



## A STUDY ON INVESTMENT BEHAVIOUR OF MIDDLE - CLASS FAMILY

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### Abstract

The objective of this study was to investigate the investment behavior of middle income class households. The choice of this research topic is based on the assumption that the Indian middle class has attracted the attention of economists, policymakers, and marketers because there is still considerable untapped potential in the Indian income class. During the study, an attempt was made to answer some key questions about the preference of middle-class households for investment instruments and investment models, to find out the different investment goals of middle incomes, and to find out whether the investment goals of those families increased. the severity and its reasons. The choice of investment channel is influenced not only by household income and investment habits but also by the age group of the household. Therefore, the article also aims to look for the difference in the choice of investment channel in different age and income categories of the middle-income class segment.

**Keywords:** Investment behavior, Middle-class households, Investment Instruments.

### Introduction

#### Savings

Savings refers to the money a person has left over after deducting consumption from their disposable income over some time. Savings is therefore the net surplus of an individual's or household's assets after all expenses and liabilities have been paid. Savings are held in cash or financial assets (such as bank deposits) that are not exposed to the risk of loss but also have a correspondingly minimal return. Savings can be increased by investing, which however requires risking money.

#### Investment

The globalization of the financial sector of the world economy has led to the integration of various world financial markets. The deepening of financial markets and the strengthening of regulation of the solvency of financial institutions help to improve savings and investment opportunities by offering even more versatile financial instruments to direct savings and increase security through effective regulation for investors.

### Review of Literature

1. **Varun Sagar Singal et al. (2019)** in this research they tried to identify the factors affecting investment decisions on mutual funds, the impact of behavioral factors on an investor and what are the factors that stop people from investing. Fundamental factors such as past performance, the experience of the fund manager, risk, return, and diversification plays a very vital role in the decision-making process of an investor.
2. **Baiq Fitri Arianti (2018)** analyzed and measured whether financial literacy, financial behavior, and income influence the investment decision of an individual. Data was collected through questionnaires, the sample size was 100 and the techniques used are descriptive statistical analysis, data quality test, classical assumption test, multiple linear regression test, F test, t-test and



coefficient of determination. Financial literacy doesn't have significant effect on investment decisions, but Income has significant effect on investment decisions.

3. **Uddin. A (2016)** this paper is based on the study to find out the motivating factor to invest in a systematic investment plan and the problem in this scheme. The sample size is 100 respondents who are a SIP account holder in Gandhinagar city in Gujarat and have been taken for the purpose of the study. Data have been collected from primary sources using the questionnaire method. Collected data were analyzed using various statistical tools. Results of the study found that for higher returns with low risk the investor motivates to invest in a systematic investment plan on the other hand knowledge and the operational platform is one of the main barriers that investor is facing of the scheme.
4. **Hosamane and Niranjana (2010)** Understanding of the behavior of investment provides an important insight into the process of economic development. The economic growth critically depends on capital accumulation, and it stems from investment. The economy's productive capacity can be expanded by investment spending as a dynamic variable, on long life capital goods which embody technical advance.

### Research Methodology

The study is intended to analysis the investment behavior of middle-class family group. Hence, analytical study has been adopted. The survey approach is used during the research. Separate structured questionnaire was used for achieving the object of the study. Sample of 100 respondents were chosen for the study. This study was carried out in Chennai. The task of data collection begins after a research problem have been defined and research design has been found out. The data is collected through Primary data and Secondary data.

In this study a questionnaire comprising 25 questions with multiple choices was framed for the purpose of the study. The questionnaire was distributed among the people. The objective was to attain information about the investment behavior of middle-class family. The secondary data used to prepare this project was obtained from Internet, Journals etc.

### Objectives of the Study

- To know about the various types of investments done by middle-class family group.
- To know the perception and behaviour of this kind of investors towards different investment tools.
- To examine the management and risk-bearing capacity between expenses, savings, and other outlay decisions of middle-class family people.
- To ascertain the better investment opportunities in the market for the middle-class income group.

