

A STUDY ON INDIVIDUAL INVESTORS SATISFACTION LEVEL OF EXISTING INVESTMENT SCHEMES IN SALEM DISTRICTS

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ABSTRACT

Individual investments behaviour is concerned with choices about purchases of small amounts of securities, Deposits, Mutual fund, Insurance, Chit Funds etc... for his or her own account. Investment decisions are often supported by decision tools. It is assumed that information structure and the factors in the market systematically influence individuals' investment decisions as well as market outcomes. The objective of the study was to establish the Satisfaction level of existing investment avenues investment decisions at the Sale District. The study was conducted on the 200 investors. To collect data the researcher used a structured questionnaire that was personally administered to the respondents. The questionnaire constituted 13 items. The respondents were the individual investors. In this study, data was analyzed Simple percentage analysis. The researcher confirmed that there seems to be a certain degree of correlation between the factors that behavioral finance theory and previous empirical evidence identify the average investor. The findings from this research would provide an understanding of the various decisions to be made by investors based on the prevailing factors and the eventual outcomes for each decision and would identify the most satisfaction factors on the individual investors' behavior on how their future policies and strategies will be affected since investment decisions by the investors will determine the investors' strategy to be applied.

Key Words: *Behavioural Finance, Investor Behaviour, Factors Influencing Investment Decision*

INTRODUCTION TO THE STUDY

Any potential investors invest in shares of a company for return in form of dividend and price appreciation in the market price of his holding. Individual investors seek return, safety, liquidity, convenience and affordability and tax benefits (B. B. S. Parihar and K. K. Sharma 2012).

Investment is always comprehended as a wise decision as it is perceived to be the para-assurance to one's regular income. The fantasy for the choice of best investment policies sustains to be a highly progressive curve at all times irrespective of their strata of society. However, the investment interest of middle class seems to be extremely high and undoubtedly they have an indispensable role in their investment choices of their hard earned money.

The portion of investments that get segregated to various financial and investment policies of the middle class of Salem on whom this study is made, are due to several reasons like enjoying the benefits of the best investment schemes, tax exemption, foresight of their/ their children's future, emergency medical needs of the family and security reasons for risk coverage.

NEED FOR THIS STUDY

“Investment refers to the concept of deferred consumption, which involves purchasing an asset, giving loan or keeping funds in a bank account with the aim of generating future returns.” (Murithi Surya et al., 2012). Actually, investment in the middle class is a kind of self-restriction from spending the entire income for genuine and self-protective reasons to stabilize the regular financial flow in the form of salary even during some inevitable brief-time hindrances. The reward for waiting for investment returns is subjected to economical progress of the investment plans and financial in-flow of the district, state and ultimately the nation. However, this is subjected to market risks at many circumstances. Therefore, an in depth knowledge of the investor about his/her capacity of investments, choice of right investments, attitude towards investments, factors that exhibit an upper hand over their investment plans become mandatory predict the economical growth of a particular geographical area. With this perspective the middle class of Salem district situated in the state of Tamilnadu, India is studied in connection to the above stated factors.

REVIEW OF LITERATURE

This paper titled, A STUDY ON THE SATISFACTION LEVEL OF EXISTING INVESTMENT SCHEMES IN SALEM DISTRICTS, embarks on the nuances of the theoretical analysis of a common man's investment capacities and practices juxtaposed with that of the fabulous investment policies advertised in the financial market today. This section showcases a detailed literature of similar studies pursued already in the same field embedded with a precise review of those literature and research.

