



Investment Pattern of Middle Class Families income - A study with Special reference to Coimbatore City

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Abstract: Investment is the employment of funds on assets with the aim of earning income or capital appreciation. Investment is the most important things today. People are earning more, but they do not know where, when and how to invest it. A proper understanding of money, its value, the available avenues for investment, various financial institutions, the rate of return/risk etc., are essential to successfully manage one's finance for achieving life's goal. India is the best abode of investment opportunities both at micro and macro levels suitable to both urban and rural areas. The various efforts have been made by the Government and private individuals as well as institutions to encourage investment activities in identified areas in the interest of generation of output, income and employment opportunities. It is always noted point that the investment programme should be able to generate income as well as employment opportunities in the Indian Economy so as to eradicate poverty and hunger. In recent years one of the best efforts of the Government is initiation of Self-Help Group Programmed under rural development and poverty eradication programmes. Since woman is the equal partner and centre of development, she needs basic attention on her freedom and empowerment, socially, economically and politically. Effective Investment and mobilization of resources can be done in more fruitful way through the development of women-resource. For development of women-resource, there is need for global-friendly training to the women at large scale, particularly in rural areas.

Key Words: Investment, Indian Economy, Investment Opportunities.

Statement of Problem

In today's scenario investments have become a basic necessity for everyone. In India there is a rapid growth in investment. More number of investors is investing their funds in different types of investment opportunities. Investing wisely is a function if investors' specific needs and goals. Each investor has different objectives that need to be met depending on age, income and attitude towards risk. Investors have to work out with their investment profile to determine which investments are right for them and should consider important factors such as personal status, plans and constraints. Now a day the middle class segments investors select almost all kinds of investment avenues for their investment. They all improve the economic development of a country. Based on this conceptual understanding this study aims to analyse the investment pattern of middle class income families residing in Coimbatore city, Tamil Nadu.



Scope of the Study

This study is focusing on the preference of Investments by particular income class and it will be helpful to identify the better investment options in the market for the income group.

Objective of the Study

- To study the demographic and socio-economic status of middle-income class families hailing at Coimbatore city.
- To evaluate the households level of satisfaction towards their investment practices.

Hypotheses of the Study

- There exists rational association between demographic and socio-economic status of middle-income household investors and their level of awareness towards various investment related information.
- There exists close association between investment priorities of the households and their level of satisfaction.

Research Methodology

This part explain the methodology used in this study. The methodology includes data and sources of data, sample size, area of the study and framework of analysis. The current study is both explorative and descriptive in nature.

Stage I: This stage of the research was exploratory in nature. This was done in two phase. The initial phase was to undertake detailed secondary search impact of advertisement of consumer buying behaviour, celebrity endorsements and consumer buying behaviour in India and other nations. This exploratory search was also form basis for preparing the interview schedule for the next stage.

Stage II: A descriptive research was carried out at the second stage by applying a survey method. The nature of this study demands survey method. The study is focused on the households living in Coimbatore city. The data collection tool used is a questionnaire.

Sampling Technique

The study adopted multi-stage sampling technique. In the first phase of the research work, the identification of study area and selection of geographical zone for primary data collection was executive based on the cluster base stratified random sampling techniques. In the second phase the researcher adopted convenience /non-probability sampling techniques, where the sample subjects are selected based on the referral groups references.

Statistical Tools Applied

To arrive at the findings of the study, a wide variety of analytical tools have been used. In relevance with the hypothesis framed appropriate statistical tools have been applied. The following tools have been applied in the study: Frequency distribution, Likert's Scaling, Weighted Average, Chi-Square Test, ANOVA and Multiple Regression. SSPS Version 19 is used for data analysis. The variables significance is measures at five per cent.

**Households Levels of Satisfaction towards Investment Practices**

Households' satisfaction towards their investment avenues is mostly determined by their perceptions towards saving/investment avenues, the product where they have parked their hard earn money, return on investment, most important the performance of financial market and the support systems they had received. Based on this conceptual understanding the researcher aims to analyse the level of satisfaction derived by the sample households surveyed in Coimbatore city.

HOUSEHOLDERS INVESTERS LEVELS OF SATISFACTION TOWARDS INVESTMENT PRACTICES

Nature	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Sum	Mean	Rank
Selection of Investment Avenues	74 (29.60)	93 (37.20)	73 (29.20)	8 (3.20)	2 (0.80)	979	3.92	1
Rate of Investment Returns	34 (13.60)	125 (50.00)	73 (29.20)	14 (5.60)	4 (1.60)	921	3.68	3
Period of Investment	46 (18.40)	100 (40.00)	76 (30.40)	23 (9.20)	5 (2.00)	909	3.64	4
Level of Security of Principle Amount	55 (22.00)	101 (40.40)	64 (25.60)	21 (8.40)	9 (3.60)	922	3.69	2
Level of Security of Investment Returns	41 (16.40)	96 (38.40)	76 (30.40)	27 (10.80)	10 (4.00)	881	3.52	5
Risk Levels of Investments Options	30 (12.00)	95 (38.00)	86 (34.40)	33 (13.20)	6 (2.40)	860	3.44	7
Satisfaction Level with the Financial Agencies Support services	43 (17.20)	83 (33.20)	90 (36.00)	21 (8.40)	13 (5.20)	872	3.49	6
Innovative Design of the Financial Products	36 (14.40)	81 (32.40)	94 (37.60)	26 (10.40)	13 (5.20)	851	3.40	9
Fulfillment of Financial Commitment Needs	40 (16.00)	86 (34.40)	82 (32.80)	25 (10.00)	17 (6.80)	857	3.43	8