### Limitations of the Study

There are few limitations while going through the stages of research process. It is quite hard to manage the research work with the academics. The following are the other limitations of the study:

- Area of study is confined to the middle-class households in Chennai.
- The findings of the study are based on the information provided by the respondents.



**Data Analysis**

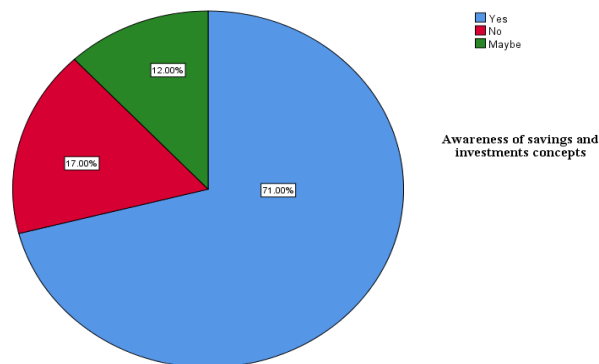
**Percentage Analysis**

**Percentage Analysis for Respondent’s Aware of Savings and Investments Concept.**

**Table No.1. Aware of Savings and Investments concept**

Particulars	Frequency	Percentage
Yes	71	71%
No	17	17%
Maybe	12	12%
Total	100	100%

**Chart No.1. Aware of Savings and Investment concept**



**Interpretation**

From the above table and chart, it is understood that among 100% respondents, 71% respondents are aware of savings and investment, 17% respondents are not aware of savings and investment and 12% respondents may have aware of savings and investment.

It shows that majority of the respondents 71% are aware of Savings and Investment concept.

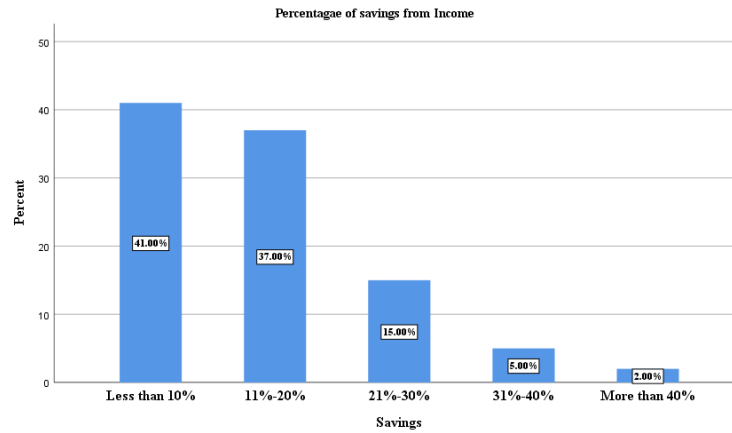
**Percentage Analysis for Respondent’s Percentage Of Savings From Income.**

**Table No.2 Percentage of Savings from Income of the respondents**

Particulars	Frequency	Percentage
Less than 10%	41	41%
11%-20%	37	37%
21%-30%	15	15%
31%-40%	5	5%
More than 40%	2	2%
Total	100	100%



**Chart No.2 Percentage of Savings from Income of the respondents**



**Interpretation**

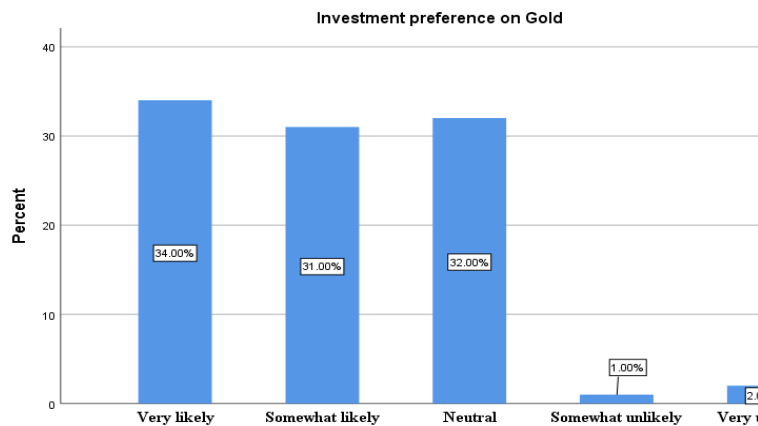
It can be observed from the table and chart that 41% of the respondents save Less than 10%, 37% of the respondents save 11%-20%, 15% of the respondents save 21%-30%, 5% of the respondents save 31%-40% and 2% of the respondents save more than 10%.

