INVESTMENT BEHAVIOUR OF GOVERNMENT EMPLOYEES IN THOOTHUKUDI

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ABSTRACT

Investment has been an activity confined to the rich and government-salaried class in the past. India needs a very high rate of investments to make a bound forward in efforts to attain a high level of growth. Since the beginning of planning, the prominence was on investments, the primary instruments of economic growth and increase in national income. This study attempts to premeditate the investment preferences of a salaried group of people using a convenient sampling method.

The outlook from the employees belongs to salaried earners, and the population is fixed at 120. Instead of studying the complete range of investors, it is focusing only on one segment called salaried Government employees. Finally, it is concluded that the government salaried group regardless of age and annual Income, besides their occupation and marital status they used to prefer the investment option which will provide the long-term benefit and highly secured cum profitable avenues.

KEYWORDS:

Investment avenues, Investment behaviour, Rate of return and Risk preference, Government employees.

INTRODUCTION:

A country's economic growth and development can be used to determine its health. Economic growth measures the increase or decrease in an economy's ability to produce goods and services over time. The current commitment of funds to maximize future returns is referred to as investment. The primary goal of every investor is to maximize returns while minimizing risk. Savings are the first step for any investor. The various investment avenues for people to invest their money are post office schemes, mutual funds, bank deposits, RBI bonds, share market, and life insurance. An investor can select from a variety of funds based on his risk tolerance, financial objectives, and investment avenues. With the savings, in various options available to the people, the money acts as the driver for the growth of the country.

MATERIALS AND METHODS

REVIEW OF LITERATURE:

(Leena Roy Mallick & Shantanu Chakraborty, 2020) This research found that an individual's life is greatly impacted by their financial decisions. According to the results, it can be said that the interaction of the different investor behaviour dimension propriety, financial literacy, savings attitude, and risk attitude—influences how investors behave.

(Rathi K.N, 2022) This study has selected the investment pattern of Government employees, a unique group of individuals who have respectful behaviour in society. The investment pattern included the objectives, perceived factors, Risk associated and the avenues selected by the employees. The demographic factors are partially affecting the investment pattern.

(Mahbub Basha Shaik and M Khetan, 2022) This study on "financial literacy and investment behaviour of it professionals in India". The purpose of the study was to get an understanding of the investment and saving behaviour of the professionals in the Information Technology industry.

(**Raghavendra K S and Meryn R George, 2022)** this study aims to measure the impact of demographic factors on the investor's choice of investment and to identify the difference in various objectives, Influence sources and investor's behaviour as per the investment pattern. The study reveals that criteria of age, gender, educational qualifications, occupation, marital status, and annual income do influence or have an impact on the investor as regards awareness of investment instruments, factors influencing investment, preference of investment instruments etc.

(Kalimuthu M and S Vibharashmi, 2023) this study tries to analyze the employee's awareness level about demographic factors and various other factors before investing. The study also reveals most of the employees prefer Gold, Bank deposits, Real Estate etc., as investment options, there is a lack of awareness about other Insurance and post Office Saving Schemes offered by the Central Government.

STATEMENT OF THE PROBLEM:

This study aims to analyse the investment behaviour of the government employees in Thoothukudi. This study is aimed at finding the awareness level of government employees regarding different Investment avenues. This study aims to identify the key factors influencing investment decisions among government employees including risk tolerance, finance knowledge, and job stability. It is also meant to study the investment behaviour which varies according to the age, educational background, occupation, the risk perceived and the return expected and also to ascertain the impact of the investment behaviour of the people on the economy. Employees invest in various schemes and securities with or without an awareness of investment avenues.

OBJECTIVES OF THE STUDY:

- To find out the various avenues that give a high rate of return on investment.
- To find out the needs and importance of investment.
- To find out the best investment plan for Government employees.
- To analyze the factors influencing their investment decisions.
- To analyze the saving habits of Government employees.
- To analyze the level of awareness of Government employees as regards various investment avenues.

RESEARCH METHODOLOGY:

Period of the study	December 2023- March 2024
Sampling Design	Convenience sampling
Data used	Primary and Secondary data
Framework of Analysis	Percentage Analysis, Pie-chart, Likert's scale, Garrett Ranking, Chi-Square test

LIMITATION OF THE STUDY

- Some were reluctant to share knowledge regarding income and investment decisions, which they thought were personal.
- All the investment avenues are not covered in the study.

- The primary data has been collected from a structured questionnaire to a sample of investors in Thoothukudi city, which cannot reflect the opinion of the whole population.

RESULTS AND DISCUSSIONS:

TABLE 1

Relationship between Investment Decisions and Confidentiality in Making Decisions

Ho = There is no significant relationship between investment decisions and confidentiality in making decisions.

H_1 = There is a significant relationship between investment decisions and confidentiality in making decisions.

