fixed deposits or investing accounts which do not offer attractive returns that could beat inflation. If you too are struggling with wealth creation then here is how to invest money in a middle-class family to secure your future.

Need For Study:

Investing is indispensable for everyone, irrespective of their income, expenditures, and life phase. Investing money stands out as a fundamental element in wealth accumulation and ensuring a stable financial future. This research seeks to understand the various methods individuals employ to invest their money effectively, aiming to enhance their financial security. The primary goal of these investments is to establish a financial safety net, covering unforeseen costs such as medical emergencies, abrupt job loss, natural calamities, household necessities, and family crises.

Objectives of study:

- To study demographic profile of respondents.
- To study on investment strategies followed by middle class people.

Review Of Literature:

Middle-Income Families in the Economic (2011) - Roberta R. Iversen, Laura Napolitano, Frank F. Furstenberg: The study by Iversen et al. emphasizes the pivotal role of family income in shaping the financial priorities of middle-income families. Focusing on two primary areas— living spaces, food, and clothing, and their children's current and future education—the research highlights the diverse allocation of family income. From addressing medical emergencies to covering daily expenses and making monthly/weekly EMIs, the study underscores the multifaceted nature of family financial management. Ultimately, the findings reveal the critical link between family income, investments, and expenditures.

A Study on Investment Behavior of Middle-Class Household in Nagpur (2012) - Dr. Aparna Samudra, Dr. M.A. Burghate: Dr. Samudra and Dr. Burghate's research delves into the investment preferences and objectives of middle-class households. The study categorizes investment instruments into physical investments like real estate and gold, and financial investments such as bank deposits, shares, mutual funds, and insurance. By exploring the reasons behind changes in investing patterns, the research provides valuable insights into the dynamics of middle-class investment behavior.

Boosting Family Income to Promote Child Development (2014) - Greg J. Duncan, Katherine Magnuson, Elizabeth Votruba-Drzal: Duncan, Magnuson, and Votruba-Drzal's work examines the impact of increased family income on child development. Recognizing the limitations faced by poor families in investing in high-quality childcare and enriched learning experiences, the study suggests that boosting income positively influences children's educational outcomes. The research poses essential questions about the timing and effectiveness of income boosts, particularly during children's early developmental years.

Lifestyles, Consumerism, and Environmental Concern (2009) - Lars Meier, Hellmuth Lange: Meier and Lange challenge conventional views of lifestyle and consumption among the emerging middle classes. While acknowledging their relatively high scores in environmental concern and knowledge, the study emphasizes the greater significance of factors like investing, education, and income security in the day-to-day lives of these middle classes. The paper concludes by discussing potential interventions to promote sustainable behavior and reduce consumption in culturally diverse contexts.

Household Finance (2006) - Johnny Campbell: Campbell's research explores household finance, focusing on the risk associated with increasing real borrowing costs. The study suggests that wealth is not the sole predictor of a household's willingness to take financial risks; income, age, race, education, and attitudes toward risk also play crucial roles. Asset allocation data reveal the importance of housing and associated social debt for typical households, offering valuable insights into the complexities of household financial decision-making.

Tools For Analysis:

The tools that are used for analysis are as follows:

- Frequency analysis and Percentage analysis
- Cross tab

Data Analysis And Interpretation:

Objective 1: To study demographic profile of respondent.

Frequency Analysis and Percentage Analysis

Table No: 1 Table showing the demographic and socio-economic profile of the respondents

Criteria	Profile of the respondents	
	Frequency	Percentage
Gender	28	56.00%
Male		
Female	22	44.00%
Age (20-25)	34	68.00%
Qualification (UG)	34	68.00%
Marital status (Unmarried)	33	66.00%
Home Location	31	62.00%
(Madurai south)		
Monthly Income	12	24.00%
[6,000 to 10,000 &		
21,000 to 30,000]		

Interpretations:

Majority of the respondents were male and most of them youngest below 25 years. 68 percent of them are undergraduate. Most of the respondent's marital statuses are unmarried. 62 Percentage of them are located in Madurai south. The monthly income of the respondent percentage is equal in both level of (6,000 to 10,000) & (21,000 to 30,000).

