



A COMPARATIVE STUDY BETWEEN ANNUAL EARNINGS AND INVESTMENT PATTERN OF INDIVIDUALS

YAMUNA G

Assistant Professor on Contract
Department of Management Studies,
Mar Dionysius College, Pazhanji

Abstract: This study has been undertaken to investigate the relationship between the annual income of individual and the percentage of income invested in various targets. Individuals' level of income and their habits in investments in different schemes of investments are taken for this study to understand the tendency of investment and spending. Different schemes of investments are taken for the study.

Index Terms – Investment, Income, Chi Square, Value

I. INTRODUCTION

An investment can be described as perfect if it satisfies all the needs of all investors. So, the starting point in searching for the perfect investment would be to examine investor needs. Investing in various types of assets is an interesting activity that attracts people from all walks of life with respect to their occupation, economic status, education and family background. When a person has more money than he requires for current consumption, he would be coined as potential investor. The investor who is having extra cash could invest it in securities or in any other assets like gold or real estate or could simply deposit it in his bank account. Investors are a heterogeneous group, they may be large or small, rich or poor, expert or lay man and not all investor need equal degree of protection. An investor has three objectives while investing hid money, namely safety of invested money, liquidity position of invested money and return on investment. The return on investment may further be divided into capital gain and the rate of return on investment as or dividend.

II. RESEARCH OBJECTIVES

- To examine the factors consider before making the investment.
- To analyse the investor financial awareness of investing in different avenues.
- To analyse the relation between annual income of an investor and the percentage of investment.
- To study the impact of the investors investment decision making on preference of the Investment Avenue.

III. REVIEW OF LITERATURE

Amudhan 2016; analyzed the performance investment behavior concerned with choices about purchases of small amounts. Of securities, deposits, mutual fund, insurance, chit funds. Researcher confirmed that there looks to a positive degree of correlation between the factors that behavioral finance theory and previous empirical evidence identified the average investor. The result described investment offer to a person's money to gain future income in the form of interest, dividends, rent, premium, pension profit or approval of the value of their standard capital.

Priti Mane 2016, discussed the customer perception with regard to the mutual funds that the schemes they preferred, the plans they are opting, the reasons behind such selections. The research dealt with different investment options, which people prefer along with and apart from mutual funds, like postal saving schemes, recurring deposits, bonds, and shares, conclude that mutual fund linked with share market and investors are not taking advice from authority advisor to lead them for their investment in mutual fund so it creates the difficulty to select the mutual fund plan favorable for them.

IV. HYPOTHESIS TESTING

To determine the Level of relation between annual income and percentage of income invested according to annual income Chi-square test is issued. Chi - square measure the divergence between the expected and observed frequencies. if the calculated value of chi-square is very small as compared to its table value it indicates that the divergence between actual and expected frequencies is very

little and consequently the fit is good. If on the hand, the calculated value of chi square is very big as compared to its table value it indicated that the divergence between expected and observed frequencies is very great and consequently the fit is poor.

Level of association between annual income and percentage of income invested

1. H_0 = There is no association between annual income and percentage of income invested.
2. H_1 = There is an association between annual income and percentage of income invested.

Observed level of association between annual income and percentage of income invested

ANNUAL INCOME	PERCENTAGE OF INCOME INVESTED				
	Less than 10 %	10-20 %	20-30 %	More than 30%	Total
Up to 200000	1	36	6	6	46
200001-500000	3	18	8	3	32
500001-1000000	4	4	3	2	13
Above 1000000	3	2	3	1	9
Total	11	60	20	9	100

Expected level of association between annual incomes and percentage of income invested.

O	E	O-E	O-E ²	O-E ² /E
1	5.06	-4.06	16.48	3.25
36	27.6	8.4	70.56	2.55
6	9.2	-3.2	10.24	1.11
3	4.1	-1.1	1.21	.29
3	3.5	-5	.25	.07
18	19.2	-1.2	1.44	.075
8	6.4	1.6	2.56	.04
3	2.8	.2	.04	.014
4	1.43	2.57	6.6	4.61
4	7.8	-3.8	14.4	1.8
3	2.6	.4	.16	.06
2	1.17	.83	.688	.58
3	.99	2.01	4.04	4.08
2	.54	-3.4	11.56	2.14
3	1.8	1.2	1.44	.8
1	.81	.19	.036	.04
TOTAL				21.509

Chi square value	21.509
Degree of freedom	.05
Table value	16.919

The chi –square value is greater than table value so we reject the null hypothesis. So there is a relation between annual income and the percentage of income invested by the investor.

V. FINDINGS

- The study found that majority of respondents aware of all the savings schemes like debt Mutual funds, bank fixed deposits, equity mutual fund, real estate, chits, gold, post office, Senior citizen saving scheme etc.
- The investor's decisions are based on their own initiative.
- The study shows that majority of people are active investor.
- Mainly the respondents invest to meet their contingencies.
- The study shows that most of the investors are make investment for a period of 1-2 years (Short term).
- The study shows that most of the people invest their 10-20% of income in investments.

VI. SUGGESTION

- Investors should make the investment with proper planning keeping in mind their investment objectives.
- Investors should also consults the brokers or agents to seek information and advice but their decision should not merely be based on agents advice rather the decision should not merely be based on agents advice rather the decision should be based on their careful investigation .
- The investors should select a particular investment option on basis of their need and risk tolerance.
- The investors should diversify their investment portfolio in order to reduce the risk.
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