

A STUDY ON MUTUAL FUND INVESTMENT AMONG SALARIED INDIVIDUALS: OPPORTUNITIES AND DIFFICULTIES WITH SPECIAL REFERENCE TO TIRUPPUR DISTRICT, TAMIL NADU

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ABSTRACT

Investment planning helps one to grow their hard-earned money for their future financial goals. It is important to have a proper investment plan in place that aligns with the financial objectives, risk tolerance, income and requirements. Additionally, one must keep in mind that investing always carries some level of risk. However, with proper planning and risk management, one can minimize that risk. The types of job and income levels of salaried employees have an impact on their investing preferences. This study explores the financial habits of paid people, emphasizing their investment preferences, difficulties, and knowledge. The research is descriptive in nature, which has been framed clearly through primary and secondary data. Finding the best investment possibilities on the market is the goal of the research. 150 respondents from Tiruppur District participated in the survey, and research techniques like rank analysis, Chi-Square tests, and percentage analysis were used. The results show that paid staff members are aware of several investing options and are happy with the investments they currently have.

Keywords: Financial Planning, Mutual Funds, Investment Avenues, Salaried Employees and Awareness.

INTRODUCTION

The investment behaviour of salaried individuals is shaped by their income stability, risk tolerance, and long-term financial objectives. Understanding these factors is crucial for assessing how they perceive and engage with investment options, particularly mutual funds. As noted by Beyer (2010), financial education and awareness play pivotal roles in guiding salaried individuals towards effective investment strategies. This study aims to explore the specific prospects and challenges faced by salaried individuals in Tiruppur regarding mutual fund investments, contributing to the broader understanding of investment behavior among urban professionals.

LITERATURE REVIEW

Jagadeesh Lanjekar (2018), Investment behaviour among salaried individuals in Tiruppur city spans various financial instruments including fixed deposits, mutual funds, government schemes, real estate, gold, stocks, shares, bonds, and insurance. These avenues cater to diverse investment needs, preferences, and risk appetites among urban professionals

Puneet Bhushan (2012), The liberalization of financial services has expanded investment choices for salaried individuals, offering avenues beyond traditional savings instruments.

Beyer .C. B. (2010), In the dynamic landscape of financial markets, investors seek avenues that balance risk and return. Mutual funds, a popular investment vehicle, have garnered attention for their potential to provide diversification and professional management.

Gandhi R. K (2020), Mutual funds have emerged as one of the most preferred investment avenues in India due to professional fund management, diversification benefits, liquidity, and systematic investment opportunities. The Indian mutual and industry has experienced rapid growth over the past decade, supported by financial inclusion, digitalization, rising investor awareness, and regulatory reforms.

Barihar (2009), A mutual fund is a vehicle for investments, where a lot of individual investors pool in their money to be controlled by seasoned money managers who will allocate the money in various securities such stocks, bonds, money market instruments and others. These are the funds which are managed by fund managers who seek to invest them in mostly wide diversification across the board to help limit risk and maximize returns.

STATEMENT OF THE PROBLEM

Despite the growth in financial markets, India faces challenges in increasing investor participation, particularly among salaried individuals who may have limited exposure to diversified investment avenues (Chandra, 1995). The primary concern addressed in this study is to uncover the barriers and opportunities perceived by salaried individuals in Tiruppur when considering mutual fund investments. This includes understanding their risk perceptions, investment goals, and the level of financial literacy that influences their investment decisions.

OBJECTIVES OF THE STUDY

1. To dissect venture inclinations among salaried people across various areas in Tiruppur city.
2. To find out what influences salaried people's investment decisions in mutual funds.
3. To look at mutual funds as a popular way for salaried people in Tiruppur to invest and save money.

4. To determine the difficulties that investors in mutual funds in Tiruppur face.
5. To determine whether salaried individuals in Tiruppur need to invest in mutual funds.

SCOPE OF THE STUDY

This study centres only on shared reserve speculation inclinations among salaried people in Tiruppur city. It delves into their investment patterns, objectives, difficulties, and levels of mutual fund awareness. The results plan to give pragmatic experiences into abundance the board administrations, helping monetary counsellors and policymakers in fitting speculation procedures that resound with the segment and financial elements of Tiruppur.

