

## **A Study on Investors Preference in Tamilnadu with Special Reference to Tiruchirappalli City**

**Dr. Selvakumar R**

Assistant Professor, Department of Commerce (PA),  
Ayya Nadar Janaki Ammal College (Autonomous),  
Sivakasi – 626 124  
Virudhunagar (Dt), Tamilnadu. India  
selvakumarsrnmc@gmail.com

## Abstract

The concept of saving plays an important role in Economic Development. Saving is defined as the difference between income and consumption. During Pre-Independence period in India, people spent most of their income on consumption and only a small amount of income was left in the form of saving. Savings and investments are two different activities of women. Every man has a tendency to save for various reasons. While investing money, the investors lack awareness of investment alternatives. Even the educated people were not aware about the investment. In the present scenario, the working people have no clear idea about investment. They were not having any awareness though there were many investment sources available but their investment is limited. If they invest their income in right investment avenues and follow the proper strategy regarding their investment, then they may get a good return. Moreover, Trichy has many industrial areas and there are large number of people are working in the city. Weighted Arithmetic mean and Garrett ranking techniques are adopted to analyze the opinion of customer service in banks, factors influencing the investment pattern and investment preference. Therefore, it is decided to study the investment pattern of the respondents in the selected area.

**Keywords:** Economic Development, Savings, Investment.

## Introduction

Savings are very important to meet the present and future needs. So in order to get the future requirement of money, savings should be made by the people. Normally the people may invest in the form of Land, Gold and Securities documents which are deposited with the banks as for earning interest. The expenses like medical expenses, educational expenses and marriage expenses etc are unavoidable. Without savings an ordinary man cannot bear all the expenses at a time. The purpose of investment is enable to realize needs, requirements through savings and investments of money.

Investment of activity is possible only with the help of savings who have made it. Investments are made from savings. It helps to increase the additional income and growth in the value of future income.

It is a commitment of funds made in the expectations of some positive rate of return, expectation of returns is an essential element of an investment. Some of the examples are purchasing of shares, debentures, post office saving certificates, insurance policies and all investments in the financial sense such investment generates financial assets.

In the economic sense investment means the net addition to the economy's capital stock which consists of goods and services, that are used in the production of other goods and services. Every individual should have awareness about the capital and money market for investing their money. He has to consider and predict all types' risks and issues involved in the dealing of the securities. They have to update the rules and regulations of the financial market trend and get authenticated information about the market. After considering all the factors which are affecting the financial decisions, the people should go for a investment activities.

## Statement of the Problem

The concept of saving plays an important role in economic Development. Saving is defined as the difference between income and consumption. During Pre-Independence period in India, people spent most of their income on consumption and only a small amount of income was left in the form of saving. Savings and investments are two different activities of women. Every man has a tendency to save for various reasons. While investing money, the investors lack awareness of investment alternatives. Even the educated people were not aware about the investment. In the present scenario, the working people have no clear idea about investment. They were not having any awareness though there were many investment sources available but their investment is limited. If they invest their income in right investment avenues and follow the proper strategy

regarding their investment, then they may get a good return. Moreover, Trichy has many industrial areas and there are large number of people are working in the city. Therefore, it is decided to study the investment pattern of the respondents in the selected area.

### Objectives of the Study

The following are the objectives which have been set for this study.

1. To examine the investment pattern of working people in Tiruchirappalli city.
2. To analyze the customer service in Banks related to investments
3. To identify the factors affecting the working people to invest in certain investment opportunities.

### Review of Literature

**Palanivelu and Chandrakumar (2013)**, in their paper titled, "A Study on Preferred Investment Avenues among Salaried Peoples with Reference to Namakkal Taluk, Tamil Nadu, India" have highlighted that certain factors like education level, awareness about the current financial system, age of investors make major impact while deciding the investment avenues. Awareness program should be conducted by Stock Broking firms, because most of the respondents unaware about new services.

**Geetha and Vimala (2014)**, in their article titled, "Perception of Household Individual Investors towards Selected Financial Investment Avenues (With Reference to Investors in Chennai city)" have noted that there is a notable change in the investment avenues due to establishment of different financial institution, creditable source attractive return, good capital appreciation, and tax concession. From the investors point of view changes in demographic factor such as age, income, education, and occupation have an influence in the investment avenue preference.

**Jagongo and Mutswenje (2014)**, in their article, "A Survey of the Factors Influencing Investment Decisions: The Case of Individual Investors at the NSE" have pointed out that the most important factors that influence individual investment decisions were: status in industry, expected corporate earnings, profit and condition of statement, past performance firms stock, price per share, feeling on the economy and expected dividend by investors.