Confidentiality in making decision / Investment Decision	Yes	No	Total
Independent	57	8	65
Dependent	46	9	55
Total	**103**	**17**	**120**

$X^2 = \Sigma (O - E)^2 / E$

Rows & Column	**O**	**E**	**O-E**	$(O-E)^2$	$(O-E)^2$ / E
R1C1	57		1.21	1.46	0.026
R2C1	46	47.2	-1.2	1.44	0.030
R1C2	8	9.2	-1.2	1.44	0.156
R2C2	9	7.79	1.21	1.46	0.187
					0.399

Source: Primary data

Degrees of freedom = (r - 1) (c - 1)
= (2 - 1) (2 - 1)
= 1

V = 1: X^2 0.05 = 3.84

INTERPRETATION:

The above table 3.29 indicates 1 degree of freedom at a 5% level of significance. The calculated value is less than the table value. Thus, the null hypothesis is accepted. Therefore there is no significant relationship between investment decisions and confidentiality in making decisions.

TABLE 2

Influence of Investment Behavior Assessment

Particulars	**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**	**Total**	**Rank**
Confident about investment decisions	175	240	72	0	1	488	**I**
Comfortable with taking risks in investment choices	85	196	138	16	0	435	**V**
Review or reassess the investment portfolio	130	164	129	16	2	441	**IV**
Trust government-backed investment options as secure choices	190	168	87	20	1	466	**II**
Perception of job security significantly influences investment decisions	125	240	78	6	6	455	**III**
Grand Total						**2285**	

Source: Primary data

Interpretation:

The above table reveals that the level of satisfaction is higher when they have confidence about their investment decisions has been ranked as **I** while the next rank for they trust government-backed investment options as secure choices holds **II** rank, perception of job security significantly influences investment decisions as rank **III**, review or reassess investment portfolio as rank **IV** and comfortable with taking risks in investment choices as rank **V** which is ranked as the least satisfied.

TABLE 3

Investment Plans Based on Preferences

Particulars	**Ranks given by Respondents**					**Total**	**Score (%)**	**Rank**
	1	**2**	**3**	**4**	**5**			
National Pension Scheme(NPS)	3075	1740	500	0	1000	6315	52.63	**II**
Sukanya Samriddhi Yojana	2925	2460	1450	440	0	7275	60.63	**I**
Life Insurance	1425	660	2400	1280	250	6015	50.13	**III**
Senior Citizen Savings Scheme(SCSS)	0	1200	1650	2680	0	5530	46.08	**IV**
Public Provident Fund (PPF)	1575	1140	0	400	1750	4865	40.54	**V**

Source: Primary data

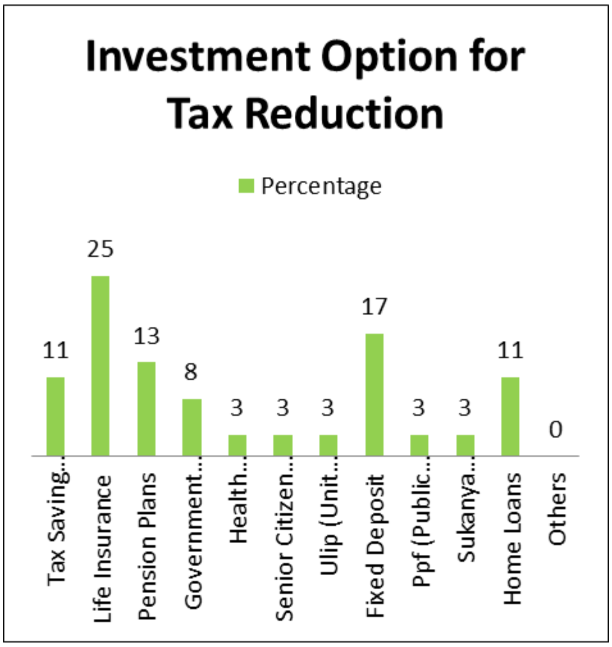
INTERPRETATION:

The above table reveals that respondents have given top priority to Sukanya Samriddhi Yojana ranked as I with a Garrett score of 60.63 per cent followed by National Pension Scheme (NPS) ranked as II with a score of 52.63 per cent, Life Insurance ranked as III with score of 50.13 per cent, Senior Citizen Savings Scheme (SCSS) ranked as IV with the score of 46.08 and Public Provident Fund (PPF) ranked as V with score of 40.54 percent for the Investment plans based on preferences.