Source: Primary Data



The above table depicts the middle income householders' level of awareness towards while selection of towards investment practices. From the above presented data it has been inferred that majority i.e., on an average 3.92 percentage of respondents on the Likert's scale of five point have opined that they are well aware about financial and investment market performance. Followed by, it has been observed that most of the sample populations were familiarities with investment avenues / products; it has been ranked in the second place with higher mean score of 3.92. Similarly, it has been found that the sample respondents were well aware about rate of interest they can realise from an investment, profitable investment option and also they have gained knowledge about effective management of investments. These variables are rated in the third, fourth and fifth places, with the high mean score of 3.68, 3.64 and 3.44 respectively. Further, it has been observed that the sample respondents had gather moderate level of awareness towards: taxes saving options, reputation of the firms which you opt for investment, other related information and risk attached with the investments, these variables were ranked in the sixth to tenth positions with the moderate mean score of 3.49, 3.44, 3.43, and 3.40, respectively.

Results of Hypotheses Testing

H1: There exists no rational association between demographic and socio-economic status of middle-income household investors and their level of awareness towards various investment related information.

RESULT OF ANOVA ASSOCIATION BETWEEN GENDER OF MIDDLE-INCOME HOUSEHOLD INVESTORS AND THEIR LEVEL OF AWARENESS TOWARDS VARIOUS INVESTMENT RELATED INFORMATION

Variables	Source	Sum of Square	DF	Mean square	F	Sig
Financial and Investment Market Performance	Between Groups	.068	1	.068	.060	.807
	Within Groups	284.268	248	1.146		
	Total	284.336	249	-		
Familiarities with Investment Avenues / Products	Between Groups	.295	1	.295	.330	.566
	Within Groups	222.169	248	.896		
	Total	222.464	249	-		
Profitable Investing Options Taxes Saving Options	Between Groups	.094	1	.094	.084	.772
	Within Groups	276.290	248	1.114		
	Total	276.384	249	-		
Profitable Investing Options Taxes Saving Options	Between Groups	.692	1	.692	.646	.422
	Within Groups	265.452	248	1.070		
	Total	266.144	249	-		
Profitable Investing Options	Between Groups	.116	1	.116	.111	.740
	Within Groups	260.540	248	1.051		
	Total	260.656	249	-		
Return of Investment	Between Groups	.540	1	.540	.483	.488



	Within Groups	277.176	248	1.118		
	Total	277.716	249	-		
Risk Attached with the Investments	Between Groups	.048	1	.048	.039	.843
	Within Groups	303.076	248	1.222		
	Total	303.124	249	-		
Reputation of the Firms which you opt for Investment	Between Groups	2.104	1	2.104	1.907	.169
	Within Groups	273.672	248	1.104		
	Total	275.776	249	-		
Other Related Information	Between Groups	.505	1	.505	.423	.516
	Within Groups	295.595	248	1.192		
	Total	296.100	249	-		

Level of Significance: 5 per cent

From the above table it has been inferred that there exists variations in the sample mean values and the probability value of ANOVA at 5 per cent does not establishes good relationship between the variables tested. Therefore, the hypothesis framed stands rejected and it is concluded that there association between gender of middle-income household investors and their level of awareness towards various investment related information.

RESULT OF ANOVA ASSOCIATION BETWEEN AGE OF MIDDLE-INCOME HOUSEHOLD INVESTORS AND THEIR LEVEL OF AWARENESS TOWARDS VARIOUS INVESTMENT RELATED INFORMATION

Variables	Source	Sum of Square	DF	Mean square	F	Sig
Financial and Investment Market Performance	Between Groups	5.080	6	.847	.737	.621
	Within Groups	279.256	243	1.149		
	Total	284.336	249	-		
Familiarities with Investment Avenues / Products	Between Groups	3.883	6	.647	.719	.634
	Within Groups	218.581	243	.900		
	Total	222.464	249	-		
Profitable Investing Options Taxes Saving Options	Between Groups	4.207	6	.701	.626	.709
	Within Groups	272.177	243	1.120		
	Total	276.384	249	-		
Profitable Investing Options Taxes Saving Options	Between Groups	4.321	6	.720	.668	.675
	Within Groups	261.823	243	1.077		
	Total	266.144	249	-		
Profitable Investing Options	Between Groups	1.283	6	.214	.200	.976
	Within Groups	259.373	243	1.067		
	Total	260.656	249	-		
Return of Investment	Between Groups	6.558	6	1.093	.979	.440
	Within Groups	271.158	243	1.116		
	Total	277.716	249	-		



Risk Attached with the Investments	Between Groups	8.034	6	1.339	1.103	.361
	Within Groups	295.090	243	1.214		
	Total	303.124	249	-		
Reputation of the Firms which you opt for Investment	Between Groups	2.903	6	.484	.431	.858
	Within Groups	272.873	243	1.123		
	Total	275.776	249	-		
Other Related Information	Between Groups	12.300	6	2.050	1.755	.109
	Within Groups	283.800	243	1.168		
	Total	296.100	249	-		

Level of Significance: 5 per cent

From the above table it has been inferred that there exists variations in the sample mean values and the probability value of ANOVA at 5 per cent does not establishes good relationship between the variables tested. Therefore, the hypothesis framed stands rejected and it is concluded that there association between age of middle-income household investors and their level of awareness towards various investment related information.

