A STUDY ON INVESTORS' EXPECTED RATE OF RETURN ON THEIR INVESTMENTS WITH SPECIAL REFERENCE TO THE NILGIRIS DISTRICT.

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1. Introduction:

Investment means the purchase by an individual of a financial or real asset that produces a return proportion to the risk assumed over some future investment period. For achieving this, he has to decide on how and where to deploy his savings so that his future requirements for money can be best met.

Till the late 1990s, a high interest rate environment characterized India.Usually, investments were made in small savings schemes such as the Post Office Monthly Income Scheme (POMIS), the term deposits or in special Government schemes such as a RBI Relief Bonds.Interest rate on post office monthly income schemes were a high as 13.25 percent in the mid-nineties. RBI Relief bonds returned 10 percent till as recently as 7-8 years ago.Thus, on a corpus of Rs.10 lakh, assuming an average interest earned on investments at 12 percent p.a., one could earn Rs.120, 000 per annum or Rs.10, 000 per month, which could afford him a modest lifestyle.

All this started changing since about 5-6 years back when the RBI started reducing interest rates to align them to globally realistic levels. As result, the interest rate on POMIS is about 8 percent now while that on the RBI relief bond it is only 6.5 percent. As a result, the average interest earned may now only be about 7 percent per annum.Thus,on the same corpus of Rs. 10 lakh, the interest income would only be Rs. 70, 000 per annum or less than Rs.6, 000 per month. Clearly this is not enough to maintain even a modest lifestyle.Such low returns have mandated a change in investment strategies required by the new low interest rate environment.

There has, however, been a mitigating factor in terms of inflation.Till the late 1990s, inflation averaged over 8 percent while the average return from fixed income instruments was about 12 percent.Therefore, the real return from fixed return options was about 4 percent.In recent years, inflation has trended down to about 5 percent.Thus, on an average interest rate of 7 percent per annum, the average real return from fixed return instruments has not fallen by 5 percent the difference in nominal returns but by 2 percent. Still, however, an executive retiring now will be forced to look at options beyond fixed return instruments to include mutual funds, particularly equity mutual funds.

Interest rates changes also after the relative attractiveness of financial assets like shares, bonds and other fixed interest investments.Lower interest rates generally tend to cause a shift of ingestible funds from bonds, bank and company deposits to equity shares and vice versa. The impact of any change in interest rates affects the way companies finance their operations. When interest rates are high, companies prefer the raise funds through issue of equity shares rather than bonds and high cost bank loans.But in case of falling interest, bank loans become more attractive as a source of finance than equity.So this means that lower interest rates are bad for the primary market and good for the secondary markets.Low return investments are mostly government sponsored and highly secured whereas high return investments are associated with high degree of risks.

2. Objectives of the Study:

The study is undertaken with the following objectives:

a)To analyses the profile of the salaried class investors.

b)To analyses the Expected rate of return on their investments of the salaried class investors.

3. Period and Area of Study:

The data is collected for the period of 7 months i.e. from July 2006 to December 2006. The data collected, opinion and expectations revealed pertain to the same period.The study is based on the data collected from individual salaried class investors in "The Nilgiris" district, which consists of four towns (Ootacamund, Coonoor, Kotagiri and Gudalur).

4. Methodology:

a)Sampling Design: The validity of any research is based on the systematic method of data collection

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and analysis of the data collected.The study is based on the data collected from individual investors in The Nilgiris district in the state of Tamilnadu, which is called "Neela Malai".The investors were selected by convenience sampling method from the selected revenue blocks such as Ootacamund, Coonoor, Kotagiri and Gudalur of The Nilgiris District.

b) Collection of Data: This study uses the primary data obtained from salaried class investors in The Nilgiris district.Questionnaire was the main tool for collecting the data.The questionnaire was pre-tested to ensure clarity and prompt response from the respondents.Secondary data were collected from various textbooks, journals, magazines, RBI annual report, SEBI annual report, etc. The sample size was 600. Convenience sampling was adopted to select the investors.

c) Analysis and Interpretation of Data: The data collected were analyzed by preparing suitable tables. The information collected with the help of questionnaire are tabulated and analyzed by using various statistical measures like percentage analysis, t-test and ANOVA.