RESEARCH METHODOLOGY

The exploration approach includes exact cycles used to distinguish, select, process, and investigate information regarding the matter. The study, which was carried out in the city of Tiruppur, makes use of both primary and secondary data collection methods. Primary data are collected using a structured questionnaire and data from various sources like websites, magazines, annual reports, journals, encyclopaedias, and newspapers. The review takes on a comfort examining procedure with 150 respondents for extensive examination, utilizing factual instruments like rate investigation, Chi-square tests, and rank investigation to determine significant bits of knowledge into venture conduct and inclinations.

LIMITATIONS OF THE STUDY

While efforts have been made to ensure a representative sample, the findings of this study may not fully generalize to the entire population of salaried individuals in Tiruppur. Potential biases in data collection, such as respondent reluctance to disclose personal financial information, could affect the accuracy of the results. Moreover, the use of questionnaires introduces inherent biases in responses, necessitating cautious interpretation of findings.

DATA ANALYSIS AND INTERPRETATION

Table No: 1.1

**Table Showing the Relationship between
Annual Income and Investment Percentage, Chi-Square Test**

ANNUAL INCOME	INVESTMENT PERCENTAGE			TOTAL
	5% - 10%	11% - 20%	21% - 30%	
Below Rs. 2,50,000	64	2	10	76
Rs. 2,50,001 - Rs. 5,00,00	24	8	17	49
Rs. 5,00,001 - Rs. 10,00,0	7	3	7	17
ABOVE 10,00,001	3	0	5	8
TOTAL	98	13	39	150

Chi-Square Value $\chi^2 = \sum (O-E)^2 / E = 29.66664491$

Degree of freedom = (row-1) (column-1) = (4-1) (3-1) = (3) (2) = 6

X2 Tabular Value = 12.592

Interpretation: In the above analysis the calculated value (29.666) is greater than the table value (12.592) at the level of 0.05significance. Hence there is no significant relationship between annual income and investment percentage.

Table No: 1.2

**Table Showing the Relationship between
Family Size and Preferred Time Period**

FAMILY SIZE	PREFERRED TIME PERIOD			TOTAL
	SHORT TERM	MEDIUM TERM	LONG TERM	
2 – 3	13	22	13	48
4 – 5	22	43	23	88
Above 5	4	5	5	14
TOTAL	39	70	41	150

Chi-Square Value $x^2 = \sum (O-E)^2 / E = 0.9708651$

Degree of freedom= (row-1) (column-1) = (3-1) (3-1) = 4

X2 Tabular Value = 9.488 X 2

Calculated Value < X2 Tabular Value

Interpretation: In the above analysis the calculated value (0.970) is lower than the table value (9.488) at the level of 0.05 significance. Hence there is significant relationship between family size and preferred time period.

Rank Analysis

Table No.:2.1.

Table showing Ranking of the Investment opted by Respondents

INVESTMENT AVENUES OPTED	TOTAL	RANK
Fixed Deposit	63	1
Mutual Fund	40	3
Government Schemes	35	4
Real Estate	25	7
Gold	55	2
Stock and Shares	33	5
Insurance	33	5
Others	14	8

Interpretation: The above table depicts that the investment avenues respondents have opted, the highest rank towards fixed deposit, second rank towards gold and also include jewels, coins, bars, SGB, ETF; third rank towards mutual fund; fourth rank towards government schemes and also include PPF, NPS, NCS, SCSS, RD, fifth rank has two products like stock & shares, seventh rank towards real estate and eighth rank towards others like chit fund and crypto.

Table No. 2.2

Table showing Ranking of Investors Preference on Different Investment Avenues

PREFERENCE OF INVESTMENT	R1	R2
Fixed Deposit	56	51
Mutual Fund	47	58
Government Schemes	40	57
Real Estate	28	63
Gold	48	52
Stock and Shares	38	56
Insurance	28	63

Interpretation: The above table depicts that preference of investment avenues by the respondents, the highest rank towards fixed deposit, second rank towards mutual fund; third rank towards gold and also include jewels, coins, bars, SGB, ETF, fourth rank towards government schemes and also include PPF, NPS, NCS, SCSS, RD; fifth rank towards stock & shares, sixth rank towards insurance and seventh rank towards real estate.

