INVESTMENT DECISIONS OF THE SALARIED INDIVIDUALS IN COIMBATORE DISTRICT - AN ANALYTICAL STUDY

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Abstract- Savings are considered as the conduits of capital formation and accumulation. Salaried individuals are the major contributors of the pool of savings and investment. As it is imperative to know on the investment decisions of salaried class, 150 respondents from four taluks have been randomly selected with the help of Simple Random Sampling Technique in Coimbatore District constituting 600 sample size. Fixed deposit seems to bse the most preferable investment avenue of the salaried individuals. salaried individuals invested their surplus money for diversified reasons, namely lucrative return regularly, obtaining a loan from an investment, rising living standard, tax saving, leading life after retirement, meeting unforeseen family expenses and getting a guaranteed return.

1. INTRODUCTION

The volume of savings is the barometer of the economic development of the Nation. Savings are considered as the conduits of capital formation and accumulation. Salaried individuals are the major contributors of the pool of savings and investment. Individual sacrifice of risks results into the returns of individual as well as institutional mechanisms of Investment. Risk-return of Investment Avenue is based on the cyclical situations of the business. The individual must be very conscious, updated, watch and ward about the cyclical rotations of business and apply relevant strategies to face the risks and balance the returns. Therefore, the research study on 'investment pattern and risk level of salaried individuals' has wider and brighter scope.

1.1 Statement of the Problem

Management of investment is very crucial. Sudden unforeseen expenses or unwanted expenses may divert the purpose of the salaried people from their investment consciousness. So, expense management becomes essential to ensure fair returns from the amount of the investment. Suitable decisions on the payment mode are to be made by the investor. In other words, cash, cheque, credit card and Equal Monthly Instalments (EMIs) must be decided in advance by the investor to reap more benefits. It also makes the financial planning of a salaried person so critical. Limited and fixed flow of income is the main feature of salary income. Proactive thinking, proper savings and expenditure pattern would fill the gaps between the investment of salaried class people and their consumption. Further, life insurance and health insurance policies taken by the salaried people would also mitigate the risks of salaried persons. Regular flow of income and risk reduction would be more helpful to these investors to go behind systematic investments in the way to achieve the financial goals.

2. OBJECTIVES

 ➢ To understand the socio – economic profile of the respondents
 ➢ To analyse the investment decisions of the salaried individuals

3. RESEARCH METHODOLOGY

The study is analytical in nature based on survey method. Coimbatore is the main industrial hub of Tamil Nadu State and people are industrious. Purposive sampling technique was adopted, and 4 taluks have been duly selected out of 11 taluks of the district based on its geographical location. 150 respondents have been randomly selected from each taluk based on the Simple Random Sampling Technique. The sample size constitutes 600.
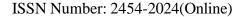
4. ANALYSIS AND DISCUSSION

The socio-economic profile of the respondents reveals the economic status and earning capacity of the salaried individuals. Investment decisions can be taken according to the conditions of the social ladder of an individual. Before analysing the investment decisions, the socio-economic profile of the respondents has been given below:

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Table-4.1 Socio - Economic Profile of the Respondents

Category		Frequency (N = 600)	%
Age	Below 30	231	38.5
	31-40	217	36.2
	41-50	112	18.7
	Above 50	40	6.7
Gender	Male	318	53.0
	Female	282	47.0
Educational Qualification	Up to HSC	126	21.0
	Diploma/Technical	65	10.8
	Undergraduate	149	24.8
	Post Graduate	161	26.8
	Professional	99	16.5
Marital Status	Married	432	72.0
	Single	168	28.0
Status of Employment	Government	56	9.3
	Private	544	90.7
Monthly income	Up to ₹20,000	168	28.0
	₹20,001-40,000	156	26.0
	₹40,001-₹60,000	86	14.3
	₹60,001-₹80,000	118	19.7
	Above ₹80,000	72	12.0

Source: Primary Data

The above table depicted that most of salaried individuals were in the age groups of below 30 years (38.5%) and 31-40 years (36.2%). Though the sample consisted of both male and female respondents, male members were found more (53%). They have different educational qualification engaged in different occupations. However, Undergraduates (24.8%) and Post graduates (26.8%) were abounding in the sample. 72 percent of them were married. Private employment was the main source of income for 90.7 percent of the respondents. Most of them had earnings upto Rs.20000 constituting 28 percent.

