

Investment Behaviour and Social Change – An Interdisciplinary Framework

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Abstract: This paper presents the review on investment behavior of salaried class youth. The reviews are classified into forms of investment, investment awareness, and spending pattern of investment. The analysis brought out the following finding: First, salaried youth are of the opinion that investments with Banks, Post Offices, Land and building, jewellery and LIC are reasonably safe. Second, 52 percent of salaried youth have personal loan on their credit; Third, loan received from both banking and non-banking sectors; Fourth, salaried youth spend 67 percent on food, rent, transport etc; Fifth, maintenance of status and luxury life used up 33 percent of salaried youth; and Sixth, above 70 percent of salaried youth have become debtors. This paper synthesizes all the behavioral aspects, to evolve new horizons.

I. INTRODUCTION

The salaried class youth in India has gained attention of the economists, policy makers and the marketers at the present situation. They remained untapped potential of India. The money they earned is normally spent on meeting daily needs such as vegetables, groceries, cloths, Telephone bill, EB bill, gas bill etc., The Reserve bank of India classifies the savings in two heads i.e. financial assets like in shares and mutual funds, insurance, bank deposits etc. and Physical assets i.e. in real estate and gold. Cash held in hand is neither a saving nor investment.

Savings refers to the amount of money which is kept aside from the current income for future use. The need of the savings is to meet future expenses, to meet unexpected contingencies or emergencies, to raise our standard of living, to generate future income, also helps the nation to improve the economic development.

Investment means the expenditure today we sacrifice something for tomorrow's safety. The main aim of investment is to generate extra income and protect the future. The various avenues of venture are Government deposits, bonds, real estates, post office savings certificates, Life insurance policies, mutual funds etc., The logic behind venture is to generate additional return through investments. Most investments are risky. Some of the factors which helps from making risky investments are ability to save, easy liquidity, tax relief, reasonable rate of return etc., The present study is attempting to find out the saving and investment practices prevailing among salaried youth in Tiruchirappalli city, Tamil Nadu

II. REVIEW OF LITERATURE

Somasundram.V.K (1998) has done a research on "The Savings and investment Pattern of Salaried Class in Coimbatore district" with the objective to examine the awareness level and attitude of investors towards savings and to analyse the motives for savings and expectations and problems of investors with reference to their savings and investment practices. Bank deposits and chit funds are the best known modes of savings among investors and the least known

modes were UTI schemes and plantation schemes. Subsequently, based on investor awareness, they were classified into three categories namely high, medium and low level awareness.

Rajarajan (1999) studied Chennai investors and found that life cycle stage of individual investors is an important variable in determining the size of the investments in financial assets and the percentage of financial assets in risky category.

Kabra, Mishra and Dash (2010) studied the factors which affect individual investment decision and differences in the perception of investors in the decision of investing on the basis of age and gender and found that investors' age and gender predominantly decides the risk taking capacity of investors.

III. RESEARCH METHODOLOGY

Research objectives

1. To study the investment pattern
2. To evaluate the awareness level of investment in securities.

To know the spending pattern of salaried youth income

The study is based on empirical information gathered from the salaried youth in Tiruchirappalli city, Tamil Nadu. The reference period under which the on line and off line survey is carried out in August-September, 2016. Keeping in view the objectives of the present study, the study uses primary data. It is based on the survey of the selected salaried youth. For carrying out this study fifty salaried youth has been selected at random. After data collection code sheet was prepared. All the relevant information was coded carefully and transferred to the tabulation sheets. The frequencies for each item was counted and tabulated accordingly.

IV. INVESTMENT PATTERN

An investment in capital goods is the prerequisite for the growth of an economy. We can understand investment behavior from the investment pattern of the salaried youth. According to the analysis of investments in financial assets undertaken by salaried youth in Tiruchirappalli city, Tamilnadu, most of the salaried youth are investing in jewellery, land and building. Because they feel it is safe investment. Apart from this they have been investing especially in bank deposits and post office schemes.

Table 1: Safety-wise Distribution

Investment Avenues	Response			
	Absolutely Safe	Reasonably safe	Unsafe	Total
Bank Deposits	16 (32)	34(68)		50
Post office savings	18(36)	32(64)		50
Jewellery	6(12)	31(62)	13(26)	50

LIC/Pensions fund	11(22)	39(78)		50
Land/Building	8(16)	30(60)	12(24)	50
Equities, Mutual fund		14(28)	36(72)	50
P.P.F/SSA	50(100)			50

Source: Primary data

Table 1 reveals that most of the salaried youth are of the opinion that investments with Banks, Post Offices, Land and building, jewellery and LIC are reasonably safe. This opinion has come out due to the creditability and marketability prevailed in such investment avenues. Investments in Provident Fund and SSA schemes are considered absolutely safe by almost all the salaried youth. Investments in stock markets are considered highly unsafe because of the lack of knowledge about the capital market.