- ❖ Singh Balwinder, Ms. Sharma Ruchika (2011) studied the investment pattern of working women and the factors responsible for investment behavior of married and unmarried working women and found that working women rank basic savings purpose to be the foremost consideration while investing. The facility to encase the investments whenever required is also an important objective while deciding to invest.
- ❖ Kabra Gaurav, Mishra Prashant Kumar and Dash Manoj Kumar (2010), studied the factors which affects individual investment decision and Differences in the perception of Investors in the decision of investing on basis of Age and on the basis of Gender and found that investors' age and gender predominantly decides the risk taking capacity of investors
- ❖ Yadagiri. M and P.Rajender(2009),in their article, “Analysis of investment portfolio of scheduled commercial banks”,the reforms have unleashed tremendous changes in the banking sector. The government of India issued guidelines to the banks by permitting and encouraging them to diversify their activities and contributing to the equity of companies by offering financial services.
- ❖ B. Das, S. Mohanty & Nikhil Chandra Shil, (2008), categorized Consumer's Buying Behavior in Consumer Durable Market. Consumer's buying behavior is divergent and situational. Color television was used to represent the consumer durable market. This research work finds that the factors which influence buying decision are commonly price, quality, advertisement, recommendation from friends and family. This study also reveals that the consumer's perception on buying color TV is mostly affected by the factors like “structural add-on, word of mouth, technical features, durability and ground reality.”

AIM OF THE STUDY

This paper has its fixed foot on observing the investment priorities of the Individual investors along with the identification of the satisfaction actors that exhibit an absolute impact over the choices and priorities of investments made by the target group of investors. This research aspires to bring to limelight the role of additional and supportive elements of investment choices and priorities of the Investors. This study holistically embarks on the results observed in a period of 3 years from 2013 to 2015 by fixing its fulcrum on the hypotheses explicitly stated above. The data mustered during this period pertaining to the expectations and perceptions of the Individual investors on their investment policies are precious explored to arrive at the end results. At this point, it is noteworthy that this research is pursued among the residents of Salem district, based on the data collected from every individual investor.

OBJECTIVES OF THE STUDY

This study is pursued with the subsequent aspirations.

- To Examine the Factors Influencing in Selections of Investment Schemes in Salem Districts.
- To Understand the Satisfaction level of Investors of existing investment schemes in Salem district.

LIMITATION OF THE STUDY

The study pursued on the Individual investors' awareness, attitude, expectation and satisfaction over their investments limits itself to the Middle class residents of different taluks of Salem District namely Valapady, Omalur, Attur, Edappadi, Gangavalli, Mettur dam, Pethanaickanpalayam, Salem (East), and Salem (South).

HYPOTHESES

In connection to the objectives enunciated above, hypotheses to precociously chart the uncharted details are the need of the time. Indeed, this research stands to be a pioneer to investigate the unveiled factual particulars of salaried class investors whose temperament on their investment discretions is validated on a few parameters set through the hypotheses formulated for this research. To state them extensively,

- There may not be a significant connection between the demographic factors of Individual Investors and their acquaintance with the investment policies.
- There need not be an essential link between the demographic factors and mind-set of Individual investors. There shall not be a prime relationship between demographic factors and the satisfaction level of investors about their investment policies.
- The awaited rate of return of investors on their investment policies may not necessarily influenced or driven by their demographic constituents.

CHOICE OF INFORMANTS OF THE STUDY

The concept of saving is extremely essential to cope with the rapidly evolving multi-faceted societal commitments. Besides, the savings generated through business and self-employment is inconsistent as several peripheral aspects affect the business outcomes. Therefore only Small investors enjoy the dispensation of a fixed source of income which is occasionally supplemented by additional income from other sources.

METHODOLOGY

This study is carried out on dual strategies namely, Sampling Design and Data Collection.

SAMPLING DESIGN

The authenticity of any research is endorsed by the methodical approach employed for data collection and analysis of the collected data. The present study focuses on the data collected from the individual investors in Salem district in the state of Tamilnadu which carries the epithet “Steel & Mango city”. Random sampling was applied to choose the Individual investors from taluks in Salem District namely Valapady, Omalur, Attur, Edappadi, Gangavalli, Mettur dam, Pethanaickanpalayam, Salem (East), and Salem (South).

ANALYSIS AND INTERPRETATION OF DATA

The data collected were strategically analyzed by preparing suitable tables for the same. The raw data pooled in the form of filled-in questionnaire were tabulated and analyzed through the following of statistical measures such as ANOVA & Percentage Analysis.