TABLE 4

Preferred Investment Option for Tax Reduction

Classification	No. of Respondents	Percentage (%)
Tax Saving Mutual Funds	13	11
Life Insurance	32	25
Pension Plans	15	13
Government Bonds	11	8
Health Insurance For Mediclaim	3	3
Senior Citizen Savings Scheme (SCSS)	3	3
Ulip (Unit Linked Insurance Plan)	3	3
Fixed Deposit	20	17
PPF (Public Provident Fund)	3	3
Sukanya Samariddhi Account	4	3
Home Loans	13	11
Others	0	0
Total	**120**	**100**



CHART

Source: Primary data

INTERPRETATION:

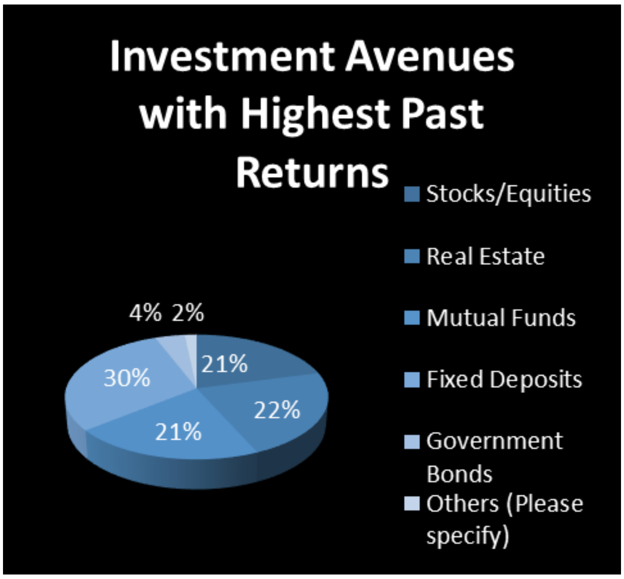
From the above table, it is inferred that 11% of the respondents chose tax-saving mutual funds as their first choice for reducing income tax, 25% of the respondents chose life insurance, 13% of the respondents chose pension plans, 8% of the respondents choose government bonds, 3% of the respondents choose health insurance or medic claim, Senior Citizen Savings Scheme, ULIP, PPF and Sukanya Samriddhi Account,17% of the respondents choose fixed deposit, 11% of the respondents choose home loans.

Thus, it is inferred that the majority (25%) of the respondents selected life insurance as their first choice for reducing income tax.

TABLE 5

Investment Avenues with Highest Past Returns

Classification	No. of Respondents	Percentage (%)
Stocks/ Equities	25	21
Real Estate	27	22
Mutual Funds	25	21
Fixed Deposits	36	30
Government Bonds	5	4
Others	2	2
Total	**120**	**100**



Source: Primary data

INTERPRETATION:

From the above table it is inferred that 21% of the respondents answered that stocks and equities have provided them with the highest returns in the past, 22% of the respondents answered real estate, 21% of the respondents answered mutual fund, 30% of the respondents answered fixed deposits, 4% of the respondents answered government bonds and 2% of the respondents answered other investment avenues.

Thus, it is inferred the majority (30%) of the respondents say fixed deposits have provided them with the highest returns in the past.

MAJOR FINDINGS:

- ❖ The majority (25%) of the respondents selected life insurance as their first choice for reducing income tax.
- ❖ The majority (30%) of the respondents say that fixed deposits have provided them with the highest returns in the past.
- ❖ From the survey, the respondents have given top priority to the Sukanya Samriddhi Yojana Scheme (SSY).
- ❖ From the survey, the respondents have a high level of confidence about their investment decisions.

SUGGESTIONS:

- Government employees should try to develop intellectual property of their own. It will expand their knowledge and develop investment skills, thereby understanding the significant aspects like liquidity of assets and Investment Avenue.
- Investment in the form of bank deposits has been found most popular among government employees as it alone accounts for more than half of the total investment made by them in the form of financial assets. Government employees attribute safety as the main reason for investing in bank deposits. Hence, it is suggested that government employees should channel their surplus in a diversified way so that they may get good returns.
- Most investors prefer Bank Deposits and gold as investment options, there is a lack of awareness about other avenues like equity, mutual funds etc. so it is mandatory to be aware and invest in them by reading newspapers, journals and articles related to the stock market.
- The investors have to identify the market situation and price fluctuations in the precious metals.

CONCLUSION:

All age groups invest in land, buildings, insurance and bank deposits. In Thoothukudi district government employees are more aware of various investment avenues like insurance, bank deposits, small savings like post office savings etc.

The study concludes that Economic Factors, Market Factors and Financial literacy have a significant bearing on the investment behaviour of government employees in Thoothukudi. Emotional Factors and the Risk-taking ability of the Investor harm the investment behaviour of employees.

According to the study, Economic Factors have a positive influence on investment behaviour. When employees' financial situation is stable, they fully accept responsibility for their investment choices, never withdraw money from an investment before it reaches maturity, and patiently wait to see a return on their investment. On the other hand, if the employees' financial situation is poor, they will not have extra money to invest or diversify their investments.

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