LEVELS OF SATISFACTION TOWARDS INVESTMENT PRACTICES & PRIORITIES OF THEIR PLACES

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
Constant	.798	.137	-	5.825	.000	-	-
Selection of Investment Avenues	.013	.036	.020	.359	.720	.878	1.139
Rate of Investment Returns	.089	.041	.128	2.168	.031	.774	1.292
Period of Investment	.063	.037	.104	1.732	.085	.749	1.334
Level of Security of Principle Amount	.072	.034	.127	2.147	.033	.773	1.293
Level of Security of Investment Returns	.065	.034	.114	1.884	.061	.744	1.344
Risk Levels of Investments Options	.091	.039	.150	2.355	.019	.669	1.495
Satisfaction Level with the Financial Agencies Support services	.118	.034	.211	3.504	.001	.745	1.342
Innovative Design of the Financial Products	.084	.036	.150	2.366	.019	.677	1.477
Fulfillment of Financial Commitment Needs	-.004	.035	-.007	-.103	.918	.614	1.628

Level of Significance: 5 per cent



To determine of one or more of the independent variables are significant predictors of association between association between investment priorities of the households and their level of satisfaction the information provided in the co-efficient table is examined. None of the parameters statements are statistically significant. The standardized co-efficient beta column reveals that association between investment priorities of the households and their level of satisfaction met have beta standard co-efficient .798 which is statistically significant at 0.000.

To assess multi-collinearity one looks at the size of tolerance and VIF (Variance Inflated Factor). For the tolerance small indicate the absence of collinearity. The VIF is the inverse (opposite) of tolerance, one looks for large values. If the tolerance value is smaller than .10, it is concluded that multi-collinearity is a problem. Similarly, if the VIF is 5 or larger, then multi-collinearity is a problem. Since the tolerance value is substantially above .10 and the VIF is smaller than 5 it is concluded that multi-collinearity among the independent variable is statistically not significant.

Predicated Value of

Households levels of satisfaction towards investment practices
= .798 (Constant)

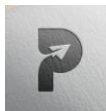
To assess the Households levels of satisfaction towards investment practices multiple regression modeling was performed and to the relative importance of the individual dimension of the generated scale, Multiple Regression Analysis indicated out of nine variables tested none of them were found to be statistically significant.

Findings

- From the above table it has been inferred that there exists variations in the sample mean values and the probability value of ANOVA at 5 per cent does not establishes good relationship between the variables tested. Therefore, the hypothesis framed stands rejected and it is concluded that there association between gender of middle-income household investors and their level of awareness towards various investment related information.
- From the above table it has been inferred that there exists variations in the sample mean values and the probability value of ANOVA at 5 per cent does not establishes good relationship between the variables tested. Therefore, the hypothesis framed stands rejected and it is concluded that there association between age of middle-income household investors and their level of awareness towards various investment related information.
- To determine of one or more of the independent variables are significant predictors of association between association between investment priorities of the households and their level of satisfaction the information provided in the co-efficient table is examined.

Suggestions

Today there are so many special investment schemes in market which encourage people for the saving. The investors have to identify the market situation and price fluctuations in the precious metals. To enhance the saving habits, the saving mode must attract people by providing many



offers and new attractive schemes. Real estate is the most desirable investment avenue for the income class, but they are not able to invest their money in it due to demand of high liquidity. So government and policy maker should make schemes for easy housing finance with low interest rate on home loans. The income class is more interested to buy gold in form of ornaments rather than in forms of biscuits or coins so gold coins should be promoted by bank and post office to enhance the people for making investment in bullions. The research found that tax advantage in any investment take last place in investors mind then it indicate the tax concessions given by the government on any investment are less attractive so tax benefits and long term saving need to be increased for promoting long term investment by the government and policy makers.

Conclusion

Current survey and various reports as (NCAER), a show that Indian economy is growing at a higher pace and per capita income of low class and middle class is also increasing. But inflation rate is also increasing at a higher rate than the increasing rate of per capita income of lower and middle class. So it is very challenging for the income class to make their investment after managing their huge expenses. The 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 Gold and silver, Mutual funds, Real estate and life insurance policies etc. But they are not enough satisfied with their investment decision in such avenues due to low return for e.g. 4% interest rate on mutual fund, life insurance. Because of low returns on these investments, they are not able to cope with their future needs. So government and policy maker should make policies, according their investment behavior and needs.

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