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IMPACT OF SAVINGS AND INVESTMENT PATTERN OF SMALL SCALE BUSINESS ENTREPRENEURS IN COIMBATORE

Dr. J. Prasath
Assistant Professor in Commerce, PSG College of Arts and Science, Coimbatore

ABSTRACT **DOI No: 10.36713/epra19030** **Article DOI: https://doi.org/10.36713/epra19030**

People and families mentality towards cash fluctuate enormously. Indeed, even within the same family, people fluctuate in the way they see cash. A man's perception about cash impacts the individual's state of mind towards cash. Individuals have distinctive conduct towards savings and differences in salary levels, introduction toward cash and their future objectives and desires for the future may impact this. There are individuals who trust that cash got today must be utilised to address present issues and the future will deal with itself (spenders). There are other people who likewise hold the perspective that, regardless of how minimal one's wage is, there is the need to spare a piece of that wage (savers). Savers impulsively spare cash just keeping next to no free for essentials. Then again, spenders take get a kick out of buying things. There have been incredible hobbies in individuals with low earnings who don't have admittance to money related mediators as monetary delegates invest a lot of energy pursuing individuals with nearly higher pay levels. Many watched that savings and venture conduct among individuals of just underneath normal livelihoods is essentially determined by age and that enduring savings propensities appear to grow in adolescence. They likewise found that intrigue rates don't impact the investment funds conduct of individuals in low-pay classifications.

KEYWORDS: ***Savings, Investments, Small Scale Business, Savings and Investment Pattern, Savings and Investment Behaviour***

INTRODUCTION

This research presents an empirical study of the underlying reasons of savings habit of the small business owners. The study focused on only savings habit on small enterprises owners. The problem that called for the study is, for the higher economic growth for any country, marginal propensity to save and invest should be higher than spend which also helps to the multiplier process. To the Small Business owners, the marginal propensity to consume is more rather than the marginal propensity to save which seems to be vice versa in urban SMEs where the marginal propensity to save is more than that of the marginal propensity to consume. Most people and families trust that the principle target of profiting is to spend it to meet their quick needs and wants and that the future will deal with itself. For these individuals, savings and investments are impossible. Numerous individuals likewise have the conclusion that savings and investment is a legitimate propensity and that individuals will need to save on the grounds that what is to come is obscure to them. Numerous individuals and families in developed and developing countries trust that savings and investments are utilised as a type of monetary security for them. Investment involves making of a sacrifice in the present with the hope of getting future benefits. Investment has many facets. The two important elements of investments are current sacrifice and future benefits. There can be the identification of various activities which displays the two features of investment. The act of committing money or capital to an endeavor with the expectation of obtaining an additional income or profit. It's actually pretty simple: investing means putting your money to work for you. Essentially, it's a different way to think about how to make money. Investment is parting with one’s fund, to be used by another party, user of fund, for productive activity.

STATEMENT OF PROBLEM

India has world's largest number of professionally qualified and also more working peoples. Along with this, the Indian family system has undergone a dramatic change resulting in more and more nuclear families in the urban cities nowadays. This change in the family systems has given an opportunity to work outside and actively participate in all fields. The rare evolution, made the researcher to study about the investment pattern in the small scale business owners. Investment is having its strong base in India for many years and so, a study about investment pattern in the small scale business owners is an appropriate one.

OBJECTIVES OF THE STUDY

- To analyze the investing habits of the investor
- To analyse the investors risk and return preferences of the investment
- To analyse the factors influencing the investor in choosing the type of investment

RESEARCH METHODOLOGY

SOURCES OF DATA

The Primary data will be collected from the individuals residing in Coimbatore City, with the help of the questionnaire

METHOD OF DATA COLLECTION

The data collected through the questionnaire from the investors are tabulated and analyzed to find out the investment pattern through percentage analysis, chi-square.

SAMPLE DESIGN

A Sample design is a definite plan for obtaining a sample form a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample. Sample design may as well lay down the number of items to be included in the sample i.e., the size of the sample.

SAMPLE SIZE

A total of 80 small scale business owners were respondents of this survey.

