

Investment Pattern of Employed Persons in Kanyakumari District

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Abstract:

According to Keynes only investment can influence the level of output, income & employment in an economy. Investment in macro economic analysis refer to the value of the part of aggregate output which is used for the creation of new structures, new capital equipment and changes in business inventories. The value of this output is measured by the amount of expenditure incurred on these items.

Thus it is important that a new capital asset must come into existence by the aggregate amount of investment. For example the purchase of shares and bonds of a company by an individual from another individual may be an individual but simply a paper transfer because no new asset is created in the society. But shares and debenture purchased by individuals direct from the company that would more likely purchase or construct different assets for productive purposes like building machinery & plant etc., will be investment in the sense macro economic analysis. Investment must generate income in the economy. Income generated economy un-constructing or acquiring these capital assets may be known as the value investment.

Keywords: Importance and Types of Investment

INTRODUCTION

Mobilisation of savings influences the process of material capital formation which is considered to be a lever spring for activating the process of socio-economic transformation. More savings; more capital; more material assets, result into a strong foundation for economic development. It is against this background that almost all the countries interested in accelerating the pace of economic transformation make

concerted efforts to mobilize savings. It is significant to mention that generation of savings is substantially influenced by income.

In this chapter, we focus on the mobilization of savings coming, especially from poor sections and low income group of people. In the Indian setting, we find contribution of small savings insignificant to the capital formation process. For the balanced economic development, it is essential that all sections of the society

contribute to the process of development, of course in proportion to their incomes.

STATEMENT OF THE PROBLEM

Employed people are those to have been employed in a job. Their nature of job IS Permanent. They used to get regular income in the form of salary, increment etc., their income is certain. Both public and private concerns are there to provide employment opportunities to the people passed upon their age, education, experience, efficiency etc., Occupations like teaching, clerical, officers, accountants, computer operators etc., will come under this category.

In the modern and dynamic world, nearly 60% of the people only able to get employment opportunities through private and public concerns. educational institutions etc Others will have to find their own way to earn their living, The people whether employed or unemployed do lack proper planning as to how to earn, how to spend, how to save, where to save, how much to save, where to invest etc., Even though they earn a lot of money at times they find it extremely difficult to manage the unforeseen situations or expenses like medical expenditure, education of children, marriages etc..., So proper planning is a must to lead smooth and successful life in all situations. That is why the researchers thought of having an analytical study of the "Investment pattern of employed and unemployed".

OBJECTIVES

1. To study and analyze the investment pattern of employed persons.
2. To explore the significance of investments, savings and expenditure

METHODOLOGY

For the purpose of study an interview schedule has been prepared and information collected by direct interview method. Secondary data have been collected through Journals, books

etc, the influencing factors are identified by forming hypotheses.

For the purpose of study, 50 persons have been interviewed. Out of them, 25 employed and 25 unemployed.

IMPORTANCE OF INVESTMENTS

Investments are both imprudent and useful in the context present- day conditions.

- (a) Longer life expectancy or planning for retirement.
- (b) Increasing rates of taxation.
- (c) High interest rates.
- (d) High rate of inflation.
- (e) Larger Incomes.

(a) Longer life expectancy:

Investment decisions have become significant as people retire between the ages of 55 and 60. Also, the trend shows longer life expectancy. They earnings from employment should, therefore, be calculated in such a manner that a position should be put always as savings. Savings by themselves do not increase wealth there must be invested in such a way that the principal and income will be adequate for a greater number of retirement years.

The importance of investment decisions is further enhanced by the fact that there is an increasing number of women working in organizations There women will be responsible for planning their own investments during their working life so that after retirement they are able no have a stable income

(b) Increasing Rates of Taxation:

Taxation is one of the crucial factors in any country which introduces an element of compulsion, in a person's savings. There are various forms of savings outlets in our country in the form of investments which help in bringing down the tax level by offering deductions in personal income some examples, Benefits in tax accrue out of investment in unit trust certificates,

unit linked Insurance plan, life insurance, National Savings certificates, Development Bonds post office cumulative Deposit schemes etc,

(c) Interest Rates:

Another aspect which is necessary for a sound investment plan is the level of Interest rates, Interest rates vary between one investment and another These may vary between risky and investments, they may also differ due do different benefit schemes offered by the investments These aspects must be considered before actually allocating any amount A high rate of interest may not be the only factor favoring the outlet for investment The investor has be include in his portfolio several kinds of investments. Stability of interest is as important as receiving a high rate of interest

(d) Inflation:

Inflation has become a continuous problem since the last decade In there years, of using prices, several problems are associated coupled with standard of living Before funds are invested erosion of the resource will have to be carefully considered in order to make the night choice of investments The investor will try and search and outlet which goes him a high rate of return in the form of interest to cover any decrease dear to inflation. He will also have to judge whether two interests or return will be continuer as there is a likelihood of irregularity coupled with high and outlet which will ensure safely of principal. Besides high rate of interest and safety of principal and inverter also has to always bear in mind the taxation angle.

