

A STUDY ON INVESTMENT CULTURE OF INDIVIDUAL INVESTORS WITH SPECIAL REFERENCE TO PERAMBALUR DISTRICT

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ABSTRACT

Investment culture among the people is an important pre-requisite, not only for capital formation but also for passive contribution within the faster growth of an economy. Investment has different meaning in finance and economics. In finance investment is putting money into something with the expectation of gain that upon thorough analysis features a degree of security of principle, also as security of return, within an expected period of the time .This study helps people to urge a positive attitude towards different investment opportunities and hope the notice may bring a wise change within the investment culture in Perambalur. The researcher were collected data from 200 respondents for knowing about their culture.

Due to lack of awareness the securities investment become rigid and complicated. So comparing investment like bank, gold, real estate, business etc most of the people refused to select risky, or security investment. Lack of awareness and rigidity to access is the main reason to become security market as not attractive.

KEYWORDS: Investment, Culture, Risk, Finance, Security.

Introduction

Investment culture among the people is an important pre-requisite, not only for capital formation but also for passive contribution within the faster growth of an economy. Investment culture refers to the attitudes, perceptions and willingness of the individuals and institutions in placing their savings in various sorts of financial assets, more commonly referred to as investment.

There are parameters that an investor considers before investing his/her hard-earned money. And to urge an insight of investment behavior an in- depth study supported his demographic and psychographic factors of the investor like age, gender, income groups, etc. is undertaken . The study helps to anticipate the well-liked portfolio of an investor, i.e. a gaggle of probable investment during which he/she would preferably invest. it'll also assist the market to research the mentality of an investor and to know his pulse to act accordingly.

Investment has different meaning in finance and economics. In finance investment is putting money into something with the expectation of gain that upon thorough analysis features a degree of security of principle, also as security of return, within an expected period of the time . In contrast motion money into something with an expectation of gain without thorough analysis, without security of principle, and without security of return is theory and gambling. Investment is said to saving or deferring consumption. Investment is involved in many areas of the economy, such as business management and finance whether for households, firms or government.

STATEMENT OF THE PROBLEM

The study was conducted to understand the investment culture of individual investors in Perambalur. In Perambalur, there are different people engaged in their own way of earning.

Investment decisions have its own features, and a few of the factors affecting investment decisions are: expected return, risk factor, global financial position, political stability, economic environment, banking industry, money value etc.

This study exposes a vivid idea on how its factors influences the investors in their investment and therefore the way the culture and the believes of individuals living in Kuttippuram influence the interesting in investment decisions. The occupation, income level, age, experience in investment etc, play a crucial role in their investments. quite these factors, many of the people in Perambalur aren't aware of some investment opportunities.

NEED OF THE STUDY

To make awareness about different investment opportunities.

To promote the investment habit and make improvement in investment decision

To aware the people about the varied factors influencing their investment.

SCOPE OF THE STUDY

- It gives valuable details about the various investment opportunities
- This study gives primary information about investors approach towards different investment opportunities
- This study helps the investors to require wise decision in portfolio management
- To analyse reason behind the investment decision
- To make a chance to re-think about present investment
- To study the danger taking mentality of people

SIGNIFICANCE OF THE STUDY

This study helps people to urge a positive attitude towards different investment opportunities and hope the notice may bring a wise change within the investment culture in Perambalur

OBJECTIVES OF THE STUDY

Primary objectives

- To study the investment culture of peoples of the world under study

Secondary objectives

- To study about different levels of risk taking capacity of people in Kuttippuram
- To assess investment pattern of people
- To understand the extent of awareness among investors regarding the varied avenues of investment
- To analyse reason/motives behind their investment

RESEARCH METHODOLOGY

Research methodology may be a thanks to systematically solve the research problem. This study comes under the descriptive research type. Data were collected from primary and secondary sources and interpreted, certain suggestions and proposals are made on the idea of study.

