INVESTMENT INITIATIVE AND SAVINGS BEHAVIOUR OF WORKING INDIVIDUALS IN COIMBATORE CITY TOWARDS THEIR RETIREMENT LIFE

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ABSTRACT

The term investment resembles the word as an asset or item acquired to generate an income that might be useful in near future days. In an economic sense, investment means the purchase of any capital asset like stocks, bonds, mutual funds, derivatives, land, jewellery, term deposit, etc. where the interest or benefit earned out of it is not used currently, but it creates wealth for the future. In the concept of finance, an investment is a monetary asset being purchased presently with the idea that the asset will provide income in the future, or the same asset can be sold at a price higher than the purchase price to yield profit out of the invested asset.

I.   INTRODUCTION

Finance describes the activities that are associated with earnings, investing, banking, debit, credit, securities, capital market and savings. Generally, finance represents the concept of money management and the process of assembling the funds that is in need. Money management can be done effectively when an individual takes certain initiatives like preparing a plan to earn the money and to invest the earned money in the best possible ways.

The investment made in the construction of a house and the income earned from a let-out house can be considered as an investment. In the same way, any action taken with the hope of raising revenue for the future determines the concept of investment. For example, choosing to pursue additional education where the goal is often to increase knowledge and improve skills leads to get a job, ultimately producing more income.

In today's world, just earning money alone is not enough; instead, an individual has to save some through an act of investment. An individual might work hard to make money, but that might not be adequate to lead a comfortable life. Working hard to earn money must be utilized by investing some amount in certain avenues, which yields a good return in the future. The duration of money lying in a bank account poses an assumption that the opportunity is lost; preferably the amount can be used to yield good returns by investing smartly in best avenue.

Initiative within an individual includes the following skills like innovative thinking, creativity, leadership, entrepreneurship, problem solving, readiness, and the ability to do a work. To achieve any goal in life an individual must take some initiatives. In same manner to start investing in any avenues, an individual must take some initiatives like identifying the investment avenue, plus and minus of the scheme must be known, the interest or return percentage, duration of the scheme, and details of tax benefit, etc. must be collected. All individuals might not possess the initiative skills, and such individual can contact the financial advisors and then the investment could be initiated.

The initiatives taken by an individual towards investment in avenues impacts on analyzing the individuals saving behavior. If individuals save more than the level of personal income will increase. It is important to save money because it helps an individual to protect himself at the time of financial emergency. Additionally, the money that is saved supports an individual to avoid debts, reduce the financial stress, and provides financial freedom to spend when there is a need. Savings behavior of an individual determines how people save by overcoming the expenses. Excluding the savings to meet the financial emergency, an individual segregate some savings to face their retirement life. The need to save for the retirement life is, once an individual retires from his work there is no possibility of earning a monthly income. To overcome this situation every individual must start saving from their earnings during the working period. Retirement savings indicate the source of income, estimates the expense and the remaining amount could be invested in any investment avenue that yields a good

return. The amount invested in retirement avenues will yield a return which supports the individual to manage living during the retirement life.

Every individual must educate one-self to understand the financial management skills like financial planning, managing debt, calculation of interest, and understanding the time value of money. With the help of financial knowledge an individual can handle finance in various ways like spending, saving and investing in equity shares, mutual funds, insurance, pension schemes, real estate, and tax benefit schemes, etc.

The study targets on the initiatives that is taken by an individual to save for their retirement life. The importance for retirement savings is given as a prior importance currently and in the upcoming days. The reason is because from 2004 onwards the pension benefit is not supported from the government to the government employees. On other side the old age people were left alone without any support from the family after they retire and the count of this situation is increasing day by day. Due to absence of love, care and affection from the family members the aged parents are sent out of the family by collecting all the cash or property from them. Thus, resulted the increase of old aged home where the children leave their parents over there when they are old.

The researcher targets the individuals who are working in both government and private sector since the pension benefit is stopped from 2004 onwards, where both public and private sector employees are combined and the data is collected. The respondent's initiative towards retirement savings is analyzed like how they plan to live their retirement life even when they are not supported by their family and by the government.

