

A COMPARATIVE STUDY OF INVESTMENT PERSPECTIVE OF MIDDLE CLASS PEOPLE IN CENTRAL MUMBAI AND PALGHAR DISTRICT, MAHARASHTRA

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Abstract

As per the data released by Focus Economics, one of the leading providers of economic analysis and forecasts for 200 countries, India is likely to be the world's fastest-growing economy at the rate of 7.2 % p.a. between the years 2021 to 2025. The economic growth of a country is well reflected in the boom in the various sectors of the economy such as metal, real estate, infrastructure, energy, banking, transportation, etc. The growth of the economy increases the level of employment and income in the economy through a multiplier process and an increase in income increases consumption as well as savings of the people. However, the increase in consumption expenditure is less than the proportionate increase in income as a small portion of income can very well satisfy the daily needs of people. Therefore, with the increasing income, savings increase, which must be converted into investment to maintain and accelerate the pace of economic growth and development.

STATEMENT OF PROBLEM

A problem statement is an explanation in research that describes the issue that is being studied (McCombes, S., 2022). The present research mainly focuses on three important components of personal financial planning, viz. Income, savings and investments, with reference to Central Mumbai and Palghar districts of Maharashtra. During the last two decades, there has been drastic change in the financial environment of the country. The concepts of financial literacy and financial inclusion have become the matters of discussions, deliberations and inclusions in the government policies and programmes. Pradhan Mantri Jan Dhan Yojana (PMJDY), along with many other schemes of the Central and the State Governments, has led to inclusion of masses within the financial mainstreams of the country. Of course, the impact of these schemes is not uniform in different geographical regions of the country. Against this background, the present research paper tries to understand similarities and/or differences in investment perspectives of people in Central Mumbai and Palghar district under the title:

CONCEPTUAL FRAMEWORK

Personal Financial Planning:

Personal Financial Planning is a systematic approach, whereby an individual maximises the existing financial resources through proper management of one's finances to best achieve his/her financial goals and objectives. Income, Savings and Investments are the key pillars of personal financial planning. (Sinha Madhu, 2017)

Middle-Class:

The definition of middle class differs from country to country depending upon their socio-economic environment. According to National Council of Applied Economic Research (NCAER), the household whose annual income ranges between Rs. 2 lakhs to Rs. 10 lakhs constitute a middle class (NCAER, 2022).

RESEARCH OBJECTIVES

To study and compare various factors that influence the investment decisions of the people from the Central Mumbai and Palghar district.

RESEARCH HYPOTHESES

Ho: There is no significant difference between the factors influencing investment decisions in Central Mumbai and Palghar district.

H1: There is a significant difference between the factors influencing investment decisions in Central Mumbai and Palghar district.

RESEARCH METHODOLOGY

Research methodology is the specific procedures or techniques used to identify, select, process, and analyze information about a topic. It also establishes the validity and reliability of the study under consideration (Saunders, 2012). Various building blocks of the research methodology adopted for the present research are as under:

Research Design

The research design used for the present research study is exploratory in nature. **Exploratory research** is a technique of research mainly used to investigate research problem which have not been previously studied in-depth (Saunders, 2012).

Universe and Sample

The universe for the present research is restricted to the adult population of Central Mumbai and urban areas of Palghar district. As per the estimates available with various government departments, the population of Mumbai City stood at 20668000 in the year 2021, registering an increase of 1.26% over the year 2020. Central Mumbai consists of the areas of Kurla, Vidyavihar, Ghatkopar, Vikhroli, Kanjurmarg, Bhandup, Mulund and Powai. As per the records published by MCGM, the population of Central Mumbai stood at 2419196 in the year 2021. Palghar district consists of 8 talukas of Mokhada, Talasari, Vasai, Vikramgad, Palghar, Dahanu and Wada. The total population of the district stood at 2990116 in the year 2021, of these 1435210 people lived in urban areas. The total adult population of Central Mumbai and adult urban population of Palghar district consist of universe for the present study.

Using the **Cochran's (1977)** formula of variability, a sample of 650 respondents, 440 from the Central Mumbai and 210 from urban areas of Palghar district have been selected. The researcher made use of random sampling technique for the purpose of identification of sample. Random sampling is a technique of sampling in which each sample unit has an equal probability of getting selected. A randomly selected sample is unbiased representative of the population (Saunders, 2012).

Development of Research Variables

The researcher has made use of the following research variables for comparing investment perspective of middle class populations from the Central Mumbai and urban areas of Palghar district:

- (1) Returns
- (2) Safety
- (3) Liquidity
- (4) Risk
- (5) Solvency

Sources of Data

The researcher has made use of both primary as well as secondary data for the purpose of the present research study:

- (1) Primary Data: Primary data has been collected through a structured closed-ended questionnaire.
- (2) Secondary Data: Secondary data has been collected from published sources such as books, journals and official records of the government.