DATA COLLECTION

People in Perambalur were the informants of the study. Since the amount of respondents were very large, a population survey wasn't possible. Hence the researcher went for a sample study. 200 questionnaires were supplied among respondents belongs to different levels of occupation, income, religion etc.

Sampling method

A sample may be a representative of population, which predicts the behavior of whole universe.

Area of study

The study was undertaken in Perambalur only

Time period of study

The survey was handled during October 2019 to December 2019

STATISTICAL TOOLS USED

✓ Chi-square test

✓ Percentage

✓ Correlation

HYPOTHESIS

There is no relationship between the **age bracket** and investment habit.

LIMITATION OF THE STUDY

The sample size of 200 might not adequately represent the entire population.

Some of the persons not so representative

Refusal to respond because of exposing their income level and about the investment

The survey is restricted only in Perambalur.

Table No.1

CLASSIFICATION ON THE BASIS OF AGE

Age	No. of Respondents	Percentage
Below 25	36	18%
25-35	60	30%
35-45	62	31%
45-55	24	12%
Above 55	18	9%
Total	200	100%

Source: primary data

Inferences:-

From the above table inferred that out of 200 samples, 36 persons are in the age group of below- 25 years,

60 persons in the 25-35 group, 62 persons in 35-45 age range, 24 persons from the age group of 45-55 and only 28 respondents from 55 and above age group.

Table No.2

CLASSIFICATION ON THE BASIS OF EDUCATIONAL QUALIFICATION

Educational Qualification	No. of Respondents	Percentage
Below SSLC	16	8%
SSLC	36	18%
Plus two	14	7%
Graduation	66	33%
Post Graduation	36	18%
Others	32	16%
Total	200	100%

Source: primary data

Inferences:-

The above table reveals the educational qualifications of the respondents. In this, out of 200 respondents 16 persons are below SSLC, 36 persons are SSLC, 14 persons are plus two, 66 persons have graduation, 36 persons have post graduation and 32 persons have other educational qualification. Their investment nature is 6, 12, 5, 19, 10 and 12 respondents are respectively invested in less risky investment.

Table No 3

CLASSIFICATION ON THE BASIS OF OCCUPATION

Occupation	No. of Respondents	Percentage
Government Employee	42	21%
Non govt employee	18	9%
NRI	76	38%
Professional	20	10%
Agriculture	16	8%
Business	28	14%
Total	200	100%

Source: Primary data

Inferences:-

From the above table and charts we can understand that most of the respondents are NRIs, then GOVT employees, only 8% of respondents are farmers, non Govt employees are fall down the 9% and the remaining respondents are Business Man

Table No. 4

CLASSIFICATION ON THE BASIS OF INCOME LEVEL

Income	No. of respondents	Percentage of investors
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Below Rs.20000	44	22%
Rs.20000-Rs.30000	62	31%
Rs.30000-Rs.40000	46	23%
Rs.40000-Rs.50000	8	4%
Rs.50000-Rs.60000	26	13%
Rs.60000-Rs.70000	14	7%
Total	200	100%

Source: primary data

Inferences:-

The above table shows the income (monthly) of respondents. Out of these 200 respondents, 44 persons are in the group of below 20000, 62 persons are in the group of 20000-30000, 46 persons are in the group of 40000-50000, 8 persons are in the group of 50000-60000, 26 persons are the group of 60000-70000 and only 14 persons have 70000-80000 rupees on monthly.

Table No.5 Mode of savings of investors

Mode of savings	Percentage of investors
Bank deposit	45%
Post office	50%
Provident fund	5%
Total	100%

Source: primary data

Inferences: out of 200 investors, 45% of respondents are saved their money as bank deposits, and 50% of investors are opting post office savings, and the remaining respondents are govt employees therefore they are opted Provident fund for their savings.