It is inferred that majority of 41% of the respondents save less than 10% from their Income.

**Percentage Analysis for Respondents Preference on Investment In Gold. Table.No.3. Respondents preference on Investment in Gold.**

Particulars	Frequency	Percentage
Very likely	34	34%
Somewhat likely	31	31%
Neutral	32	32%
Somewhat unlikely	1	1%
Very unlikely	2	2%
Total	100	100%

**Chart No.3. Respondents preference on Investment in Gold**





**Interpretation**

The above table and chart shows that 34% of the respondents are Very likely to Invest in Gold, 31% of the respondents are Somewhat likely to Invest in Gold, 32% of the respondents are Neutral, 1% of the respondents are Somewhat unlikely to Invest in Gold and 2% of the respondents are Very unlikely to Invest in Gold.

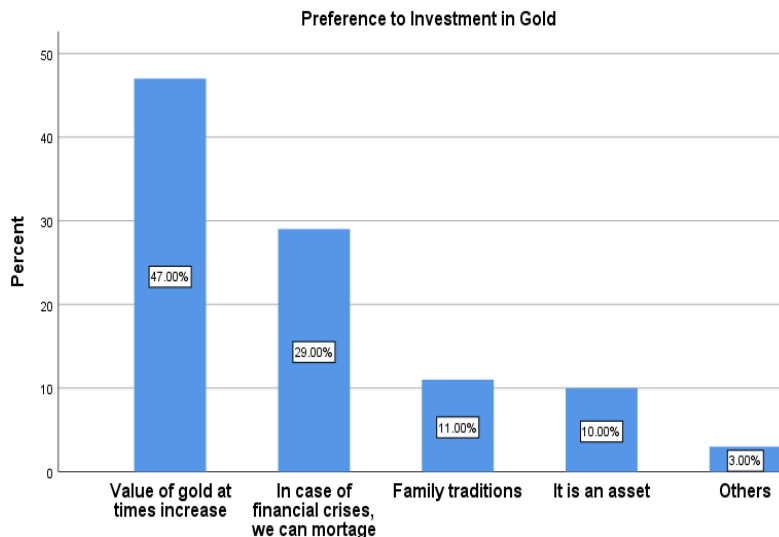
It is inferred that majority of the respondents, 34% are Very likely to Invest in Gold.

**Percentage Analysis On Various Reason, Why Respondents Are Prefer On Invest In Gold.**

**Table No.4. Respondents Reasons to prefer on Invest in Gold**

Particulars	Frequency	Percentage
Value of gold at times increase	47	47%
In case of financial crises, we can mortgage	29	29%
Family traditions	11	11%
It is an asset	10	10%
Others	3	3%
Total	100	100%

**Chart No. 4 Respodents prefer to Invest in Gold**



**Interpretation**

From the above table and chart it is clear that 47% of the respondents prefer to Invest because of Value of Gold at times Increases, 29% of the respondents prefer to Invest because Incase of financial crises, they can Mortgage, 11% of the respondents prefer to Invest because of Family Traditions, 10% of the respondents prefer to Invest because to Increase the asset value and 3% of the respondents prefer to Invest because of other reasons.

It is found that majority of the respondents 47% prefer to Invest because of Value of Gold at time Increases.

