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## **A STUDY ON INVESTMENT HABITS OF PEOPLE IN SIVAGANGAI DISTRICT**

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### *Abstract*

*Savings or Investments are crucial to the human beings life. Finance management and investment awareness become the success mantra for everyone in current era, investment or financial awareness is not about earning a lot of money, saving or investing it for future. An effort is made to indenting the preference of a sample of investors selected from large population. Despite of money limitations to the study was successful is identifying some investment patterns. There is some commonness in these investors and many of them respond positively to the study. This study concentrated identifying the needs of present and future investors. Investor's preference towards various investment avenues are identified based on their income. Investors risk in selecting particulars avenues is dependent on the age of these investors.*

**Keywords:** *e-payment, Digital payment, Digital India, NEFT, RTGS IMPS.*

### **Introduction**

Savings and Investments form an integral part of one's life. Investments refer to the employment of funds with an objective of earning a favourable return on it. In other words, investment is a process, where money is being utilized with a hope of making more money.

Investment is the commitment of money that have been saved by deferring the consumption and purchasing an asset, either real or financial with an expectation that it could yield some positive future returns.

There is a plethora of investment

avenues, each associated with varied risk-return trade-offs. Every investment avenue is distinct in its characteristic, which makes the investment decision fascinating. The investor thus needs to carefully analyze complies with his objectives and goals. Hence, investment decision making is a fascinating task to the investors. The investors can be classified into

- i. Individual investors
- ii. Corporate
- iii. Institutional investors – Domestic and Foreign
- iv. Pension Funds
- v. Government

The investor talked about in the present context refers only to individual investors. According to Babylonian Talmud, any person should always segregate his wealth into three portions, namely,

1. One-third in land
2. One-third in commerce
3. One third retained in his own hands.

The sages of the Talmud suggested, what is possibly the world's first diversified investment portfolio, and despite the vicissitudes of fifteen hundred years their device is not without merit even today.

### **Statement of Problem**

Savings or investments are acknowledged as power full tools in the alleviation of poverty. Investing even a small amount can produce considerable rewards over the long-term period. But we need to make the decision of how much to invest and where to invest. To choose wisely we need to know the investment options thoroughly. But there will be confusion among the people for the selection of best investment avenues and this is the Major problem of the investors.

While investing money the investors are having a lack of awareness about the investment alternatives. When they take investment decisions they have to play more attention to safety, liquidity, returns, risks, tax benefits and so on in addition to the investment option. The above factors will confuse the investors while investing the money.

The investors should be careful in selecting the investment avenue. She should exercise her skill, knowledge and experience in choosing the investment opportunity. The study will also throw a light on the awareness of the investment avenues available in India. The research paper will become the helping hand to the research scholars as well as students for their further studies in respective area.

### **Objectives of the Study**

The study is undertaken with a view

to fulfill the following objectives:

1. To study socio economic conditions of the investors.
2. To examine the investment preferences and styles of peoples.
3. To inquire into the awareness of investment schemes among Investment.
4. To analyze the impact of savings and investment policies on economic, social and quality of life of Investment.
5. To offer suggestions based as finding of the study.

### **Methodology**

The validity of any research is based on the systematic method of data collection and analysis of the data collected. The data is collected through primary data as well as secondary data. The study is based on the data collected from individual women investors in Sivagangai District. The sampling technique followed in this study is non- probability convenient sampling techniques are used to select the respondent from the available data base. Accordingly, the researcher has selected 120 respondents in the data study data.

### **Behavioural Influences on Saving and Investments**

People do not always act rationally. Deep-rooted behavioural biases and external influences can affect both the decision to save and how to save. Typically, impatient individuals prefer instant gratification (i.e. immediate consumption) rather than keeping their resources for future enjoyment, leading to lower saving.

Not only do many people prefer to live for today at the expense of tomorrow (i.e. they tend to prefer smaller, immediate payments to larger, more distant ones), but they often also display inconsistent time preferences. For example, some people prefer US \$10 today rather than US \$15 next week, but prefer US \$15 in two weeks' time rather than US \$10 in ten days' time. Those with a high preference for today are more likely to have credit card debt, even

allowing for variables such as income. They may also naturally prefer „instant access savings products or, if self-aware, the opposite: to lock up their money to avoid the temptation to spend Starting to save is often perceived as difficult or time consuming, and procrastination is a common reason for not saving . People know they should save, and have the best intentions of doing so but, when faced with complexity and choice overload, decide to “do it tomorrow”.

At the same time, people also tend to exhibit a strong “status quo” bias. There is also some evidence that personality traits can affect whether people save or not. In one study, non-savers saw themselves as relatively less happy and healthy. They were more likely to feel unable to control their situation in life and less able to plan ahead. Non-savers claimed they could not afford to save, even though many had high incomes. In contrast, people who regarded themselves as happy were more likely to save, perhaps because they had a more positive vision of the future: seeing retirement as giving them opportunities to spend time on hobbies, family, or holidays. Unhappy people may have a more negative view, seeing only decline and ill health in old age. Another driver of apparently irrational behavior is “mental accounting”, or the tendency of people to virtually put money into different pots. This can explain, for example, why people may simultaneously save at low interest rates and borrow at high rates. Evidence suggests that people with a high degree of loss aversion are less likely to invest in the stock market in general, and, specifically, less likely to buy equities directly rather than invest in mutual funds.