STUDY PERIOD

The period of the study is June 2024 – October 2024

TOOLS FOR ANALYSIS

- Simple percentage
- Chi-square analysis

LIMITATIONS OF THE STUDY

- Validity and reliability of the data depends on the truthfulness of the responses from the public.
- The size of the sample compared to the population is very small and hence it may not represent the whole population.
- The geographical area of this study is confined only to Coimbatore city.

ANALYSYS AND INTERPRETATION

PERCENTAGE ANALYSIS

TABLE 1: AGE GROUP OF THE RESPONDENTS

AGE	RESPONSES	PERCENTAGE
20-30	36	45%
30-40	18	22.5%
40-50	11	13.75%
50-60	10	12.5%
60 and above	5	6.25%
Total	**80**	**100%**

INFERENCE

The respondents of this survey belong to different age group. According to the table 45% of the respondents are in the age group of 20-30 years, 22.5% belong to 30-40 years age group, 13.7% are in the 40-50 age group, 12.5% of the respondents belong to 50-60 age group and a small percentage of 6.25% respondents are above the age of 60.

TABLE 2: GENDER OF THE RESPONDENTS

GENDER	RESPONSES	PERCENTAGE
MALE	54	67.5%
FEMALE	26	32.5%
TOTAL	**80**	**100%**

INFERENCE

67.5% of the respondents of the survey are male and 32.5% of the respondents are female.

TABLE: 3 ANNUAL INCOME OF THE RESPONDENTS

ANNUAL INCOME	RESPONSES	PERCENTAGE
Below Rs 5 lac	25	31.3%
Rs 5 – Rs 10 lac	16	20%
Rs 10 – Rs 15 lac	16	20%
Rs 15 – Rs 20 lac	11	13.8%
Above Rs 20 lac	12	15%
Total	**80**	**100%**

INFERENCE

The above table shows that majority of the 25 (31.3%) respondents' annual income is below Rs 5 lakhs.

TABLE: 4 MARITAL STATUS

MARITAL STATUS	RESPONSES	PERCENTAGE
SINGLE	37	46.3%
MARRIED	43	53.8%
TOTAL	80	100%

INFERENCE

53.8% of the respondents are married and the other 46.3% are single.

TABLE 5: INVESTMENT ADVICE OF THE RESPONDENTS

INVESTMENT ADVICE	RESPONSES	PERCENTAGE
NEWSPAPER	1	1.3%
FRIENDS AND FAMILY	45	56.3%
BOOKS	0	0%
MAGAZINES	1	1.3%
INTERNET	17	21.3%
FINANCIAL ADVISORS	13	16.2%
CERTIFIED FINANCIAL PLANNERS	3	3.7%
TOTAL	**80**	**100%**

INFERENCE

None of the respondents get financial advice from books, 1.3% respondents receive advice magazines and newspaper, 3.7% from certified financial planners, 16.2% from financial advisors, 21.3% from the internet and 56.3% take advice from their friends and family.

TABLE 6: EDUCATIONAL QUALIFICATION OF THE RESPONDENTS

EDUCATION	RESPONSES	PERCENTAGE
MIDDLE SCHOOL	03	3.7%
HIGH SCHOOL	12	15%
BACHELOR'S DEGREE	40	50%
MASTER'S DEGREE	16	20%
DOCTORATE	03	3.7%
NONE	03	3.7%
TOTAL	**80**	**100%**

INFERENCE

Half (50%) of the respondents completed bachelor's degree, master's degree has been completed by 20% of the respondents, 3.7% have completed their doctorate, middle school and high school has been completed by 3.7% each. 3.7% has not received any institutional education.

TABLE 7: EXPECTED RATE OF RETURN FROM THE INVESTMENTS OF THE RESPONDENTS

EXPECTED RATE OF RETURN	RESPONSES	PERCENTAGE
BELOW 10%	15	18.8%
10%-15%	32	40%
15-20%	13	16.2%
ABOVE 20%	20	25%
TOTAL	**80**	**100%**

INFERENCE

There are 25% of respondents expect 20% return from their investments,40% expect 10-15% returns, 16.2% expect 15-20% rate of return, only 18.8% expect their investment's rate of return will be below 10%.

CHI SQUARE ANALYSIS

TABLE 8: RELATIONSHIP BETWEEN AGE AND FACTORS AFFECTING INVESTMENT

AIM

To find on the association between the personal factor and the study factor of the respondents.