(e) Income:

Another reason why investment decisions have assumed importance is the general increase in employment opportunities in India After independence with the stages of development in the country a number of new organizations and services come into being.

TYPES OF INVESTMENT

A. Non-Corporate Investments:

In addition to securities of the corporate sector into which savings of the households flow to a minor extent, there are a number of other avenues for investment such as deposits with commercial and cooperative banks, post office savings banks, National Savings Certificates, Provident fund and pension fund contributions, insurance, deposits with companies, purchases of real estate, gold and silver, etc. These investments are of many types and can be classified as follows

1. Marketable and non-marketable:

Real estate, gold, silver, etc. are marketable and re most popular among the households. Treasury bills, bonds and Government securities are also marketable but are popular only with financial institutions and banks. Some of these like UTI units, tax-free bonds, etc.

2. Interest payable regularly or reinvested:

Some investment media like bank deposits pay interest quarterly or half-yearly. some investments will have annual interest or dividends paid as in the case of UTI units or half yearly on P.O. cumulative time deposits or bank time deposits etc. Repayments can also take the form of annuity, that is, to say, a payment combining interest with principal.

3. Payment Linked to an event:

In the case of life insurance, payment is at the event of death, accident-insurance, at the occurrence of an accident, provident fund at the time of retirement etc Payment out of pension funds, or out of annuities, will be spread over a number of years.

4. Regular savings media on investment vs. Lump sum investment at a time:

Some investment media like LIC insurance premium or contributions to PF and insurance are regular monthly savings either voluntarily or

compulsorily. Similarly, contributions to the recurring deposit schemes of banks and post offices are regular monthly savings media. On the other hand, purchase of NSC or a fixed deposit with a notice period or for a fixed period of time are examples of the lump sum investments at a time.

B. Corporate Investments:

The major avenues of investment among corporate securities are equity shares, preference shares, which are of ownership category and debentures and fixed deposits from the public, which are of debt category. Of these, preference shares, debentures and deposits are having a fixed interest while equity shares are of variable dividend. The risk is high in the case of fixed deposits of companies as they are unsecured, while equity shares are of high risk and high return category.

C. Deposits with Bank:

Among the non-corporate investments, the most popular are deposits with banks and their savings schemes. There are various types of deposits with banks such as current accounts, savings accounts and fixed deposits. On current account deposits, no interest is paid as these are meant for regular transactions by businessmen and companies. Savings deposits are those on which

interest is paid at 6%, which is the lowest among the various categories of investments. There is also the category of fixed deposits, which has varying characteristics. Thus fixed deposits may be recurring deposits wherein savings are deposited at regular intervals or fixed deposits of varying maturities or with varying notice periods such as 7 days, etc. The interest rates on these deposits vary depending upon the maturity period, from 9% to 11% at present for one year and above maturities. The banks also provide other varieties of schemes for savings and for raising deposits from the public. The rates on them are fixed by RBI from time to time. The interest on these deposits is payable half-yearly or quarterly calculated on the basis of simple interest. Some of the banks have reinvestment plans where in the period, say, of 1 to 5 years. The principal and the accumulated interest are paid to the investor on maturity.

D. Instruments of Post Offices:

The investment avenues provided by the post offices are generally non-marketable, as they are the savings media. The only exception is Indira Vikas Patras, which are bearer bond transferable by delivery. The major instruments of Post Office enjoy tax concessions such as exemption of investment contribution from tax or interest income from tax or both up to certain limits.

DATA AND INTERPRETATION

Table:1
Demographic profile of the respondents

| Demographic variable | Variable description | No. of respondents | percentage |
|------------------------------------|---------------------------|--------------------|------------|
| qualification | Up to XIIth std | 13 | 26 |
| | Graduates | 25 | 50 |
| | Post graduates and others | 12 | 24 |
| | Total | 50 | 100 |
| Family size | 1-3 | 9 | 18 |
| | 3-4 | 27 | 54 |
| | 4-6 | 14 | 28 |
| | Total | 50 | 100 |
| sex | Male | 36 | 72 |
| | Female | 14 | 28 |
| | Total | 50 | 100 |
| age | 40-50 | 32 | 64 |
| | 50-60 | 17 | 34 |
| | 60-70 | 1 | 2 |
| | Total | 50 | 100 |
| income | 1000-4000 | 10 | 20 |
| | 4000-8000 | 18 | 36 |
| | 8000-12000 | 8 | 16 |
| | 12000&above | 14 | 28 |
| | Total | 50 | 100 |
| Savings (Rs) | 0-20000 | 35 | 70 |
| | 20000-40000 | 4 | 8 |
| | 40000-60000 | 7 | 14 |
| | 60000-80000 | 4 | 8 |
| | Total | 50 | 100 |
| Expenditure (Rs) | 0-5000 | 29 | 58 |
| | 5000-10000 | 26 | 32 |
| | 10000-15000 | 3 | 6 |
| | 15000-20000 | 2 | 4 |
| | Total | 50 | 100 |
| Percentage of investment in income | 0-10 | 16 | 32 |
| | 10-20 | 14 | 28 |
| | 20-30 | 12 | 24 |
| | 30-40 | 2 | 4 |
| | 40-50 | 2 | 4 |
| | 50-60 | 2 | 4 |
| | 60-70 | 2 | 4 |
| | Total | 50 | 100 |