5. EXPECTED RATE OF RETURN ON THEIR INVESTMENTS:

The expectation of investors with regard to rate of return is seldom fulfilled and mostly they receive less than the moderate level of return.In this context, it was considered very important to know the rate of return expected by investors. An attempt was made to understand the expectation, desire or ambition of investors.The relevant details are presented in the following Table:

TABLE -1 EXPECTED RATE OF RETURN ON INVESTMENT

S.No.	Expected rate of Return (%)	No. of Investors	Percentage
1.	Below 9%	64	10.7
2.	9-10%	108	18.0
3.	11-12%	292	48.7
4.	13-14%	85	14.2
5.	15% and above	51	8.4
	Total	600	100

From the above table, it is ascertained that 48.7 percent of the sample investors wanted to have 11-12 percent return on their investments, followed by 18.0 percent of sample investors wanted 9-10 percent return, 14.2 percent of sample investors wanted 13-14 percent return, 8.4 percent of sample investors wanted to have 15 percent & above return on their investments and only 10.7 percent of sample investors wanted to have below 9 percent return on their investment.

i)SEX AND EXPECTED RATE OF RETURN OF INVESTORS:

Now-a-days, women are earning on par with men. Their earning capacity has increased and that enabled them to construct their own investment portfolio. A general opinion is that women would expect a higher return than men.Moreover, when they earn, their spending behaviour is influenced by their income. A common thinking is that working women spend more than the housewives. In this regard, whether the men and women show any significant association in expected return on investment, an analysis was made and results are presented in the following Table.

***TABLE-2* SEX AND EXPECTED RATE OF RETURN**

S.No	Sex	Expected Rate of Return (%)					No. of Investors	Mean	S.D.
		<9	9-10	11-12	13-14	>=15			
1.	Male	57(13)	87(19)	197(43)	71(16)	41(9)	453	11.58	2.09
2.	Female	7(5)	21(14)	95(65)	14(9)	10(7)	147	11.72	1.59
	Total	64	108	292	85	51	600	11.61	1.98

Note: Figures within bracket indicate percentage.

From the above table, it is ascertained that 43 percent of male sample investors and 65 percent of female sample investors expected 11-12 percent of return on their investments, 19 percent of male sample

investors and 14 percent of female sample investors expected 9-10 percent of return on their investments, 16 percent of male sample male investors and 9 percent of sample female investors expected to have 13-14 percent of return on their investments, 13 percent of sample male investors and 5 percent of sample female investors expected to have below 9 percent rate of return on their investments and finally, only 9 percent of sample male investors and 7 percent of female sample investors expected to have more than 15 percent rate of return on their investments.

T- Test for Equality of means:

Hypothesis: There is no significant difference between male and female sample investors in the expected rate of return on their investments.

The t-test was applied to find whether there is significant difference between male and female sample investors in the average expected rate of return on their investments scores. The calculated t-test value is 0.753, which is less than the table value of 1.964 at 5% level of significance. Since, the calculated value is less than the table values it is inferred that there is no significant difference between male and female sample investors in the expected rate of return on their investments. Hence, the Hypothesis is accepted.

ii) AGE AND EXPECTED RATE OF RETURN:

When age increases, the responsibility also multiplies and also the desire to earn more.As one grows, his commitment also increases simultaneously, resulting in want of more funds for living.Hence, age of investors may influence them to expect a return at a particular rate.The role of age of investors with regard to expected rate of return was analyzed and the relevant particulars are presented in the following table.

TABLE-3 AGE AND EXPECTED RATE OF RETURN

S.No	Age	Expected Rate of Return (%)					No. of Investors	Mean	S.D.
	(Years)	<9	9-10	11-12	13-14	>=15			
1.	21-30	6(9)	9(13)	29(43)	16(23)	8(12)	68	12.04	2.00
2.	31-40	16(10)	22(15)	79(52)	23(15)	12(8)	152	11.63	2.01
3.	41-50	26(10)	55(21)	124(46)	38(14)	25(9)	269	11.64	1.99
4.	51-60	16(14)	22(20)	60(54)	8(7)	6(5)	112	11.26	1.86
	Total	64	108	292	85	51	600	11.61	1.98

Note: Figures within bracket indicate percentage.