NULL HYPOTHESIS

There is no significant relationship between age of the respondents and factors affecting investments.

ALTERNATIVE HYPOTHESIS

There is a significant relationship between age of the respondents and factors affecting investments.

FACTOR ⇨ / AGE ⇩	GROWTH	RISK	TOTAL
20 years -30 years	22	14	**36**
30 years - 40 years	8	10	**18**
40 years - 50 years	1	10	**11**
50 years - 60 years	0	10	**10**
60 years and above	0	5	**5**
TOTAL	**31**	**49**	**80**

FACTOR ⇨ / AGE ⇩	GROWTH	RISK	TOTAL
20 years - 30 years	14	22.1	**36**
30 years - 40 years	7	11	**18**
40 years - 50 years	4.3	6.7	**11**
50 years – 60 years	3.9	6.1	**10**
60 years and above	1.9	3.1	**5**
TOTAL	**31**	**49**	**80**

CALCULATED VALUE	DEGREE OF FREEDOM	TABLE VALUE	RESULT
21.397	4	3.357	REJECTED

INFERENCE

The calculated values =21.397.The table value of the degree of freedom at 5% level is 3.357.Hence there is significant relationship between age and factors affecting investments.

TABLE 9: RELATIONSHIP BETWEEN AGE AND RISK APPETITE OF THE INVESTMENT

AIM

To find on the association between the personal factor and the study factor of the respondents.

NULL HYPOTHESIS

There is no significant relationship between age and risk appetite of the investment.

ALTERNATIVE HYPOTHESIS:

There is a significant relationship between age and risk appetite of the investment.

RISK ⇒ / AGE ⇓	Rs.1000 (-10%)	Rs.2000 (-20%)	Rs.300 (-3%)	Could not tolerate any loss	More than – Rs.2000 (more than -20%)	TOTAL
20 years -30 years	10	4	15	5	2	**36**
30 years -40 years	8	2	4	4	0	**18**
40 years -50 years	4	0	3	3	1	**11**
50 years -60 years	1	0	2	7	0	**10**
60 years and above	0	0	2	3	0	**5**
TOTAL	**23**	**6**	**26**	**22**	**3**	**80**

RISK ⇒ / AGE ⇓	Rs.1000 (-10%)	Rs.2000 (-20%)	Rs.300 (-3%)	Could not tolerate any loss	More than Rs.2000 (more than 20%)	TOTAL
20 years -30 years	10.4	2.7	11.7	9.9	1.4	**36**
30 years -40 years	5.2	1.4	5.9	5	.7	**18**
40 years -50 years	3.9	.8	3.6	3	.4	**11**
50 years -60 years	2.9	.8	3.3	2.8	.4	**10**
60 years and above	1.4	.4	1.6	1.4	.2	**5**
TOTAL	**23**	**6**	**26**	**22**	**3**	**80**

CALCULATED VALUE	DEGREE OF FREEDOM	TABLE VALUE	RESULT
22.984	16	15.338	REJECTED

INFERENCE

The calculated values =22.984.The table value of the degree of freedom at 5% level is 15.338.Hence there is significant relationship between age and risk appetite of the investment.

TABLE 10: RELATIONSHIP BETWEEN AGE AND TIME PERIOD OF WITHDRAWAL OF SIGNIFICANT PORTION OF INVESTMENT

AIM

To find on the association between the personal factor and the study factor of the respondents.

NULL HYPOTHESIS

There is no significant relationship between age and time period of withdrawal of significant portion of investments.

ALTERNATIVE HYPOTHESIS

There is a significant relationship between age and time period of withdrawal of significant portion of investments.