H01: There is no significant difference between rows

H02: There is no significant difference between columns

I Satisfaction Level of Present and Existing Investments in India:

Sl.No	Existing Schemes	HS	S	NSNDS	DS	HDS	Total
1	Bank Deposit	120	40	20	20	-	200
2	Mutual Fund	80	40	20	40	20	200
3	Insurance	100	20	40	20	20	200
4	Chit Fund	40	20	80	20	40	200
5	Derivatives	20	40	60	40	40	200
6	Real Estate	40	20	80	20	40	200
7	Foreign Currency	60	40	60	20	20	200
8	Gold	80	60	40	20	-	200
9	Commodities	40	20	20	40	80	200
10	Public Provident Fund	80	60	40	-	20	200
11	Senior Citizens Savings Scheme	60	40	80	20	-	200
12	Tax Free Bonds	60	60	40	20	20	200
13	Shares an Securities	20	80	20	60	20	200
	Total	800	540	600	340	320	2600

Sources of Variance	Degrees of Freedom	Sum of Square	Mean Sum of Square	F-Ratio	Table Value
Schemes	13-1=12	0	0/12=0	630.76/0 = ∞	F (0.05) 48,12 = 3.58
Level of	5-1=4	12123.1	12123.1/4	3030.7/630.7	F (0.05)

Satisfaction			= 3030.78	= 4.80	4,48 = 3.74
Error	64-4-12 = 48	30276.93	=30276.93/48 = 630.76		
Total	65-1=64	42400	-		

$$\text{Correction Factor} = C.F = G^2/n = 2600^2/65 = 6760000/65 = \mathbf{104000}$$

Total Sum of Squares =

$$\begin{aligned} & (120^2+80^2+100^2+40^2+20^2+40^2+60^2+80^2+40^2+80^2+60^2+60^2+20^2+ \\ & 40^2+40^2+20^2+20^2+40^2+20^2+40^2+60^2+20^2+60^2+40^2+60^2+80^2+ \\ & 20^2+20^2+40^2+80^2+60^2+80^2+60^2+40^2+20^2+40^2+80^2+40^2+20^2+ \\ & 20^2+40^2+20^2+20^2+40^2+20^2+20^2+20^2+40^2+20^2+20^2+60^2+ \\ & 20^2+20^2+40^2+40^2+40^2+20^2+80^2+20^2+20^2+20^2) - \text{Correction Factor} \end{aligned}$$

$$=146400-104000$$

$$=\mathbf{42400}$$

Row sum of square

$$= (200^2+200^2+200^2+200^2+200^2+200^2+200^2+200^2+200^2+200^2+200^2+200^2+200^2) / 5) - 104000$$

$$= (520000/5) - 104000$$

$$= 104000 - 104000$$

$$= \mathbf{0}$$

$$\text{Column Sum of Square} = (800^2+540^2+600^2+340^2+320^2) / 13 - 104000$$

$$= (1509600/13) - 104000$$

$$= 116123.1-104000$$

$$= \mathbf{12123.1}$$

Error Sum of Square = Total Sum of Square – Row Sum of Square – Column Sum of Square

$$= 42400 - 0 - 12123.1$$

$$= \mathbf{30276.93}$$

Mean Sum of Square = Sum of Square/degree of freedom

Row Mean sum of square = Row sum of square/12(Degree of freedom)

$$=0/12 =\mathbf{0}$$

Column Mean sum of square= Column sum of square/4

$$=12123.1/4$$

$$=\mathbf{3030.78}$$

Error Mean sum of square = Error sum of square/48

$$=30276.93/48$$

$$= 630.76$$

F Ratio for Schemes = Mean Sum of Square for Schemes/Mean Sum of Square for Error

$$= 630.76/0$$

$$= \infty$$

F Ratio for level of Satisfaction = Mean Sum of Square Satisfaction/Mean Sum of Square for Error

$$= 3030.7/630.7$$

$$= 4.80$$

If Calculated value < Table value H0 accepted Otherwise H0 rejected.