Table-4.2 Preferred Investment Avenues of the Respondents

Variables	Mean Rank	χ^2	P.
Real estate/ Residential house	8.13		
Gold, Silver, diamond and other precious metals	8.42		
Fixed Deposit Account	8.89		
Savings Account	6.56		
Equity shares	6.08		
Corporate deposits / Bonds / Debentures	6.54		
Govt. / PSU / Financial Institution bonds	6.07		
Employees Provident Fund Account	7.91	735.259	.000
NSC / PPF / Post office deposits / Other small savings	7.26		
Mutual Funds	6.11		
Financial Derivatives	4.95		
LIC / Other Insurance Schemes	7.98		
Chit fund	6.15		

Source: Primary Data

The above table portrayed that there was a significant variation in the preferred investment avenues since its 'P' value was significant at 5% level (p=<0.05) according to Friedman's test. The mean rank revealed that 'fixed deposits' (Mean Rank=8.89) was a highly preferred investment avenue followed by precious metals like gold, silver and diamond, real estate/ residential house, insurance and EPF. It was concluded that fixed deposit seem to be the most preferable investment avenue of the salaried individuals.

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Table-4.3 Descriptive Statistics for the Variables of Investment Decision of the Respondents

Variables	x̄	σ	S.E.
I constantly invest in getting a stable income.	3.934	.957	.041
Easy to get a loan from investments	4.094	.641	.029
I am always preferring to get maximum returns by investing from various investment avenues	4.074	.713	.031
To maximize returns, I buy and keep for a long time.	4.334	.774	.034
I invest in order to improve my standard of living.	4.334	.752	.033
I prefer to invest in order to increase my wealth.	4.294	.705	.031
I am afraid of investing in stocks, so I prefer to put my money in bank and post office accounts.	4.294	.704	.031
I always invest in order to obtain tax benefits.	4.274	.850	.037
I am going to invest for hedging purposes	4.044	.846	.037
I always try to invest in ways that provide me dual benefits	4.094	.760	.033
I prefer to invest in protecting my retirement life	4.184	.889	.038
I anticipate that the principal amount will be safe.	4.354	.750	.033
When I make an investment, I normally look at future performance.	4.214	.793	.034
I put money aside to cover unexpected family expenses.	4.294	.972	.041
I prefer to invest in assets that can be easily transferred.	4.224	.899	.039
I prefer to make investments that are guaranteed returns.	4.244	.953	.041

The above table showed that the mean values (x̄) for the variables were ranging between 3.934 and 4.354 with a relatively constant standard deviation (σ). Furthermore, the standard error (S.E.) was also consistent for all the variables of investment decisions of salaried individuals. Thus, it was observed that the salaried individuals have expected safety to the principal amount and preferred to invest to meet out unexpected family expenses. The table showing single sample t-test results for investment decisions of salaried individuals is given below:
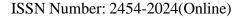
Table-4.4 Single Sample 't' Test for the Investment Decision of the Respondents

Variables	't'	d.f.	P.
I constantly invest in getting a stable income	25.18	669	.000
Easy to get a loan from investments	44.34	669	.000
I am always preferring to get maximum returns by investing from various investment avenues	38.98	669	.000
To maximize returns, I buy and keep for a long time.	44.83	669	.000
I invest in order to improve my standard of living.	46.07	669	.000
I prefer to invest in order to increase my wealth.	47.76	669	.000
I am afraid of investing in stocks, so I prefer to put my money in bank and post office accounts.	47.66	669	.000
I always invest in order to obtain tax benefits.	38.92	669	.000
I am going to invest for hedging purposes	32.09	669	.000
I always try to invest in ways that provide me dual benefits	37.41	669	.000
I prefer to invest in protecting my retirement life	34.58	669	.000
I anticipate that the principal amount will be safe.	46.82	669	.000
When I make an investment, I normally look at future performance.	42.37	669	.000
I put money aside to cover unexpected family expenses.	34.43	669	.000
I prefer to invest in assets that can be easily transferred.	35.36	669	.000
I prefer to make investments that are guaranteed returns.	33.84	669	.000

The above table signified that the variables of investment decision have significantly influenced among the salaried individuals. The single sample 't' values were significant at 5% level. Therefore, it was implied that salaried individuals invested their surplus money for diversified reasons, namely lucrative return regularly, obtaining a loan from an investment, rising living standard, tax saving, leading life after retirement, meeting unforeseen family expenses and getting a guaranteed return.

CONCLUSION

To sum up, middle age category of male respondents was found more in the sample. The respondents have good educational background and most of them were earning below Rs.40000. Most of them were engaged in private jobs. The investment decision of these salaried individuals had concerned with wealth maximization, tax avoidance, stable return, liquidity, safety to investment and save for future.

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