Instrument Validation and Reliability Check

The researcher has made use of a structured closed-ended questionnaire for the collection of data from primary sources. The questionnaire has been validated using pilot study and reliability test. In its everyday sense, reliability is the "consistency" or "repeatability" of measures used (K. Trochim, 2006). Cronbach's Alpha, commonly used as a reliability coefficient, is an indication of internal consistency of items under consideration within a measure.

Statistical Tools Used

The researcher has made use of appropriate tools for data analysis and interpretation:

- (a) **Descriptive Analysis:** The researcher has made use of measures of mean and standard deviation for descriptive analysis.
- (b) **Inferential Analysis:** ANOVA and t-test has been used for inferential analysis of data and establishment of hypotheses.

DESCRIPTIVE ANALYSIS

In any research study, profiling of respondents is important as it has a great influence on the outcome of the research.

Gender-wise Distribution of Respondents	Central Mumbai		Palghar District		Total	
	f	%	f	%	f	%
Male	312	70.9	187	89.0	499	76.8
Female	128	29.1	23	11.0	151	23.2
Total	440	100.0	210	100.0	650	100.0

Source: Field Survey.

Age-wise Distribution of Respondents	Central Mumbai		Palghar District		Total	
	f	%	f	%	f	%
18-30 years	88	20.0	67	31.9	155	23.8
31-45 years	187	42.5	79	37.6	266	40.9
46-60 years	112	25.5	58	27.6	170	26.2
More than 60 years	53	12.0	6	2.9	59	9.1
Total	440	100.0	210	100.0	650	100.0

Source: Field Survey.

Educational Qualification-wise Distribution of Respondents	Central Mumbai		Palghar District		Total	
	f	%	f	%	f	%
Higher Secondary	11	2.5	34	16.2	45	6.9
Graduation	119	27.0	85	40.5	204	31.4
Post-Graduation	98	22.3	23	11.0	121	18.6
Professional Courses	166	37.7	68	32.4	234	36.0
Others	46	10.5	0	0.0	46	7.1
Total	440	100.0	210	100.0	650	100.0

Source: Field Survey.

Sources of Income-wise Distribution of Respondents	Central Mumbai		Palghar District		Total	
	f	%	f	%	f	%
Self-employed	33	7.5	28	13.3	61	9.4
Businessmen	85	19.3	99	47.1	184	28.3
Professional	126	28.6	56	26.7	182	28.0
Employed	180	40.9	23	11.0	203	31.2
Unemployed	16	3.6	4	1.9	20	3.1
Total	440	100.0	210	100.0	650	100.0

Source: Field Survey.

Monthly Income-wise Distribution of Respondents	Central Mumbai		Palghar District		Total	
	f	%	f	%	f	%
Below Rs. 25,000	164	37.3	56	26.7	220	33.8
Rs. 25,001-50,000	143	32.5	72	34.3	215	33.1
Rs. 50,001-1,00,000	98	22.3	67	31.9	165	25.4
More than Rs. 1,00,000	35	8.0	15	7.1	50	7.7
Total	440	100.0	210	100.0	650	100.0

Source: Field Survey.

Type of Family-wise Distribution of Respondents	Central Mumbai		Palghar District		Total	
	f	%	f	%	f	%
Nuclear	281	63.9	78	37.1	359	55.2
Joint	159	36.1	132	62.9	291	44.8
Total	440	100.0	210	100.0	650	100.0

Source: Field Survey.

RELIABILITY ANALYSIS:

The researcher has undertaken Reliability Analysis using Cronbach's Alpha (α). The closer the value of Cronbach's Alpha (α) to 1, higher is the reliability of the items under consideration. Cronbach's Alpha (α) of 0.7 and above is considered to be 'Good', 0.80 and above is considered to be 'Better' and 0.90 and above is considered to be the 'Best'.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.760	.761	10

Source: SPSS

Reliability Statistics

Cronbach's Alpha	Part 1	Value	.743
		N of Items	5 ^a
	Part 2	Value	.757
		N of Items	5 ^b
Total N of Items			10
Correlation Between Forms			.81
Spearman-Brown Coefficient	Equal Length		.601
	Unequal Length		.706
Guttman Split-Half Coefficient			.775

Source: SPSS

The value of Cronbach's Alpha (α) was found to be 0.761 for factors influencing Investment Attitude of the respondents, which is above the suggested threshold of 0.70 (B.B. Flynn, et al, 1990) and 0.60 (Nunally, 1978). Therefore, the data under consideration is considered to be reliable and are fit for further statistical processing.

