A Study on Selection of Investment Channels in Namakkal with Particular Reference to Salaried People

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ABSTRACT

Each and every individual saves a part of his income to meet his future needs. All individuals and families have some financial goals. However setting aside enough money for savings and investment to accomplish these goals, as well as choosing the right financial products, can be difficult. Making a firm commitment to savings and investment is probably the most important step in achieving these goals. The goal of investing is generally to increase net worth and work toward long-term goals. Commonly accepted criteria for evaluating types of investments, as well as specific investments, include: Risk, Return, Liquidity and marketability, Cost, Diversification, Taxes, Effort and expertise etc., There are various types of investment available, but some basic investment types are: Bank deposit, Post office deposit, Stocks, Gold and silver, Real estate, Insurance, etc., Each investor has various kind of attitude over various kind of investment. Attitude is not the only factor that influences their preferences, other than attitude there are , several other factors that affects their preferences such as Return, Risk, Income, Savings, Status, Age, Family, Experience, etc.,

Keywords: Income, Expenses, Savings, Risk, Investment avenue and Protection, etc.,

Introduction to the investment

An asset or item with value that is purchased for income or capital appreciation. The purchase of property with the expectation that its value will increase over time. The commitment of funds with a view to minimizing risk and safeguarding capital while earning a return compare speculation. Investment is a term with several closely related meanings in finance and economics. It refers to the accumulation of some kind of asset in hopes of getting a future return from it.

In theoretical economics, investment means the purchase (and thus the production) of capital goods - goods which are not consumed but instead used in future production. Examples include building a railroad, or a factory, clearing land, or putting oneself through college.

In finance, investment means buying monetary or paper assets, for example equity investment or real estate investment or bonds or postage stamps. These investments may then provide a future income and increase in value.

Goals

All individuals and families have some financial goals. However setting aside enough money for savings and investment to accomplish these goals, as well as choosing the right financial products, can be difficult. Making a firm commitment to savings and investment is probably the most important step in achieving these goals. The goal of investing is generally to increase net worth and work toward long-term goals.

Investment consideration

There are many things to consider when beginning an investment plan. Some are personal requiring you to carefully evaluate yourself (knowledge, attitude, skills, goals, and personality) and your financial situation. Others involve using selection criteria to evaluate specific kinds of investment. The interplay of these two sets of consideration is crucial to wise investment decision-making.

Personal consideration

When beginning an investment plan, careful consideration need to be given to:

Investment goals, Time available for working with investment, Knowledge of investment, Available funds for investing, Ability to handle loss, Present financial situation, Risk tolerance, etc.,

Investment selection criteria

Commonly accepted criteria for evaluating types of investments, as well as specific investments, include: Risk, Return , Liquidity and marketability, Cost, Diversification, Taxes, Effort and expertise etc.,

Investment types

There are various types of investment available, but some basic investment types are: Bank deposit, Post office deposit, Stocks, Gold and silver, Real estate, Insurance, etc.,

Investment preference

Each investor has various kind of attitude over various kind of investment. Attitude is not the only factor that influences their preferences, other than attitude there are , several other factors that affects their preferences such as Return, Risk, Income, Savings, Status, Age, Family, Experience, etc.,

Scope of the study

This study emphasis the following scope:

- The preference of Investments by salaried class people
- This study will be helpful to identify the better investment options in the market.
- This study will be helpful to collect the opinion of the salaries class people regarding various investment options.
- This study will be helpful to identify the market share of particular investment.
- This study will be helpful to the policy makers for conducting further research.

Need of the study

The main purpose of this study is to find out the preference of salaried class people, how they invest their money in various investments and what are the investments in which they are investing frequently. This is the main purpose of the study.

Objectives of the study

Primary objective: To understand the level of satisfaction of salaried people for investment.

Secondary objective

- To study the various investment channels available in the market.
- To know the awareness level of investors on different investment channels based on socio-economic factors.
- To examine the major factors influencing the salaried people to invest.
- To identify the profitability and risk perception towards making an investment.
- To find out the various problems faced by the respondents in investment and to offer suggestions to encourage the investment schemes.