SCOPE OF THE STUDY

The present study confines to the various aspects of individual's initiatives, knowledge level on the investment avenues, factors influencing the working individual's saving behavior, their attitude to face peaceful retirement life, their preference towards the selection of risk pattern to earn more return out of the investment made and to measure the individuals role in the maintenance of health, debts, and family needs to meet the retirement life. The area of study is limited to Coimbatore city only. The researcher would gain more practical knowledge within the field of wealth management service. The results of this research would help the people involved within the wealth management process in advising their salaried class investors regarding investments that are best suited in keeping with their demographics and personality type.

OBJECTIVE OF THE STUDY

To determine the initiatives taken by an individual to have a secured retirement plan.

To examine the knowledge level on their preferred schemes invested by an individual.

To assess the Investors' readiness to take more risk for more return

To study the perception of an individual towards retirement life.

To identify the factors influencing the investors to invest in certain investment opportunities.

LIMITATION OF THE STUDY

The data has been collected randomly from the working individuals as respondents of the Coimbatore city in a different location. Therefore, the conclusions drawn may not apply to different socio-economic conditions. Respondent's bias was not-ruled out in the questionnaire method. Few respondents were not willing to express their opinion and views on their investment initiatives and savings behavior.

II. REVIEW OF LITERATURE

Mr. Aftab Shaikh, Ms. Neena Katkar, Ms. Lipika koli and Dr. Jayashree Bhakay (2022), In this study an attempt has been made to understand the different age cohort and their objective of retirement planning and their preference towards the investment avenues available for investment and concentrated on the individual's behaviour regarding their retirement plan and the private pension system carried out by them. Factors like higher level of education in correspondence with salary, financial literacy, goal clarity, and attitude toward retirement influenced the behaviour of an individual towards the retirement plan.

Babu K A, Dr. Giridhar K V (2021) It's found that there's a major difference existing within the income, savings and also investment pattern of those private sector salaried households. But there's no significant change in their pattern of expenses. it's recommended to the govt to confirm guaranteed income and reduced expenses.

Mr.P.Kanagaraj and S.Pavithra (2020) study has been carried forward to analyze the investment pattern of employees salaried in Coimbatore city. The objective of the study is to know the investors awareness about the salaries paid to employees.the statistical tools used for this study were simple percentage analysis and ranking analysis. The findings had led to appreciation in income.

RETIREMENT SCHEMES

Retirement planning means planning for the regular flow of finances after being retired from work. The best way to formulate retirement plan is by saving and investing the money in one or many investment avenues that is available. There are various retirement schemes that are available publicly, the researcher identified the specific investment avenues that are related to retirement benefits and listed below

- Banking products
- Post office scheme
- Mutual fund
- Chits
- Real estate
- Gold
- Shares
- Debt instrument
- Insurance policies

III.   ANALYSIS AND INTERPRETATION

Rank analysis

➤ The Karl Pearson`s method is based on the assumption that the population being studied is normal or when the shape of the destruction is not known, there is need for a measure of correlation that is need for correlation that involves no assumption above the parameter of population.

➤ It is possible to avoid making assumptions above the population being studied by ranking the observations according to size and basing the calculation on the ranks rather than up to the original observations. It does not matter which way the items are ranked; item number one may be the largest or it be smallest using ranks rather than actual observation gives the coefficient rank correlation.

INVESTORS PREFERENCE ON DIFFERENT INVESTMENT AVENUES

FACTORS	1(5)	2(4)	3(3)	4(2)	5(1)	TOTAL SCORE	RANK
Shares and Debentures	56 (280)	13 (52)	41 (123)	7 (14)	18 (18)	135 (487)	I
Bank deposits	15 (75)	75 (288)	26 (78)	16 (32)	6 (6)	135 (479)	II
Post office schemes	27 (135)	22 (88)	61 (183)	14 (28)	11 (11)	135 (445)	III
Insurance policies With retirement benefit	14 (70)	37 (148)	34 (102)	38 (76)	12 (12)	135 (408)	VII
Gold/silver	26 (135)	27 (108)	36 (108)	15 (30)	31 (31)	135 (407)	VIII
Chits	15 (75)	46 (184)	36 (108)	26 (52)	12 (12)	135 (431)	IV
Real estate	18 (90)	29 (116)	49 (147)	21 (42)	18 (18)	135 (413)	VI
Mutual funds	19 (95)	38 (152)	36 (108)	25 (50)	17 (17)	135 (433)	V

Source: Primary data

INTERPRETATION

The above table shows the investors preference on different investment avenues that are ranked based on the responses by the respondents.