RESPONSE TABLE OF RESPONDENTS:

Responses of the respondents on the five important factors influencing investment decisions of the respondents were obtained through a closed-ended questionnaire. These responses have been tabulated as under:

Factors Influencing Investment Decisions	Central Mumbai		Palghar District		Total	
	f	%	f	%	f	%
Returns	412	93.6	210	100.0	622	95.7
Safety	418	95.0	210	100.0	628	96.6
Liquidity	315	71.6	114	54.3	429	66.0
Risk	344	78.2	156	74.3	500	76.9
Solvency	389	88.4	189	90.0	578	88.9
Total	440	100.0	210	100.0	650	100.0

Source: Field Survey.

INFERENTIAL ANALYSIS:

ANOVA Table of Factors Influencing Investment Decisions in Central Mumbai

Factors Influencing Investment Decisions in Central Mumbai.		Sum of Squares	df	Mean Square	F	Sig.
Returns	Between Groups	15.168	4	3.792	2.448	.045
	Within Groups	675.364	436	1.549		
	Total	690.5328	440			
Safety	Between Groups	24.488	4	6.122	2.797	.025
	Within Groups	954.404	436	2.189		
	Total	978.892	440			
Liquidity	Between Groups	16.84	4	4.210	2.089	.040
	Within Groups	878.54	436	2.015		
	Total	895.38	440			
Risk	Between Groups	3.172	4	.793	.527	.016
	Within Groups	656.616	436	1.506		
	Total	659.788	440			
Solvency	Between Groups	4.992	4	1.248	.798	.027
	Within Groups	682.34	436	1.565		
	Total	687.332	440			

Source: SPSS

Note: Yellow marked are significant

Interpretation:

From the above table it can be seen that the p value for Returns, Safety, Liquidity, Risk and Solvency is less than 0.05 at 5% LOS. Therefore, it can be concluded that all the factors, viz., Returns, Safety, Liquidity, Risk and Solvency are significantly important in influencing the investment decisions of middle-class population in Central Mumbai.

ANOVA Table of Factors Influencing Investment Decisions in Palghar District

Factors Influencing Investment Decisions in Central Mumbai.		Sum of Squares	df	Mean Square	F	Sig.
Returns	Between Groups	2.988	4	.747	.496	.039
	Within Groups	310.442	206	1.507		
	Total	313.43	210			
Safety	Between Groups	10.132	4	2.533	1.252	.027
	Within Groups	416.738	206	2.023		
	Total	426.87	210			
Liquidity	Between Groups	13.86	4	3.465	1.881	.112
	Within Groups	379.452	206	1.842		
	Total	393.312	210	3.465	1.881	
Risk	Between Groups	5.064	4	1.266	.572	.030
	Within Groups	455.672	206	2.212		
	Total	460.736	210			
Solvency	Between Groups	5.676	4	1.419	.909	.458
	Within Groups	321.36	206	1.560		
	Total	327.036	210			

Source: SPSS

Note: Yellow marked are significant

Interpretation:

From the above table it can be seen that the p value for Returns, Safety and Risk is less than 0.05 and for Liquidity and Solvency is more than 0.05 at 5% LOS. Therefore, it can be concluded that Returns, Safety and Risk are significantly important and Liquidity and Solvency are significantly unimportant in influencing the investment decisions of middle-class population in Palghar district.

HYPOTHESIS TESTING:

Ho: There is no significant difference between the factors influencing investment decisions in Central Mumbai and Palghar district.

H1: There is a significant difference between the factors influencing investment decisions in Central Mumbai and Palghar district.

The above hypothesis is tested by t test at 5 % LOS

Mean MUMBAI	:	92.000		
Mean PALGHAR	:	48.133		
Mean Difference	:	43.867		
95.00% Confidence Interval	:	10.361	to	77.372
Standard Deviation of Difference	:	60.504		
t	:	2.808		
df	:	14		
p-value	:	0.014		

Since P value < 0.05

The researcher Rejects Null Hypothesis.

There is a significant difference between the factors influencing investment decisions in Central Mumbai and Palghar district.

CONCLUSION

It can be concluded that the analysis reveals a notable distinction in the factors influencing investment decisions between the middle-class population in Central Mumbai and Palghar district. For Central Mumbai, Returns, Safety, Liquidity, Risk, and Solvency emerge as significantly crucial factors, with p values

consistently below 0.05 at a 5% level of significance. On the other hand, in Palghar district, Returns, Safety, and Risk are deemed significantly important, while Liquidity and Solvency are found to be significantly unimportant, as reflected by the respective p values. This stark contrast underscores the need for tailored investment strategies that account for regional variations in influencing factors.

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