From the above table, it is ascertained that 54 percent of sample investors aged between 51-60,52 percent of sample investors aged between 31-40, 46 percent of sample investors aged between 41-50 years, 43 percent of sample investors aged between 21-30 years have expected to have 11-12 percent of return on their investments, 23 percent of sample investors aged between 21-30 years have expected to have 13-14 percent of return on their investments, 21 percent of sample investors aged between 41-50 years have expected to have 9-10 percent of returns on their investments, 10 percent of sample investors aged between 41-50 years have expected to have less than 9 percent of return on their investments.

ANOVA (F-Test):

Hypothesis: There is no significant difference among the age groups in the average expected rate of return on their investments.

ANOVA FOR EXPECTED RATE OF RETURN

	Sum of Square	d.f.	Mean Square	F
Between Groups	26.874	3	8.958	2.304
Within Groups	2317.506	596	3.888	
Total	2344.380	599		

One-way ANOVA was applied to find whether there is any significant difference among the age groups in the average expected rate of return on investments. The ANOVA result shows that the calculated F-ratio value is 2.304, which is less than the table value of 2.620 at 5 percent level of significance. Since the calculated value is less than the table value, it is inferred that there is no significant difference among the age groups in the average expected rate of return scores. Hence, the Hypothesis is accepted.

iii) PLACE OF RESIDENCE AND EXPECTED RATE OF RETURN:

The cost of living in urban area is much higher than the rural area. Even with low income, one can survive in a village because of cheaper cost. Accordingly, urban investors may expect more return to maintain his standard of living than the village investors. With this assumption, an analysis was undertaken and the data is presented in the following table.

TABLE -4 PLACE OF RESIDENCE AND EXPECTED RATE OF RETURN

S.No.	Place of Residence	Expected Rate of Return (%)					No.of Investors	Mean	S.D.
		<9	9-10	11-12	13-14	>=15			
1.	Village	34(13)	49(18)	131(49)	35(13)	19(7)	268	11.46	1.93
2.	Town	30(9)	59(18)	161(48)	50(15)	32(10)	332	11.73	2.01
	Total	64	108	292	85	51	600	11.61	1.98

Note: Figures within bracket indicate percentage.

From the above table, it is ascertained that 49 percent of Village sample investors and 48 percent of Town sample investors had expected to have 11-12 percent of return on their investments, more over equal (18) percent of male sample investors have expected to have 9-10 percent of return on their investments, 15 percent of Town sample investors and 13 percent of Village sample investors have expected to have 13-14 percent of return on their investments, 13 percent of Village sample investors and 9 percent of Town sample investors have expected to have less than 9 percent of return on their investments and 10 percent of Town sample investors and 7 percent of village sample investors have expected to have more than or equal to 15 percent of return on their investments.

T- test for Equality of Means:

Hypothesis: There is no significant difference between Village and Town sample investors in the expected rate of return on their investments.

The t-test was applied to find whether there is significant difference between village and town sample investors in the average expected rate of return on their investments scores.The calculated t-test value is 1.671, which is less than the table value of 1.964 at 5% level of significance.Since, the calculated value is less than the table values, it is inferred that there is no significant difference between Village and Town sample investors in the expected rate of return on their investments. Hence, the Hypothesis is accepted.

v) MARITAL STATUS AND EXPECTED RATE OF RETURN:

TABLE-6 MARITAL STATUS AND EXPECTED RATE OF RETURN

S.No	Marital Status	Expected Rate of Return (%)					No.of Investors	Mean	S.D.
		<9	9-10	11-12	13-14	>=15			
1.	Married	54(10)	96(19)	257(49)	72(14)	41(8)	520	11.58	1.97
2.	Unmarried	10(12)	12(15)	35(44)	13(16)	10(13)	80	11.78	2.03
	Total	64	108	292	85	51	600	11.61	1.98

Note: Figures within bracket indicate percentage.

