

A Study on Middle Income Persons' Investment Pattern in Tirunelveli City

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Abstract

In the modern world income plays an important role in every one's life. Investment is one of the major issues of the middle income families as their small savings of today are meeting the expenses of tomorrow. The person dealing with the planning must know all the various investment choices can be chosen for the purpose of attaining the overall objectives. The risk and returns available from each of these investment patterns differ from one pattern to another. Investor's behavior is influenced by many factors during investment decision making. Demographic profile of investors is also one of the decision influencing factors among others. This paper aims at the investment pattern and behavior and it's important. This paper will induce the awareness among the middle income person.

Key words: Middle income persons, Investment patterns, Investment avenues

I. INTRODUCTION

A. Meaning of investment

In simple terms investment refers to purchase of financial assets. While investment goods are those goods, which are used for future production. Investment implies the production of new capital goods, plants and equipments refers investment as real investment and not financial investment. The word investment can be defined in many ways according to different theories and principles. It is a term that can be used in a number of contexts. However the different meanings of investment are more alike than dissimilar. Generally, investment is the applications of money for earning more money. Investment also means savings or savings made through delayed consumption. According to economics, investment is the utilization of resource in order to increase income or production output in the future. An amount deposited in to a bank or machinery that is purchased in anticipation of earning income in the long run is both examples of investment. Although there is a general broad definition to the term investment, it carries slightly different meaning to different industrial sectors. Investment is a conscious act of an individual or any entity that involves deployment of money (cash) in securities or assets

issued by any financial institutions with a view to obtain the target returns over a specified period of time.

Target returns on an investment include

1. Increase in the value of the securities or assets, and/or
2. Regular income must be available from the securities or assets.

Definition

“An investment is a commitment of funds made in the expectation of some positive rate of returns. If the investment is properly undertaken, the returns will commensurate with the risk the investor assumes.” (Donald E. Fischer and Ronald J.Jordan). The purchase by an individual or institutional investors of a financial or real assets that produces a return in proportion to the risk assumed over some future investment period (F.Amling).

Definition of Middle Income Person

NCAER's definition of middle class population is the key element for economics development of India. Whose income exists between Rs. 2,00,000 to 5,00,000 per annum. An investment is the current commitment of money for a specify period in order to derive future payments will return the expected rate of inflation, the uncertainty of the future payment and time the funds or entrusted.

II. TYPES OF INVESTMENT PATTERN

A. Short Term Investment:

It is an investment made by the investor for very short period of time i.e for one to three years such as investment in bank, money market, liquid funds etc.

B. Long Term Investment:

When investor invests money for more than 3 and 5 years then it is called long term investment such as investment in Bonds, Mutual Funds, Fixed Bank Deposit, PPF, Insurance etc.

C. Objectives of the study:

- ❖ To identify the awareness of investment Pattern available for middle income People.
- ❖ To study the preference of the investment in middle income People.
- ❖ To examine the status of savings the middle income People.
- ❖ To find out the scope of savings for the middle income People.

D. Statement of the problem

- ❖ Lack of Safety of investment.
- ❖ Interest earned reasonable return.
- ❖ Stable income.
- ❖ Develop the habit of savings.

E. Review of literature:

- N.Geetha, Dr. M. Ramesh, 2011; ‘ A study on people’s preference in investment behavior’ This study examined on people’s choice in investment avenues in kurumbalur. This study of explains the details of making the investment along with the various ways in which the investment has to be maintained and managed.
- Dr. Aparna Samudra, Dr. M.A.Burghate, 2012; ‘A study on investment behavior of middle class households in Nagpur.’ This study directed towards finding the difference in choice of investment avenues in different age groups and income classes of the middle income classes segment in Nagpur.
- Megha Goyal, Dr. Anukratai Sharma, 2014; ‘A study of investment behavior of middle income group towards different kinds of investment avenues.’ This study examines the risk bearing capacity management between expenses and saving and other factors which influence their investment decision.
- Dr. C.M.Shinde, Priyanka zanvar, 2015; ‘ A study of investment pattern on the basis of demographic traits.’ This study was to determine whether the variables such as demographic characteristics age, gender and investment patterns could be used individually or in combination to both differentiate among levels of men and women investment decisions and risk tolerance and develop some guidelines to the investment managers to design their investment schemes by considering these views of individuals.

III. RESEARCH METHODOLOGY

The research design adopted in this study is descriptive design. Convenience sampling technique was used for selecting the samples. The area of the study is tirunelveli city and 55 wards were selected in the city for the research purpose. Tools like percentage

and weighted average was used for the analysis. The result reveals that 72.8% of the respondents are male and 27.2 % are female. 20% of the respondents are completed their schooling, 65% completed their under graduation and 15% of respondents are completed their post graduation.

Based on the result of weighted average the awareness level among the middle income group is lower and the respondents strongly agrees that the lack of simplicity in procedure and lack of awareness are also one of the main factor which changes their investment decision.

IV. CONCLUSION

The study shows how different factors and instruments have different risks returns and tax consideration while taking investment decision and are of diverse natures. The Indian economy has grown from a position of 2 to 3 % of growth rate to a position of 8.5 % at present in a very less time. The economy has done immensely well and so is the performance of the equity market. This has given a very high return to the investors. Thus equity market is presently very booming and expected even more in the future. The population for the future of the investing community is that it will give very high returns for the securities that are fundamentally strong or not by any other means.

The study also draws an important conclusion from the study that the investors are a keen to invest in long term and less risk product, much interest to earn the good return on their investments. Investors are aware about the factor affecting the short term as well as long term investment plans and they do take advice from the different experts, self analysis by investors themselves. This intensive study will somehow help investors in deciding the current investment their savings.

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