WITHDRAW ⇒ / AGE ⇓	1-3 years	3-5 years	More than 5 years	Within a year	TOTAL
20 years - 30 years	13	8	6	9	**36**
30 years - 40 years	8	7	2	1	**18**
40 years - 50 years	1	5	4	1	**11**
50 years - 60 years	3	4	3	0	**10**
60 years and above	1	2	2	0	**5**
TOTAL	**26**	**26**	**17**	**11**	**80**

WITHDRAW ⇒ / AGE ⇓	1-3 years	3-5 years	More than 5 years	Within a year	TOTAL
20 years - 30 years	11.7	11.7	7.7	5	**36**
30 years - 40 years	5.9	5.9	3.8	2.5	**18**
40 years - 50 years	3.6	3.6	2.3	1.5	**11**
50 years - 60 years	3.3	3.3	2.1	1.4	**10**
60 years and above	1.6	1.6	1.1	7	**5**
TOTAL	**26**	**26**	**17**	**11**	**80**

CALCULATED VALUE	DEGREE OF FREEDOM	TABLE VALUE	RESULT
15.298	12	11.340	REJECTED

INFERENCE

The calculated values =15.298.The table value of the degree of freedom at 5% level is 11.340.Hence There is a significant relationship between age and time period of withdrawal of significant portion of investments.

TABLE 11: RELATIONSHIP BETWEEN MARITAL STATUS OF RESPONDENTS AND PROPORTION OF SAVINGS TO EXPENDITURE

AIM

To find on the association between the personal factor and the study factor of the respondents.

NULL HYPOTHESIS

There is no significant relationship between marital status and proportion of savings to expenditure.

ALTERNATIVE HYPOTHESIS

There is a significant relationship between marital status and proportion of savings to expenditure.

SAVINGS ⇒ / MARITAL STATUS ⇓	10:90	20:80	30:70	40:60	50:50	TOTAL
MARRIED	3	22	12	6	0	**43**
SINGLE	10	6	13	6	2	**37**
TOTAL	**13**	**28**	**25**	**12**	**2**	**80**

SAVINGS ⇒ / MARITAL STATUS ⇓	10:90	20:80	30:70	40:60	50:50	TOTAL
MARRIED	7	15.1	13.4	6.5	1.1	**43**
SINGLE	6	13	11.6	5.6	.9	**37**
TOTAL	**13**	**28**	**25**	**12**	**2**	**80**

CALCULATED VALUE	DEGREE OF FREEDOM	TABLE VALUE	RESULT
14.584	4	3.357	REJECTED

INFERENCE

The calculated values =14.584.The table value of the degree of freedom at 5% level is 3.357.Hence there is a significant relationship between marital status and proportion of savings to expenditure.

FINDINGS

- This study has the respondents of 45% between the age of 20-30.
- This study has 67.5% male respondents.
- This study has 31.3% respondents of annual income below 5 lakhs.
- This study has 53.8% married respondents.

- 51.2% of the respondents invest every month.
- The 56.3% respondents take financial advice from their friends and family.
- The 81% respondents know insurance as an investment avenue.
- This study has 50% respondents with bachelor's degree as educational qualification.
- The 25% respondents expect more than 20% return on their investment.
- The calculated values =21.397.The table value of the degree of freedom at 5% level is 3.357.Hence there is significant relationship between age and factors affecting investments.
- The calculated values =22.984.The table value of the degree of freedom at 5% level is 15.338.Hence there is significant relationship between age and risk appetite of the investment.
- The calculated values =15.298.The table value of the degree of freedom at 5% level is 11.340.Hence There is a significant relationship between age and time period of withdrawal of significant portion of investments.
- The calculated values =14.584.The table value of the degree of freedom at 5% level is 3.357.Hence there is a significant relationship between marital status and proportion of savings to expenditure.

SUGESSTIONS

- ✓ Small business owners can diversify their profits in higher return yielding assets.
- ✓ Most of the respondents only hold cash in deposits and invest in gold/silver which is considered to be a defensive asset.
- ✓ Small business owners should consider certified financial planners in case of financial advice since they have more knowledge on investing and could get high returns on their investments.
- ✓ Small business owners can increase their risk appetite when investing as the majority respondent's expected rate of return cannot be achieved unless they are willing to take more risk.
- ✓ Knowledge about government securities and bonds could lead to minimization risk as most of the respondents are conservative.
- ✓ There could be more exposure to private and foreign sectors when it comes to investment.

CONCLUSION

This study indicates the savings and investment style of small business owners. Many of them consider risk of an investment and are conservative with their investments. This is because the elder generation sets up an example and provide financial advice and guide others to safer investment avenues. Financial advisors and certified financial planners are much more skilled in providing higher return. As investing in right avenues is the key to financial freedom, small business owners should not stop tracking, diversifying and finding new investment opportunities.

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