Findings

The survey results, analysed through percentage analysis, reveal key insights into the demographics and investment characteristics of the respondents.

The majority (58%) of participants are male, with 56.7% falling within the 21-30 age groups. Education-wise, 38% are undergraduates, and 50.7% are unmarried. Family dynamics indicate that 58.7% have 4-5 family members, and 48% have 2 earning members. Financially, 50.7% earn below Rs. 2, 50,000. Investment behaviours show that 65% invest 5%-10%, and 38% invest for a period below one year. The majority (37%) reviews their investments monthly, with 46% expressing satisfaction with their portfolios. Medium-term investments are favoured by 46.7%, and 38.7% prefer quarterly investments. Objectives vary, with 29.3% seeking regular income and 30.7% investing for future needs. Risk considerations are crucial, with 45.3% emphasizing the importance of risk and maturity, and 44% acknowledging changing interest rates as a significant concern. Self-awareness about investments is noted in 26% of respondents.

The Rank Analysis highlights distinct preferences and awareness levels among respondents regarding investment avenues. Fixed deposits are overwhelmingly favoured, securing the top rank in both investment options

and overall preferences. Mutual funds and fixed deposits are prominently ranked highest in terms of awareness. These findings provide valuable insights into prevailing sentiments, preferences, and awareness levels within the surveyed population.

Chi-Square Test reveals that , there is no significant relationship between annual income and investment percent, and there is significant relationship between family size and preferred time period.

FINDINGS

Survey results indicate that a majority of respondents are male, aged between 21-30 years, with undergraduate education and annual incomes below Rs. 2, 50,000. Fixed deposits and gold emerge as the favoured investment options among salaried individuals in Tiruppur, indicative of their risk-averse approach and preference for stable returns over market volatility. Despite challenges such as inflation and fluctuating interest rates, mutual funds are recognized for their potential in long-term wealth creation and portfolio diversification.

DISCUSSION

Financial backers leaving on abundance creation ought to focus on essential arranging lined up with clear cut objectives. Although seeking advice from financial advisors is encouraged, investors should conduct in-depth research to make informed decisions. Finding your way to financial success requires working together with trustworthy people. Making investment choices that are tailored to specific investor requirements and aligned with those requirements is a must for investing in future.

Investors must ensure that each financial decision contributes to the achievement of their objectives by aligning their investments with clearly defined objectives. It's a good idea to talk to financial advisors because they can help you get access to good information and advice. Nonetheless, the dynamic cycle ought not to be exclusively dependent on outside counsel; For investors to make informed decisions, they must conduct in-depth research. Coordinated effort with dependable people who offer help and certainty is instrumental in exploring the way to an effective monetary future.

SUGGESTIONS

Furthermore, investors should tailor their investment selections to meet specific needs and align with their risk tolerance. Diversification of the investment portfolio is a prudent strategy, helping to mitigate risks and enhance overall stability. Continuous monitoring of investments is essential, allowing investors to adapt to changing market conditions and optimize their financial positions. Companies, in turn, bear the responsibility of furnishing investors with comprehensive and relevant information, fostering transparency and trust.

In the pursuit of financial success, it is imperative for individuals to articulate and prioritize their financial goals. As suggested by renowned financial experts such as Robert Kiyosaki and Suze Orman, goal-setting provides a clear roadmap for financial planning and encourages disciplined decision-making. By incorporating these principles, investors can navigate the complexities of the financial landscape with confidence and resilience.

CONCLUSION

In conclusion, this study investigates the investment patterns and challenges faced by salaried individuals in Tiruppur regarding mutual fund investments. Despite the prevalence of conservative investment preferences such as fixed deposits and gold, there exists a growing awareness and interest in mutual funds among urban professionals. The findings provide valuable insights into the factors influencing investment behavior and underscore the need for targeted interventions to promote mutual fund investments as a viable wealth creation tool. By enhancing financial literacy and investor confidence, policymakers and financial institutions can contribute to fostering a conducive environment for mutual fund investments among salaried individuals in Tiruppur.

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