Limitations of the study

- The salaried class people were sometimes busy with their work, so they refused to give accurate information.
- Some of the salaried class people were not willing to express their income Level due to some personal problems.
- The study was conducted only in Namakkal.

Research methodology

Research Methodology is a way to systematically solve the research problem by applying various research techniques along with the logic behind the problem.

Research design

Research design is the specification of methods and procedures for acquiring the information needed. Descriptive research design is one that simply describes something such as demographic characters of consumers who use the product. The descriptive study is typically concerned with determining frequency with which something occurs and how two variables vary together. This study is typically guided by an initial hypothesis. Here the researcher has no control on variables. In this research the researcher tries to find causes for investment preference of the respondents.

Sample size

A total of 250 samples have been selected for the study.

Sampling design

Sampling

Sampling is utilization of a limited number of items regarding the population or universe for studying the characteristics of the whole population or universe.

Sampling technique

In this research, researcher has selected Namakkal for Collection of data. In Namakkal, the researcher selected fixed areas to collect the data so that it would be easier for securing data for the research. Non-probability convenience sampling has been adopted by the researcher in selecting the respondents for conducting the survey.

Data collection

Primary Data

Primary data was the data originated by the researcher for the specific purpose of addressing the research problem. Here primary data is collected, by using a well structured questionnaire, directly from the respondents.

Secondary Data

For this research secondary data was obtained through websites, magazines and informations available in textbooks related to the topic.

Tools used for analysis

Percentage Analysis, Chi-Square Test, Weighted Average and Hypothesis testing was undertaken by applying Chi-Square tests and proportion tests. The framed hypothesis were accepted or rejected based on the consistency of relationship.

Period of the study

The study was confined to a period of three months from August 2023 to October 2023.

CHI – SQUARE ANALYSIS

TABLE NO. 1 GENDER AND LEVEL OF SATISFACTION TOWARDS THE INVESTMENT FACTORS (TWO-WAY TABLE)

S. No.	Gender	Level of Satisfaction			Total
		Low	Medium	High	
1.	Male	30	78	45	153
2.	Female	24	33	40	97
	Total	**54**	**111**	**85**	**250**

Null Hypothesis (H_0) -There is no significant relationship between gender and level of satisfaction towards the investment factors.

Alternative Hypothesis (H_1)-There is close significant relationship between gender and level of satisfaction towards the investment factors.

CHI-SQUARE (χ^2) CALCULATION

Calculated χ^2 value   =   7.012

Degree of freedom   =   2

Table value	=	5.991
Significant result	=	Significant at 5% level

INFERENCE

It is identified from the above analysis that the calculated chi-square value is greater than the table value. So, Null hypothesis is rejected. Hence, there is a close significant relationship between gender and level of satisfaction towards the investment factors.

TABLE NO. 2 OCCUPATIONAL STATUS AND LEVEL OF SATISFACTION TOWARDS THE INVESTMENT FACTORS (TWO-WAY TABLE)

S. No.	Occupational status	Level of Satisfaction			Total
		Low	Medium	High	
1.	Private employee	48	82	55	185
2.	Government employee	6	29	30	65
	Total	**54**	**111**	**85**	**250**

Null Hypothesis (H_0) -There is no significant relationship between occupational status and level of satisfaction towards the investment factors.

Alternative Hypothesis (H_1)-There is close significant relationship between occupational status and level of satisfaction towards the investment factors.

CHI-SQUARE (χ^2) CALCULATION

Calculated χ^2 value	=	10.039
Degree of freedom	=	2
Table value	=	5.991
Significant result	=	Significant at 5% level

INFERENCE

It is identified from the above analysis that the calculated chi-square value is greater than the table value. So, Null hypothesis is rejected. Hence, there is a close significant relationship between occupational status and level of satisfaction towards the investment factors.

TABLE NO. 3 MONTHLY INCOME AND LEVEL OF SATISFACTION TOWARDS THE INVESTMENT FACTORS (TWO-WAY TABLE)

S. No.	Monthly income	Level of Satisfaction			Total
		Low	Medium	High	
1.	Below Rs.5000	12	30	29	71
2.	Rs.5001 to 10000	20	17	17	54
3.	Rs.10001 to 15000	12	30	15	57
4.	Above Rs.15001	10	34	24	68
	Total	**54**	**111**	**85**	**250**

Null Hypothesis (H_0) -There is no significant relationship between monthly income and level of satisfaction towards the investment factors.