From the above table, it is ascertained that 49 percent of married sample investors and 44 percent of Unmarried sample investors expected 11-12 percent of return on their investments, 19 percent of married sample investors and 15 percent of unmarried sample investors expected 9-10 percent of return on their investments, 12 percent of unmarried sample investors and 10 percent of sample married sample investors expected to have less than the 9 percent of return on their investments, 16 percent of unmarried sample investors and 14 percent of married sample investors have expected to have 13-14 percent of return on their investments and 13 percent of unmarried sample investors and 8 percent of married sample investors have expected to have more than or equal to 15 percent of return on their investments.

T- test for Equality of means:

Hypothesis: There is no significant difference between married and unmarried sample investors in the expected rate of return on their investments.

The t-test was applied to find whether there is significant difference between married and unmarried sample investors in the average expected rate of return on their investments scores.The calculated t-test

value is 0.827, which is less than the table value of 1.964 at 5% level of significance.Since,the calculated value is less than the table values, it is inferred that there is no significant difference between married and unmarried sample investors in the expected rate of return on their investments. Hence, the Hypothesis is accepted.

vi) EDU. QUALIFICATION AND EXPECTED RATE OF RETURN:

Generally speaking, educated people expect a high return because of their qualification, knowledge and so on. It was presumed that educated investors expect a moderate rate of return on their investments than the uneducated.Hence, an attempt is

TABLE-7 QUALIFICATION AND EXPECTED RATE OF RETURN

S.No	Qualification	Expected Rate of Return (%)					No. of Investors	Mean	S.D.
		<9	9-10	11-12	13-14	>=15			
1.	Upto +2	25(12)	36(17)	107(51)	16(8)	26(2)	210	11.62	2.15
2.	Degree	14(10)	32(23)	65(46)	21(15)	9(6)	141	11.43	1.80
3.	P.G.	19(13)	22(15)	72(48)	26(17)	10(7)	149	11.63	2.05
4.	Professional	2(3)	11(17)	46(57)	11(18)	3(5)	63	11.75	1.55
5.	Others	4(11)	7(19)	12(32)	11(30)	3(8)	37	11.95	1.97
	Total	64	108	292	85	51	600	11.61	1.98

Note: Figures within bracket indicate percentage.

made as to whether investors with varying educational background show any significant difference in expecting return and the data is presented in the following table.

The above table shows that a majority of 57 percent of Professionals sample investors expected to have 11-12 percent of return on their investment. 30 percent of other level sample investors have expected to have 13-14 percent of return on their investments, 23 percent of Degree holders expected to have 9-10 percent of return, 12 percent of +2 qualification investors are expected to have more than 9 percent interest on their investments and 12 percent of other categories expected to have less than 9 percent of return on their investments.

ANOVA (F-Test):

Hypothesis: There is no significant difference among the educational qualifications in the average expected rate of return on their investments.

ANOVA FOR EXPECTED RATE OF RETURN

	Sum of Square	d.f.	Mean Square	F
Between Groups	10.159	4	2.540	0.647
Within Groups	2334.220	595	3.923	
Total	2344.380	599		

One-way ANOVA was applied to find whether there is any significant difference among the educational qualifications in the average expected rate of return on investments.The ANOVA result shows that the calculated F-ratio value is 0.647, which is less than the table value of 2.387 at 5 percent level of significance. Since the calculated value is less than the table value, it is inferred that there is no significant difference among the educational qualifications in the average expected rate of return scores. Hence, the Hypothesis is accepted.

vii) NATURE OF WORK AND EXPECTED RATE OF RETURN:

The cost of living in urban area is much higher than the rural area. Even with low income, one can survive in village because of cheaper cost. Accordingly, an urban investor may expect more return to maintain his standard of living than the village investors.With this assumption,an analysis was undertaken and the data is presented in the following table.