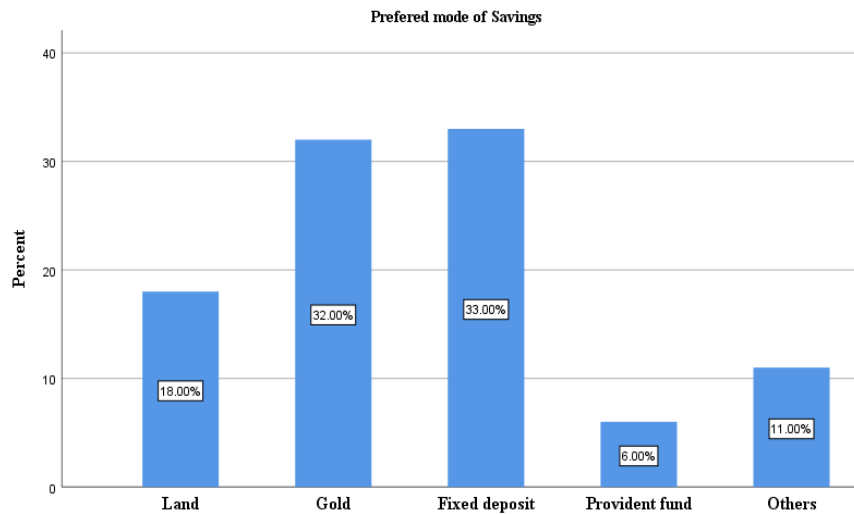


**Percentage Analysis for Mode Saving Preference of the Respondents.**

**Table No.5. Percentage of Mode Savings preference.**

Particulars	Frequency	Percentage
Land	18	18%
Gold	32	32%
Fixed deposit	33	33%
Provident fund	6	6%
Others	11	11%
Total	100	100%

**Chart No.5. Percentage of Mode Savings preference.**



**Interpretation**

The above table and chart shows that 18% of the respondents are prefers land, 32% of the respondents are prefers Gold, 32% of the respondents are prefers Fixed deposit, 6% of the respondents are prefers Provident fund and 11% of the respondents are prefers other mode of savings.

It is inferred that majority of the respondents 32% are prefer Gold and Fixed deposit.

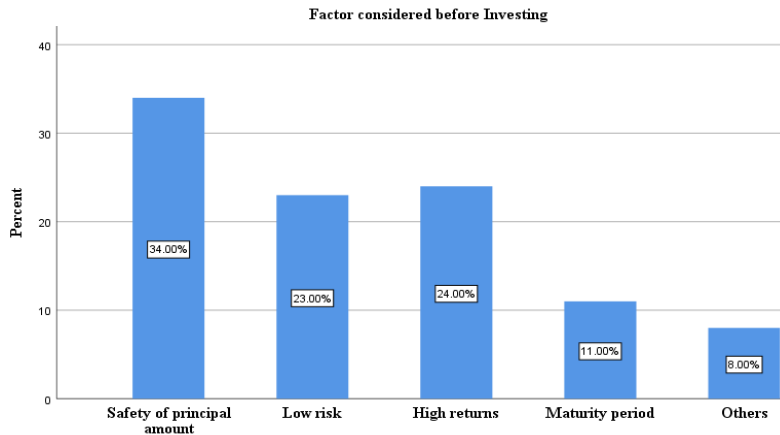
**Percentage Analysis for the Factors Considered Before Investing**

**Table No.6. Percentage of factors considered before Investing.**

Particulars	Frequency	Percentage
Safety of principal amount	34	34
Low risk	23	23
High returns	24	24
Maturity period	11	11
Others	8	8
Total	100	100



**Chart No.6. Percentage of factors considered before Investing.**



**Interpretation**

From the above table and chart it is understood that 34% of the respondents are concerned about the safety of the principle amount, 23% of the respondents are concerned about Low risk, 24% of the respondents are concerned about the high returns, 11% of the respondents are concerned about the maturity period and 8% of the respondents are concerned about others factors.

It is found that majority of the respondents 34% are very much concerned about the principle amount.

**Inferential Analysis**

**Correlations**

A correlation hypothesis typically predicts the direction and strength of the relationship between the variables. Here Correlation is used here to give the relationship on Mode of savings preferred and the sector preferred to invest money.

**Null Hypothesis:** There is no Correlation between mode of savings preferred and the sector preferred to invest money.

**Alternative Hypothesis:** There is Correlation between mode of savings preferred and the sector preferred to invest money.