Shares and Debentures is given rank I by the respondents, Bank deposits is given rank II by the respondents, Post office schemes is given rank III by the respondents, Chits is given rank IV by the respondents, Mutual funds is given rank V by the respondents, Real estate is given rank VI by the respondents, Insurance policies With retirement benefit is given rank VII by the respondents, Gold/silver is given rank VIII by the respondents

CHI-SQUARE ANALYSIS

MEANING

☐☐Chi-square is a statistical tool commonly used for testing the independence and goodness of fit. Testing independence determines whether two or more observations across two population are dependent one another.

☐☐Testing for goodness of fir determines if an observed frequency distribution matches a theoretical distribution.

FORMULA

Chi-square = (observed value-expected value)2

Expected value

Or

$$\chi 2 = \Sigma\ (Oi - Ei)\ 2/Ei$$

Where Oi is the observed value and Ei is the expected value

Expected value = Row total*column total

Grand total

Degree of freedom= (row-1)*(column-1)

RELATIONSHIP BETWEEN OCCUPATION OF THE RESPONDENTS AND PREFERRED TIME PERIOD OF INVESTMENT

OCCUPATION	PREFERRED TIME PERIOD OF INVESTMENT			TOTAL
	Short term	Medium term	Long term	
Government sector	9	8	4	21
Private sector	19	46	16	81
Entrepreneurs	6	16	11	33
TOTAL	34	70	31	135

To find out the relationship between occupation and preferred time period of investment of the respondents, chi square test is used and result is given below.

HYPOTHESIS

There is no significant relationship between Occupation of the respondents and preferred time period of investment.

CHI-SQUARE TEST

FACTOR	CALCULATED VALUE	DEGREES OF FREEDOM	TABLE VALUE	RESULT
Occupation	6.611	4	9.488	**ACCEPTED**

INTERPRETATION

In the above analysis the calculated value (6.611) is lower than the table value (9.488) at the level of 0.05% significance. Hence the hypothesis is Accepted. So there is no significant relationship between Occupation of the respondents and preferred time period of investment.

IV.   SUGGESTIONS

➢ Every individual while living their current live must think for their future life and start taking necessary steps to safe guard their life. As everyone know we cannot predict what happens in future, but the individuals

can take some precautionary steps during their current life to meet any situation. Like for example, currently an unexpected pandemic situation has arise. To overcome this situation if individuals have initiated some precautionary steps by saving some amount, they would have been utilized their savings amount during this lock down period. The individuals must start their saving habit from the time they start earning.

➢ The individuals must create an interest to upgrade themselves by knowing the features of various investment avenues. To be aware of the various investment avenues they could seek help from financial advisors, friends or colleagues who are well verse about the schemes. An individual must understand that goodness of their life must be created by themselves and no third person will step in to safe guard their life.

➢ The working individuals must take some initiative to gain more knowledge in the investment avenues at the time when they start working. This will enable them to invest in the best investment scheme to earn more return for a longer period which supports the individuals to sustain during their retirement life.

➢ The researcher suggests that for those working individuals whose earnings are high can take a step forward to choose high risk long term investment that could yield higher returns. On a trial basis, the investor can invest a small amount or diversify the money by investing in many avenues to balance the profit and loss.

➢ The individuals need to be aware of government policies and the changes made by the government. Some initiatives like gathering of current information about the change in government policies, their rules, and regulations must be assigned as mandatory in their day to day life activity. Based on the gathered information, an individual has to plan as how to sustain the life peacefully by overcoming the barriers / changes.

V.   CONCLUSION

The study highlighted the working individual's initiatives and their savings behaviour to face a happy retirement life after getting retirement. In earlier days, it was predicted that people who work under government organizations are in safer hands because at the time of their working period, they earn income, and during their retirement period, they receive a pension from the government every month to face their day to day activities. This scenario has been changed completely after 2004 for Central Government employees and after 2009 for State Government employees because the government has stopped giving pension to those working individuals who joined after 2004 and 2009 onwards. Thus, this study identified the samples of working individuals under the Government and Private Sector where they do not come under the benefit of receiving a pension after retirement. So, the researcher analyzed the behavior of working individuals on concentrating the initiatives taken to secure the retirement life, the savings behaviour with the required knowledge on the preferred investment scheme, their readiness to take more risk to earn more return, and the attitude to face the retirement life.

VI.   REFERENCE

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