### Methodology

The researcher has undertaken an analytical study. The investment pattern of working people in Tiruchirappalli city has been analyzed. The data required for the study are collected through primary and secondary sources. The primary data are collected by conducting personal interviews using pre-tested schedules. A pre-tested interview schedule has been prepared and a personal contact is made to collect information from the working people. Secondary data relevant to the study are gathered from published sources such as Standard text books, Magazines, Newspapers and Websites.

### Sampling Design

The present study has been undertaken from the point of view of the working people in various investment avenues in Trichy. It is impossible to collect the required data from the entire population. Therefore, it is decided to use judgment sampling method to select the respondents for this study. It is presented in table 1

**Table 1: Sampling Design**

S. No	Occupation	Number
1.	Government employees	55
2.	Private employees	45

3.	Bank employees	20
4.	Professionals	10

Source: Primary Data

**Table 2: Demographic Factors of Respondents**

Demographic Variables	No of Respondents	Percentage
<b>Age</b>		
Below 30 years	35	27
31-35 years	44	33
36-40 years	26	20
41 and above	25	20
	<b>130</b>	<b>100</b>
<b>Marital Status</b>		
Unmarried	38	29
Married	92	71
	<b>130</b>	<b>100</b>
<b>Educational Qualification</b>		
Up to higher secondary		
Graduate	41	32
Post graduate	46	35
Professional	36	28
	7	5
	<b>130</b>	<b>100</b>
<b>Occupation</b>		
Government Employee		
Private employee	51	39
Bank employee	43	34
Professionals	29	22
	7	5
	<b>130</b>	<b>100</b>
<b>Monthly income</b>		
Below Rs.10,000		
Rs.10,001 to Rs.20,000	51	39
Rs. 20,001 to Rs. 30,000	58	44
Above Rs.30,000	16	12
	5	5
	<b>130</b>	<b>100</b>
<b>Family Expenditure</b>		
Self		
Self & husband	18	14
Self & parents	51	39
Husband only	49	38
Parents only	8	6
	4	3
	<b>130</b>	<b>100</b>
<b>Annual Savings</b>		
Below Rs.25,000		

Rs. 25,001 to Rs.50,000	48	37
Rs. 50,001 to Rs. 1,00,000	50	38
Above Rs. 1,00,001	28	22
	4	3
<b>Purpose of Investment</b>	<b>130</b>	<b>100</b>
Future needs		
Safety	45	35
Additional income	31	24
Tax benefits	28	22
Capital gain	20	15
	6	4
	<b>130</b>	<b>100</b>

*Source: Primary data*

### Analysis and Interpretation

1. Most of the respondents belong to the age category of 31-35 years
2. It is inferred that majority of the respondents (71 per cent) are married.
3. It is noted that 35 per cent of the investors are Graduates.
4. It is inferred that 38.89 per cent of the investors are government employees.
5. It is inferred that 44 per cent of the investors are earning monthly income between Rs.10, 001 and Rs.20, 000.
6. It is inferred that 39 per cent of the respondents are managing the family expenditure by self and Husband.
7. It is understood that 38 per cent of the investors are having annual savings from Rs.25, 001 to Rs.50, 000.
8. It is found that 35 per cent of the investors invest their money for meeting their future needs.

### Opinion about Customer Service in Banks

The researcher has analyzed the opinion about customer service in banks. In this regard the researcher has used the weighted Arithmetic Mean score value. The results and the allocation of points are given below and analyzes are made on that basis.

**Table 3: Opinion about Customer Service in Banks**

S. No	Services	HS	S	NO	DS	HDS	Total
1	Net Banking services	37	43	30	19	0	130
2	Mobile banking services	39	78	13	0	0	130
3	Card facilities	40	63	25	2	0	130
4	Exchange of currency	18	71	25	10	7	130
5	Safe money keeping	38	63	29	0	0	130
6	Money transfer	26	47	22	20	14	130
7	Customer service	19	82	23	6	0	130
8	Rate of interest	18	34	37	39	2	130

*Source: Primary Data*

**Table 4: Ranking the customer service in banks**

S. No	Service	WAM	Rank
1	Net Banking services	2.96	VIII
2	Mobile banking services	4.20	I
3	Card facilities	4.08	II
4	Exchange of currency	3.66	V
5	Safe money keeping	4.07	III
6	Money transfer	3.37	VI
7	Customer service	3.88	IV
8	Rate of interest	3.21	VII

**Source:** Computed Data

The above scaling technique shows that mobile banking service has got first rank among the various services, Card facilities has got second rank, Safe money keeping has got third rank, customer service has got fourth rank, Exchange of currency has got fifth rank, Money transfer has got sixth rank, Rate of interest has got seventh rank and Net Banking services has got eighth rank. From the above analysis, it is clearly indicated that 4.20 per cent of the investors prefer to invest their money in Bank Deposit for availing the service through mobile banking services.