Alternative Hypothesis (H_1)-There is close significant relationship between monthly income and level of satisfaction towards the investment factors.

CHI-SQUARE (χ^2) CALCULATION

Calculated χ^2 value	=	13.744
Degree of freedom	=	6
Table value	=	12.592
Significant result	=	Significant at 5% level

INFERENCE

It is identified from the above analysis that the calculated chi-square value is greater than the table value. So, Null hypothesis is rejected. Hence, there is a close significant relationship between monthly income and level of satisfaction towards the investment factors.

TABLE NO. 4 FREQUENCY OF INVESTMENT AND LEVEL OF SATISFACTION TOWARDS THE INVESTMENT FACTORS (TWO-WAY TABLE)

S. No.	Frequency of investment	Level of Satisfaction			Total
		Low	Medium	High	
1.	Monthly	15	24	12	51
2.	Quarterly	5	26	26	57
3.	Half yearly	21	28	28	77
4.	Yearly	13	33	19	65
	Total	**54**	**111**	**85**	**250**

Null Hypothesis (H_0) -There is no significant relationship between frequency of investment and level of satisfaction towards the investment factors.

Alternative Hypothesis (H_1)-There is close significant relationship between frequency of investment and level of satisfaction towards the investment factors.

CHI- SQUARE (χ^2) CALCULATION

Calculated χ^2 value	=	13.289
Degree of freedom	=	6
Table value	=	12.592
Significant result	=	Significant at 5% level

INFERENCE

It is identified from the above analysis that the calculated chi-square value is greater than the table value. So, Null hypothesis is rejected. Hence, there is a close significant relationship between frequency of investment and level of satisfaction towards the investment factors.

FINDINGS

❖ It is stated from the analysis that majority (43%) of the respondents opined that the risk resistance is balanced risk.

❖ It is noted from the analysis that majority (60%) of the respondents are preferred for safety of investment.

❖ It is found from the analysis that all (100%) of the respondents are facing the problems during the investment.

❖ It is observed that most of the respondents are highly influenced to reason for selecting the investment method is high return and safety and security.

❖ It is cleared from the above analysis that maximum of the respondents are attend the problem of 'unknown returns' followed by 'less knowledge of financial consultant'.

❖ there is a close significant relationship between gender and level of satisfaction towards the investment factors.

❖ there is a close significant relationship between occupational status and level of satisfaction towards the investment factors.

❖ there is a close significant relationship between monthly income and level of satisfaction towards the investment factors.

❖ there is a close significant relationship between frequency of investment and level of satisfaction towards the investment factors.

SUGGESTIONS

❖ Interest rates in bank deposits could be increased to attract more depositors.

❖ Awareness should be created about post office deposits because even though the interest rate is higher than banks, lack of awareness failed the post office deposit from attracting women investors.

❖ Stabilization of the securities market is the need of the hour, because most investors were afraid to invest their money in stocks because of the bullish trend.

❖ Awareness on various kinds of insurance is also needed because most investors were not aware of newly invented insurance scheme.

❖ Finally providing more security to the private company depositors by making several reforms on the private non-banking financial service providers is also important.

❖   The investors can concentrate more on investment options that provide regular income and safety to investors.

CONCLUSION

Each and every individual saves a part of his income to meet his future needs. The percentage of income saved mainly depends on the income level, purpose of saving and objective of investments. In the same way, the choice of investment he adopts also depends on the return expected, percentage of income allotted for savings and the purpose of savings. 46% of salaried class people save above 30% of their income whereas only 11% of salaried class people save 10-20% of their income. 24% of salaried class people have chosen bank deposits as the most preferable investment option. This is due to the reason, that the salaried class people's main investment objective is return , safety and security. This is being the reason, 32% of salaried class people have chosen safety as their investment objective. Thus the most preferable investment option of the salaried class people at Namakkal is the Bank deposit since it is the investment avenue which provides safety to their investment with a regular return.

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