**Awareness of investment schemes:**

It is one of the non-parametric methods in statistical work. This can be used with either nominal or ordinal data. It requires less restrictive assumptions concerning the level of data measurement. For recording the responses of sample

investment habits, a sign is recorded if the workers responses is “yes” for each statement framed for the study or a ‘—’ is recorded if the respondents is ‘no’ for that statement.

Using this procedure the responses of all sample workers are recorded in terms of ‘+’ or ‘—’ sign. The response of ‘no opinion’ is ignored while applying sign test. The purpose of this study is to determine whether or not the ‘yes’ and ‘no’ responses of workers for each statement is equal.

This test can be applied for the small sample case (n<9) and for large of sample case (n>9).Hence n refers to number of respondents who responded to each statement as ‘yes’ and ‘no’. Due to large sample, for all a statement framed for this study the number of ‘yes’ and ‘no’ responses of sample workers is greater than 9. The following formula is used to test the level of significance

The null hypothesis is that there is no significant difference between the responses of the respondents in each of the facilities provided.

Number	Mean	$\frac{\sigma}{\sqrt{0.25n}}$	$\frac{+ Sign - \mu}{\sigma}$	Result
90	45	4.74	5.27	Significant
105	52.5	5.12	5.75	Significant
80	40	4.47	2.23	Significant
90	45	4.74	3.58	Significant
108	54	5.19	8.86	Significant
62	31	1.24	8.87	Significant
110	55	5.24	4.77	Significant
90	45	4.74	7.38	Significant
70	35	4.18	3.58	Significant

It is inferred from that the z value is not within the acceptance region of null hypothesis (z =-1.96 to +1.96) for all 9 statement. This indicates that these are significant differences’ is the responses. Theses significant differences are due to a large number of yes responses. Hence, it is concluded that they aware of saving and investment schemes.

It is observed form Table 4.32 that out of 120 investors with medium level opinion, 66 investors, 46.67 per cent of the

respondents belong to the age group below 30 years, 10.00 per cent of the respondents belong to the age group of above 30 years. Out of 18 investors having low level opinion, 6.67 per cent belong to the age group of below 30 years and the remaining 10.00 per cent belong to the age group of above 30 years. Further, with high level opinion, out of 36 respondents 13.33 per cent belong to the age group of below 30 years and the rest 20.00 per cent belong to the age group of above 30 years.

$$\begin{aligned} \text{Degrees of Freedom} &= (c-1)(r-1) \\ &= (3-1)(2-1) \\ &= 2 \end{aligned}$$

$$\text{Calculated Value of } \chi^2 = 21.82$$

$$\begin{aligned} \text{Table Value of } \chi^2_{0.05} &= 5.99 \end{aligned}$$

Since the calculated value of 21.82 is more than the table value both at five per cent of significance, the null hypothesis is rejected. Hence, it is concluded that there is a significant difference between the age of the respondents and their level of opinion on investment decision of the investors in the study area.

### Social and Economic Impact

It is observed from Table 4.34 that out of 120 investors with medium level opinion, 28 investors, 16.67 per cent of the respondents belong to the age group below 30 years, 6.67 per cent of the respondents belong to the age group of above 30 years. Out of 74 investors having low level opinion, 38.33 per cent belong to the age group of below 30 years and the remaining 23.33 per cent belong to the age group of above 30 years. Further, with high level opinion, out of 18 respondents 11.67 per cent belong to the age group of below 30 years and the rest 3.33 per cent belong to the age group of above 30 years.

Age and their Social and Economic Impact on Investment Decision of the Investors – Chi-square Test

$$\begin{aligned} \text{Degrees of Freedom} &= (c-1)(r-1) \\ &= (3-1)(2-1) \\ &= 2 \end{aligned}$$

$$\text{Calculated Value of } \chi^2 = 1.96$$

$$\text{Table Value of } \chi^2_{0.05} = 5.99$$

Since the calculated value of 1.96 is less than the table value both at five per cent of significance, the null hypothesis is accepted. Hence, it is concluded that there is no significant difference between the age of the respondents and their social and economic impact of investment decision of the investors in the study area.

### Suggestions

- The Government should take more steps to increase the awareness of the investors.
- The investors are asked to invest more in long term investments.
- The Government should create awareness to aim for saving and investment target.
- The district administration should conduct more awareness meeting to for the future.
- The Government should create more awareness to do the business through online.

### Conclusion

This report is a reflection of the behaviour of various categories of investment selection of a perfect investment avenue is a difficult task to any investors. An effort is made to identify the preference of a sample of investors selected from large population. Despite of many limitation to the study was successful in identifying some investment patterns. There is some commonness in these investors and many of them respond positively to the study. This report concentrated in identifying the needs of present and future investors. Investors preference towards various investment avenues are identified based on their income. Investors risk in selecting particular avenues is dependent on the age of those investors.

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