Table 2: Stability of return wise distribution of salaried youth

Investment Avenues	Response			
	Absolutely Safe	Reasonably safe	Unsafe	Total
Bank Deposits	21(42)	29(58)		50
Post office savings	16(32)	34(68)		50
Jewellery	50(100)			50
LIC/Pensions fund	8(16)	30(60)	12(24)	50
Land/Building	4(8)	33(66)	13(26)	50
Equities, Mutual fund		21(42)	29(58)	50
P.P.F/SSA	10(20)	32(64)	8(16)	50

From the above table it has been observed that most of the employees prefer to invest with banks, post offices, life insurance companies and provident funds. Many of the salaried youth felt land, building and jewellery safer investment. Gold is considered reasonably safe investment. Investment in stock market is considered highly unsafe due to the high degree of risk involved.

V. AWARENESS ABOUT SECURITIES

This section of the paper will deal with awareness level and reasons for not investing in securities. When Salaried youth were asked about their knowledge about securities the response registered is that 48 percent salaried youth have knowledge about industrial securities while 52 percent are not aware of it

1. Knowledge about Securities and Income level

Income (Rs. Per annum)	Response		Total
	Yes	No	
100000-150000		2	2
150001-200000	1	4	5
200001-250000	3	6	9
250001-300000	4	5	9
300001-350000	16	9	25
Total	24	26	50

The above table reveals that as the income of the salaried youth's increases, awareness about securities also increases.

The income is between 300001 and 350000 per annum are more aware of securities while income is ranging from Rs.100000 to Rs.150000 are negligibly aware of it.

2. Knowledge about Securities and Educational Level

Education Level	Response		Total
	Yes	No	
Diploma/ITI	0	6	6
Graduation	2	8	10
Post Graduation	16	5	21
Professional	5	5	10
Others		3	3
Total	23	27	50

The above table reveals that Diploma/ITI holders do not have any knowledge about securities. Professional and Post Graduate salaried youth have more information about securities.

3. Distribution of salaried youth according to investment in Securities

Securities	Total No.	Percentage
Equity	8	16
Debenture	17	34
Not applicable	25	50
Total	50	100

From the table it is inferred 16 percentages of the youth invested in equities while 34 percent youth invested in debenture. This shows the unpopularity of the securities in the salaried youth.

4. Type of securities held by salaried youth

Securities	Total No.	Percentage
Equity	5	10
Debenture	3	6
Not applicable	42	84
Total	50	100

The above table reveals that only 10 percent of employees have invested in industrial securities while 6 percent of the employees have also invested in debenture.

VI. SPENDING PATTERN OF THEIR INCOME

Type of expenses held by salaried youth

Sl.No	Type of expenses	Percentage
1	Rent	37.24
2	Food	33.83
3	Dress	10.24
4	Cellphone	15.61
5	Cinema	3.06

The above table has provided the source of expenses among the salaried youth. They spend their salary for rent and food almost 70 percent. They also spend smart phone 15 percent. Type of Loan held by salaried youth

Sl.No	Type of Loan	Percentage
1	Personal Loan	52
2	Business Loan (Bank)	27
3	Business Loan (Non-Bank)	42
4	Friends/Relatives	32

The above table reveals that 52 percent of salaried youth have personal loan on their credit. Business loan for both Bank and non-bank sector are 27 and 42 percent respectively. It shows that more than 70 percent salaried youth have become debtors.

CONCLUSION

From the survey it is clear that the salaried youth kept their money mostly in savings bank account. They are ready to save in gold rather than mutual fund and equities. They spent 70% for food and accommodation. So their savings was less. Even more pathetic situation was their loan on their credit. Keeping in view the aforesaid observations the following suggestions are recommended:

1. They must avoid luxury expenses such as Purchase of i-Phone and sports bike, Honey moon in abroad and hill stations
2. They should spend money based on their importance/priorities of their life
3. They also keep in mind the uncertainty future while spending money
4. They are supposed to be self contend.
5. Salaried youth should always prepare budget every month based on their salary by way of daily expenses, future expenses, emergency expenses and savings

Reference

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