Table No.6 factors influencing to make investment

Factors	No. of respondents
Rate of return	200
Interest in investment	184
Hobby	148
Pressure from others	30
Utilization of disposable income	176

Source: primary data

Inferences:-

In the above table shows that factors influencing to make investment, out of 200 investors, 200 persons are attracted to investment by rate of return on investment, 184 people have an interest in investments, 148 people are treated as a hobby, 176 persons are utilizing their disposable income as an investment and only 30 persons are investing in pressure of others.

Table No.7 Opinion about their own Investment

Criteria	No. of respondents	Percentage
Very good	50	25
Good	84	42
Average	40	20
Poor	8	4
No opinion	18	9
Total	200	100%

Source: - primary data

Inferences: -

Out of 200 respondents, 50 persons are highly satisfied with their investments, 84 persons are satisfied, 40 persons are felt average in their investment, 8 persons believe poor in their investment and 18 persons have no opinion about their investments.

Table No.8 satisfaction level of existing investment condition in the state

Factors	Very satisfied	Satisfied	Dissatisfied	Total
	No. of Respondents	No. of Respondents	No. of Respondents	
Banking	40	120	40	200
Political	24	50	126	200
Economic Environment	48	66	86	200
Govt. policies	52	66	82	200
Social Environment	42	58	100	200

Technological Environment	38	98	64	200
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Source: - Primary data

Inferences: -

Out of 200 investors, 20% investors are very satisfied, 60% are satisfied, and 20% are dissatisfied with banking system in our state, 12% investors are very satisfied, 25% are satisfied and 63% persons are dissatisfied with political environment prevailing in our state

24% are very satisfied, 33% and 41% are satisfied and dissatisfied with economic environment in our state

26% are very satisfied, 33% are satisfied, and 41% are dissatisfied regarding our Govt. policies

21% are very satisfied, 29% are satisfied, and 50% are dissatisfied with social environment in our state

19% are very satisfied, 49% are satisfied, and 32% are dissatisfied with our technological environment

Table No.9

Motives behind the investment

Factors	No. of respondents
Less risky	20
Return	108
Liquidity	24
Safety	20
Feasibility	8
Marketability	6
Convertibility	4
Social status	6

Religious factors	4
Total	200

Source: - Primary data

Inferences: -

In the above table that's clear that out of 200 investors, 20 persons are selected their investment because of risk less of investment, 108 peoples selected reasonable return on investment, 24 peoples are on liquidity, 20 on safety, 6 on feasibility, 6 persons on marketability, 8 on convertibility, 6 and 4 because of social status and religious factors respectively

Table No.10 Satisfaction level of current investment

Satisfied investors	Not satisfied	Total
84%	16%	100%

Source: primary Data

Inferences:- out of 200 respondents 84% are satisfied with their current investment, only 16% of them are dissatisfied with their current investment

Table No.11

Investors who are Ready to make changes in Current investment pattern

No of persons who ready to make changes in investment pattern	48
No of persons who not ready to make changes in investment pattern	152
Total	200

Source: - primary data

Inferences: -

From the above table and diagram, we can understand that out of 200 samples, 48 persons are ready to make changes in their investment pattern, majority of peoples are not ready to make changes in their investment pattern.

Statistical analyses

Correlation

Correlation is the tendency of two or more group or series of items to vary together directly or indirectly.

- Correlation is used for analyzing the relationship between the income level and investment in fixed return investment.

Here income level is taken as 'x' and investors in fixed return as 'y'. as a result of this, it is found that $r = 0.897$, so these two factors are highly positively correlated.

Chi square test

Chi square test is a statistical test, which test the significance of difference between a set of observed frequencies and as set of the corresponding theoretical frequencies obtained from a sample drawn from the population without assumption about the distribution of the population.

- Null hypothesis

There is no relationship between the age group and investment habit.

- Alternative hypotheses

Here a significant relationship between age and investment habit.