Objective 2: To study on types of investing and investing strategies followed by middle class people.

Cross tab analysis

Table No: 2 Table showing the investing strategy of the respondent based on monthly Income

Criteria		Profile of the respondent	
		Percentage (%)	No of respondent
Monthly Income	6,000 -10,000	24%	12
	11,000-15,000	6%	3
	16,000- 20,000	22%	11
	21,000- 30,000	24%	12
	31,000- 40,000	8%	4
	41,000- 50,000	6%	3
	50,000-above	10%	5
Amount Investing percentage	0%-5%	26%	13
	5%-10%	42%	21
	10%-20%	12%	6
	20%-30%	6%	3
	30%-above	14%	7

Interpretation:

In this table shows the most of the respondents were monthly income is 6,000 to 10,000 and 21,000 to 30,000 both level have been 24 percentage and the number of responded is 12. The 42 percentage of people investing portion are 5% to 10% and the number of responded is 21.

Table No: 3 Table showing the investing strategy and primary goals of investment

Investing strategy	Age	Primary goal of Investment	No of respondent
Make a budget	20-25	Business	9
		Vehicles	9
		Education	7
	26-30	House	3
	31-40	Gold	3
Say goodbye to debt	20-25	Gold	1
		House	1
		Education	5
	26-30	Business	4
		Gold	5
Cut down your grocery	20-25	House	1
		Business	1
	26-30	Education	1
Cancel Automatic Subscription and Membership you don't Use	20-25	Vehicles	1
		Education	1
	26-30	vehicles	1
		Business	1

Interpretation:

The different age group of people will follow certain investing strategy to invest their money and invest in their primary needs and goals. The table focus on the 20-25 age group of people will prefer to investing their money in Business, education and vehicles. 26-30 age group of people will prefer to investing their money in house. 31-40 age group of people will prefer to investing their money in gold. 46-50 age group of people will prefer to investing their money in house and gold. Most of the respondents are followed by these investing strategies under making a budget and saying goodbye to debt.

Findings

The study's demographic analysis revealed a predominantly male, undergraduate population, with a significant number falling within the 20-25 age. Interestingly, the respondents were mainly unmarried, and a majority resided in Madurai South. Monthly income distribution was diverse, with 24% falling into the 6,000 to 10,000 and 21,000 to 30,000 income brackets. Moving to investing strategies, the data illuminated a preference for a 5%- 10% investing range among 42% of participants. Notably, age played a role in shaping investing behaviors, with the 20-25 age group favoring investments in business, education, and vehicles, while those aged 26-30 leaned towards houses. The 31-40 age groups showed a predilection for investing in gold, and the 46-50 age group diversified their investments between houses and gold. Common investing strategies included budgeting, debt management, grocery reduction, and canceling unused subscriptions. Recommendations based on these findings include implementing financial literacy programs, providing age-specific investment education, promoting diverse investing strategies, conducting community outreach, offering financial counseling services, encouraging long-term investments, collaborating with local businesses, and implementing continuous monitoring and evaluation to refine financial education initiatives and better meet the diverse needs of the population.

CONCLUSION:

The study has provided valuable insights into the demographic and socio-economic profile of respondents, shedding light on their investing strategies and financial behaviors. The findings underscore the importance of tailoring financial education and outreach efforts to the specific needs of diverse age groups, considering factors such as income, marital status, and location. The study also highlights the varying investment preferences across

different age brackets, emphasizing the importance of offering a range of investment options and strategies to cater to individuals' evolving financial goals. The recommendations, including the implementation of financial literacy programs and community outreach initiatives, aim to empower individuals with the knowledge and skills necessary for effective financial planning and decision-making. By addressing these aspects, there is potential to enhance the overall financial well-being of the studied population and contribute to the broader understanding of investing behaviors among middle-class individuals.

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