| | | | |
|---------------|----------------|----|-----|
| Income source | Salary | 25 | 50 |
| | Land | 8 | 16 |
| | Interest | 10 | 20 |
| | House property | 4 | 8 |
| | Any other | 3 | 6 |
| | Total | 50 | 100 |

Table: 2
Comparison between Investment amount & employment

| Investment-amount(Rs) | Employed | | Unemployed | | total |
|-----------------------|------------------|-----|------------------|-----|-------|
| | Number of person | % | Number of person | % | |
| 0-20000 | 15 | 60 | 20 | 80 | 35 |
| 20000-40000 | 3 | 12 | 1 | 4 | 4 |
| 40000-60000 | 4 | 16 | 3 | 12 | 7 |
| 60000-80000 | 3 | 12 | 1 | 4 | 4 |
| Total | 25 | 100 | 25 | 100 | 50 |

Primary sources

From the table it is clear that there are 15(60%) of the employed persons but 20(80%) of the unemployed persons have the investment amount of up to Rs 20,000. 4(10%) of the employed person, but 3(12%) of the unemployed persons have the investment amount of Rs.40, 000- 60,000. 3(12%) of the employed persons, 4 unemployed have Rs.20, 000- 40,000, 60,000-80,000.

Comparison between utilization of savings and employment

Savings are sacrifices made at present for future enjoyment. If the income is certain people can save regularly. Savings can be utilized in many ways. That too depends upon the earning capacity of the people Thus a comparison between savings and employment is made.

Table: 3
Comparison between utilization savings and employment

| Utilization-amount | Employed | | Unemployed | | total | % |
|--------------------|------------------|----|------------------|----|-------|----|
| | Number of person | % | Number of person | % | | |
| Expenditure | 7 | 28 | 3 | 12 | 10 | 20 |

| | | | | | | |
|--------------------|----|-----|----|-----|----|-----|
| Education | 3 | 12 | 2 | 8 | 5 | 10 |
| Marriage | 6 | 24 | 4 | 16 | 10 | 20 |
| Land purchase | 1 | 4 | 4 | 16 | 5 | 10 |
| House construction | 6 | 24 | 4 | 16 | 10 | 20 |
| Business | 1 | 4 | 4 | 16 | 5 | 10 |
| Any other | 1 | 4 | 4 | 16 | 5 | 10 |
| Total | 25 | 100 | 25 | 100 | 50 | 100 |

Primary sources

From the table it is clear that there are 7(28%) of the employed and 3(12%) unemployed utilized that their savings for family expenditure, 6/24%) of employed but 4(16%) of unemployed each utilized and 2(8%) of for education, 1(4%) of employed, but unemployed utilized savings.

Suggestions:

1. The sources of investment opportunities can be well known by the people.
2. Generally, people are unaware of their risk involved in the investment decisions. So the factors like the exposure of risk analysis can be given to the public as a whole.
3. Portfolio is the ranking of investment decisions as per preference. The preparation of same will help a lot to the investors to bind their investment avenues properly.

Conclusion:

Of all the sections of the society, the household group contributes eti of the capital their savings, forming the life-blood for the economy here are so many vehicles available and open in front of the savers as well as investors like LIC, ICICI, Financial Institutions, Banks, Chit funds c. According to the awareness and preference, people may prefer the sources.

From the study, it is concluded that both employed and unemployed with various income range, age group, educational background, sex and family size have the habit of investing their

income. It is noted that when the income increases, their savings habit will also tend to increase The 100 have selected the source of savings like Bank, LIC, and ICICI etc. Regarding the comparative analysis taken for study, the result revealed the factors like loan, Income source, expenditure have been influenced by employment and the factors like utilization of savings, investment type, amount of income have not been influenced type, amount of income have not been influenced by employment Therefore, it is concluded that investment decision taken by the people are independent of their employment.

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