Age level of	Bank deposits	Post office saving	Chi t fun	Insurance	Gold scheme	Corporate securities	Mutual fund	Money market	Others	
Below 25	20	6	2	12	6	4	0	0	0	
25-35	30	10	4	18	10	8	0	0	0	
35-45	38	16	6	24	12	12	0	0	2	
45-55	88	32	12	54	28	24	0	2	2	

O	E	$(O-E)^2$	$(O-E)^2/E$
20	18.18	0.828	0.091
30	29.8	0.01	0.00067
38	40	1	0.05
6	6.60	0.09	0.027
10	10.84	0.176	0.032
16	5.44	27.878	10.249
2	2.48	0.058	0.047
4	4.6	0.009	0.00044
6	5.44	0.0078	0.029
12	11.14	0.185	0.033
18	18.28	0.0196	0.0021
24	24.54	0.0729	0.0059
6	5.78	0.012	0.0042
10	9.48	0.067	0.014
12	12.72	0.129	0.020
4	4.94	0.220	0.089
8	8.12	0.0036	0.00088
12	10.9	0.303	0.055
0	0	0	0
0	0	0	0
0	0	0	0

0	.40	0.04	0.2
2	0.66	0.449	1.361
0	0.9	0.203	0.451
0	0	0	0
0	0	0	0
0	.40	0.04	0.2
2	0.66	0.449	1.361
0	0.9	0.203	0.451
0	0	0	0
0	0	0	0
0	.40	0.04	0.2
2	0.66	0.449	1.361
0	0.9	0.203	0.451
0	.80	0.04	0.2
0	0.66	0.109	0.330
2	0.9	0.303	0.673

$$X^2 = \sum(O-E)^2/E$$

$$= 13.97$$

$$\text{Degree of freedom} = (r-1)(c-1)$$

$$= (3-1)(9-1)$$

$$\text{Table value (5\% significance level)} = 26.296$$

Interpretation

Now the analysis is, the table value is more than calculated value , thus null hypothesis is accepted.

FINDINGS

- Most of the investors in Perambalur was fall under the age level of 35-45
- Majority of investors are graduated
- 31% of the investors are under the income level of 20000 to 30000
- Bank deposit is the major savings mode of investors
- Return is the main induced factor to make investment
- The main motivated factor is the encouragement of investors.
- Majority of investors are selected their investment by self
- Most of the investors have good opinion about their investment
- Banking system of the state is the most satisfied factor
- Investors having above 55 Age are not interested to invest in security market
- Majority of the investors are satisfied with their investment
- Most of the investors are not ready to make changes in their current investment pattern
- Income and fixed income investment are positively correlated
- There is no relationship between age level and investment habit

Suggestions

- People should have know about different investment opportunities and analysis their risk, cost, benefit factors.
- Investors must select a feasible investment decisions.
- Public have to understand the pros and cons of different investments opportunities.
- Risk is a part of any activity profit or return is those overtake the risk so we should improve our risk management skill.
- Government should take policies and actions that can energize the investment market.
- There is an explosion in the growth of middle class families due to double income and increase the number of working women. Hence effort should be made to attract women investors by providing right information and knowledge about the market through

advertisement.

- The savings are to be pooled and channelized in to productive investments. There by enhancing the return to investor which may result in the further investment incorporate securities also
- Different group of investors like, professional, business man pay attention while evaluating the pros and cons of in different securities. The need and benefits of the systematical and analytical evaluation of different alternatives and competitive avenues need to be explained them. Then only it is possible to park their surplus funds in economical viable condition.

Conclusion

In Perambalur, people are not much interested in risky investments. There are several reasons for this phenomenon. The main reason derived from this study is lack of awareness about different investment opportunities and the lazy attitudes towards the risky investment. They are not ready to take risk in their investment and they are satisfied with their fixed and regular return. The other factors influencing the investment attitude are occupation of persons, income level, risk taking capacity, and religious and believe. Only 34% people are invested in risky investments. Out of this 30% of them are not aware about security market. Because of this lack of awareness the securities investment become rigid and complicated. So comparing investment like bank, gold, real estate, business etc most of the people refused to select risky, or security investment. Lack of awareness and rigidity to access is the main reason to become security market as not attractive.

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