Here Calculated value > Table value for both the cases. So, H01, H02 are rejected.

II Diversifications Factors Influencing in Selections of Investment Schemes:

Sl. No	Factors Influencing		High	Medium	Low	Total
1	Future Return	No	132	34	34	200
		%	66	17	17	100
2	Safety	No	156	32	12	200
		%	78	16	06	100
3	Children Education	No	164	20	16	200
		%	82	10	8	100
4	Retirement Benefits	No	136	42	22	200
		%	68	21	11	100
5	Tax Benefits	No	112	58	30	200
		%	56	29	15	100
6	Vacation Planning	No	73	84	43	200
		%	36.5	42	21.5	100
7	Loan Home into Own Home	No	145	39	16	200
		%	72.5	19.5	08	100
8	Luxury Lifestyle	No	92	86	32	200
		%	46	43	16	100
9	Parental Care	No	139	54	07	200
		%	69.5	27	3.5	100
10	Children Marriage	No	145	42	13	200
		%	72.5	21	6.5	100
11	Debt Free Life	No	169	27	04	200
		%	84.5	13.5	02	100
12	Purchasing of New Asset	No	88	56	66	200
		%	44	28	33	100

13	Risk Protection	No	106	46	48	200
		%	53	23	24	100
14	To Meet out Inflation	No	135	47	18	200
		%	67.5	23.5	09	100
15	Security for Income	No	145	36	19	200
		%	72.5	18	19	100
16	Standard Income	No	154	26	20	200
		%	77	13	10	100
17	Charity	No	32	96	72	200
		%	16	48	36	100

Interpretation: The above table shows the diversification factors influencing in selection of investment schemes. 66% of the respondent's factors are influencing for Future return, 78% of the respondents factors are influenced for safety, 82% of the respondents factors are influenced for Children education, 68% of the respondents factors are influenced for retirement benefits, 56% of the respondents factors are influenced for tax benefits, 36.5% of the respondents factors are influenced for vacation planning, 72.5% of the respondents factors are influenced for loan home into own home, 46% of the respondents factors are influenced for luxury lifestyle, 69.5% of the respondents factors are influenced for parental care, 72.5% of the respondents factors are influenced for children marriage, 84.5% of the respondents factors are influenced for debt free life, 44% of the respondents factors are influenced for purchasing of new asset, 53% of the respondents factors are influenced for risk protection, 67.5% of the respondents factors are influenced for to meet out inflation, 72.5% of the respondents factors are influenced for security for income, 77% of the respondents factors are influenced for standard income, 16% of the respondents factors are influenced for charity.

FINDINGS, SUGGESTIONS AND FUTURISTIC SCOPE

This study facilitates the Individual investors towards appropriate savings and investments in order to maximize the returns. The detailed extensive analysis of the behavioral pattern of the investors would help the government to work out various schemes to mobilize finance from the Individual investors by launching tax saving schemes, retirement benefit schemes, etc.

The research edifies the subsequent points.

- A significant percentage of the Individual investors of Salem know to make good investment decisions.
- 60% Investors of Salem opt for the Bank deposits are Highly Satisfied.
- 120% of the investors are highly satisfied in bank deposit.
- 100% of the investors are highly satisfied in Insurance Schemes.
- A resourceful research may be pursued to help the middle class in making best investments clubbed with imparting appreciable tax-planning strategies.
- An explorative study can be promoted to other section of the community namely, businessman, senior citizen in such a way to make a win-win situation for the individual as well the nation.

CONCLUSION

Investment is a commitment of a person's funds to derive future income in the form of interest, dividends, rent, premium, pension benefits or appreciation of the value of their principle capital. Most of the investments are considered to transfers of financial assets from one person to another. Furthermore, the number of studies on the investors' attributes of Salem District is small in number.

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