**Table No.7. Inferential Analysis for Mode of savings preferred and the sector preferred to Invest money.**

Correlations			
		What mode of savings you prefer	In which sector do you prefer to invest your money
What mode of savings you prefer	Pearson Correlation	1	.033
	Sig. (2-tailed)		.743
	N	100	100
In which sector do you prefer to invest your money	Pearson Correlation	.033	1
	Sig. (2-tailed)	.743	
	N	100	100



**Inference**

From the above table, we find that the significant value is 0.743, which is greater than table value 0.05, so the Null hypothesis is accepted and Alternative hypothesis is rejected.

Therefore there is no relationship between mode of savings preferred and the sector preferred to Invest money.

**Chi – Square Test**

The chi-square test is used to determine if there is a significant association or difference between categorical variables. Chi-Square Analysis is done between Invest in share market and the factors considered before Investing.

**Null Hypothesis:** There is no significant association between Invest in share market and the factors considered before Investing.

**Alternative Hypothesis:** There is significant association between Invest in share market and the factors considered before Investing.

**Table No.8. Inferential Analysis for Invest in share market and the factors considered before Investing.**

Test Statistics		
	Do you prefer to invest in share Market	Which factor do you consider before investing
Chi-Square	3.140 <sup>a</sup>	22.300 <sup>b</sup>
df	2	4
Asymp. Sig.	.208	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 33.3.

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 20.0.

**Inference**

From the above table, we find that the significant value is 0.208, which is greater than table value 0.05, so the Null hypothesis is accepted and Alternative hypothesis is rejected.

There is no significant association between to Invest in share market and the factors considered before Investing.

**Anova**

ANOVA is used to compare means among two or more groups to determine if there are statistically significant differences between them. Anova is used here to compare Percentage of Savings from Income and the avenues opted for Savings / Investments.

**Null Hypothesis:** There is no significant difference between percentage of income for saving and the avenues opted for savings / investments.





**Alternative Hypothesis:** There is significance difference between percentage of income for saving and the avenues opted for savings / investments.

**TableNo.9. Inferential Analysis for Percentage of Savings from Income and the avenues opted for Savings / Investments.**

Avenues opted for savings/ investments					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.443	4	1.611	1.229	.304
Within Groups	124.517	95	1.311		
Total	130.960	99			

**Inference**

From the above table, we find that the significant value is 0.304, which is greater than table value 0.05, so the Null hypothesis is accepted and Alternative hypothesis is rejected.

Therefore there is no significant difference between the percentage of income for saving and the avenues opted for savings / investments.

**Findings**

- The Researcher identifies that majority of the respondents 71% are aware of Savings and Investment concept.
- The study indicates that most of the respondents 41% save less than 10% from their Income.
- The researcher found that majority of the respondents, 34% are Very likely to Invest in Gold.
- The study reveals that majority of the respondents 47% prefer to Invest because of Value of Gold at time Increases.
- The study shows that majority of the respondents 34% are very much concerned about the principle amount.
- The researcher found that majority of the respondents 32% are prefer Gold and Fixed deposit

**Suggestions**

- The majority 71% of the respondents are aware of savings and investments concepts. The habit of savings money may be life skill. The awareness and planning of savings concepts should be known by all.
- The majority of respondents 41% save less than 10% of their income. So, they should take necessary measures to increase their savings by limiting their expenditure.
- The majority of respondents 34% prefer investing in gold. The middle-class family is more interested in investing in precious metals such as gold, silver, etc. in the forms of jewels or coins. So, these types of options for investments should be promoted by banks and post offices to attract people to make investment more
- The middle-class family looks for a more safe investment avenue with very less risk- bearing capacity. That is why they always keep the fixed deposit in banks, post office, public provident fund, and life insurance policies on a priority basis.



- The Middle group class is getting higher per capita. But the inflation rate is also increasing at a higher rate than the increasing rate of per capita income of the lower and middle-class families. Therefore, it is tough for the middle-class group to invest after deducting huge expenses of routine life.

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