### Investment Preference

The researcher has further analyzed the investors to give rank the investment avenues according to their preference. The details are presented in the Table 5

**Table 5: Investment Preference**

S. No	Avenues	Rank							Total
		1	2	3	4	5	6	7	
1.	Bank Deposits	63	30	21	3	8	4	1	130
2.	Post office Scheme	11	26	22	20	12	20	19	130
3.	Life Insurance	18	26	18	37	10	1	20	130
4.	Gold and Silver	16	18	26	29	19	1	21	130
5.	Real Estate	10	9	18	16	26	30	21	130
6.	Shares	10	7	7	6	24	39	37	130
7.	Mutual fund	4	13	15	20	30	35	13	130

**Source:** Primary Data

**Table - 6**

S. No	Avenues	Garrett score	Average Value	Rank
1.	Bank Deposits	8743	67.25	I
2.	Post office Scheme	6442	49.55	IV
3.	Life Insurance	6900	53.08	II
4.	Gold and Silver	6681	51.39	III

5.	Real Estate	5800	44.62	<b>V</b>
6.	Shares	5113	39.33	<b>VII</b>
7.	Mutual fund	5791	44.55	<b>VI</b>

**Source:** *Computed Data*

The above Table shows the Garrett scores and average scores are ranked according to their values. The first rank is given to “Bank deposits”, second rank is given to “Life Insurance”, third rank is given to “Gold”, fourth rank is given to “Postal Savings”, fifth rank is given to “Real estate”, sixth rank is given to “Mutual fund”, seventh rank is given to “shares”. It is found that 67.25 per cent of the investors are investing their money in bank deposits for getting more profit.

### Factor Influencing Investment

Savings or investments are acknowledged as powerful tool in the alleviation in the poverty. So the researcher has analyzed the factors that influencing the respondents for making investment. In this regard the researcher has used the weighted Arithmetic Mean score value. The results and the allocation of points are given below and analyze are made on that basis.

**Table 7: Factors influencing investment**

S. No	Factors	Very High	High	Medium	Low	Very Low	Total
1	High Rate of Return	25	64	20	20	1	130
2	Tax benefits	9	62	16	40	3	130
3	Safety	14	91	9	14	1	130
4	Regularity of Return	9	77	15	29	0	130
5	Liquidity	18	79	4	27	2	130
6	Low amount of investment	17	64	12	35	3	130
7	Status and Prestige	9	74	14	27	6	130
8	Marketability	4	60	26	37	3	130
9	Convenience	13	85	7	23	3	130
10	Capital Growth	4	66	18	40	1	130

**Source:** *Primary data*

**Table 8: Weighted Arithmetic Mean - Result**

S. No.	Factors	WAM	Rank
1	High Rate of Return	3.71	<b>II</b>
2	Tax benefits	3.26	<b>VIII</b>
3	Safety	3.77	<b>I</b>
4	Regularity of Return	3.51	<b>V</b>
5	Liquidity	3.65	<b>III</b>
6	Low amount of investment	3.46	<b>VI</b>
7	Status and Prestige	3.41	<b>VII</b>
8	Marketability	3.19	<b>X</b>
9	Convenience	3.64	<b>IV</b>
10	Capital Growth	3.22	<b>IX</b>

### Source: Computed Data

The above technique shows that safety has got first rank among various factors, high rate of return has got second rank, liquidity has got third rank, convenience has got fourth rank, regularity of return has got fifth rank, low amount of investment has got sixth rank, status and prestige has got seventh rank, tax benefits has got eighth rank, capital growth has got ninth rank and marketability has got tenth rank. It is clearly indicated that most of investors prefer to invest their money in various investment avenues for the purpose of safety.

### Suggestions

1. In the study area, most of the investors invested their funds in bank deposits with low interest. So, it is suggested that they may diversify their investment from bank deposits to gold, shares and mutual funds.
2. There is a lack of awareness among the investors to invest in share market. So, in order to give awareness among the investors, periodical meetings or training programmes may be arranged by SEBI.
3. The proposed working women investors with adequate knowledge and an urge for investment may have a chance of wrong selection of investment. So, the investors have to approach the existing investors regarding their past performance while taking investment decisions.

### Conclusion

More risk leads to more profit. Investors cannot avoid risk but they can minimize the risk by investing their money in various forms of investments so that they can get a moderate profit. Investors always make investment on expectation of return. However, return is always subject to the risk attached. Every investor must understand the concept of risk and return and also as to measure these two basic variables in every investment situations.

### References

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