TABLE -8 NATURE OF WORK AND EXPECTED RATE OF RETURN

S. No	Sex	Expected Rate of Return (%)					No. of Investors	Mean	S.D.
		<9	9-10	11-12	13-14	>=15			
1.	Clerical	11(6)	30(18)	94(56)	18(11)	15(9)	168	11.69	1.92
2.	Managerial	7(15)	12(25)	19(40)	4(8)	6(12)	48	11.48	2.25
3.	Professional	3(6)	7(15)	25(53)	9(19)	3(7)	47	11.87	1.86
4.	Teaching	19(9)	28(15)	105(54)	30(16)	11(6)	193	11.63	1.76
5.	Others	24(17)	31(21)	49(34)	24(17)	16(11)	144	11.46	2.26
	Total	64	108	292	85	51	600	11.61	1.98

Note: Figures within bracket indicate percentage.

The above table reveals that 56 percent of the sample clerical sample investors expected to have 11-12 percent return on their investment.40 percent of managerial categories sample investors expected to have 11-12 percent return, 53 percent of professional investors expected to have 11-12 percent return on their investments, 54 percent of teaching investors expected to have 11-12 percent of return on their investments and 34 percent of other sample investors expected to have 11-12 percent of return on their investment.

ANOVA (F-Test):

Hypothesis: There is no significant difference among the nature of work in the average expected rate of return on their investments.

ANOVA FOR EXPECTED RATE OF RETURN

	Sum of Square	d.f.	Mean Square	F
Between Groups	8.443	4	2.108	537
Within Groups	2335.947	595	3.926	
Total	2334.380	599		

One-way ANOVA was applied to find whether there is any significant difference among the nature of work in the average expected rate of return on investments. The ANOVA result shows that the calculated F-ratio value is 0.537 which is less than the table value of 2.387 at 5 percent level of significance. Since the calculated value is less than the table value, it is inferred that there is no significant difference among the nature of work in the average expected rate of return scores. Hence, the Hypothesis is accepted.

viii) TYPES OF EMPLOYMENT AND EXPECTED RATE OF RETURN:

Though both Government and Private sector employees are under one umbrella as salaried class.In order to know whether the type of institution has any role in shaping the expected rate of return on investments, an analysis was undertaken and the details are presented in the following table.

TABLE-9 TYPES OF EMPLOYMENT AND EXPECTED RATE OF RETURN

S.No	Types of Employment	Expected Rate of Return (%)					No. of Investors	Mean	S.D.
		<9	9-10	11-12	13-14	>=15			
1.	Govt.	55(12)	85(19)	230(51)	54(12)	30(6)	454	11.43	1.93
2.	Private	9(6)	23(16)	62(43)	31(21)	21(14)	146	12.17	2.02
	Total	64	108	292	85	51	600	11.61	1.98

Note: Figures within bracket indicate percentage.

From the above table, 51 percent of Government sector sample investors wanted to have 11-12 percent return on their investment and 43 percent of private sector sample investors wanted to have 11-12 percent of return on their investment.

T- test for Equality of means:

Hypothesis: There is no significant difference between government and private sector sample investors in the expected rate of return on their investments.

The t-test was applied to find whether there is significant difference between government and private sector sample investors in the average expected rate of return on their investments scores. The calculated

t-test value is 3.983, which is greater than the table value of 2.584 at 5% level of significance. Since, the calculated value is greater than the table values, it is inferred that there is significant difference between government and private sector sample investors in the expected rate of return on their investments. Hence, the Hypothesis is rejected.

ix) PLACE OF RESIDENCE AND EXPECTED RATE OF RETURN:

The cost of living in urban area is much higher than the rural area. Even with low income, one can survive in village because of cheaper cost.Accordingly, the urban investor may expect more return to maintain his standard of living than the village investors.Hence, it was considered fit to analyse the matter based on the place of residence of investors and expected rate of return.The collected data is presented in the following table.

TABLE -10 PLACE OF RESIDENCE AND EXPECTED RATE OF RETURN

S. No	Place of Residence	Expected rate of Return (%)					No. of Investors	Mean	S.D
		<9	9-10	11-12	13-14	>15			
1.	Village	34(13)	49(18)	131(49)	35(13)	19(7)	268	11.46	1.93
2.	Town	30(9)	59(18)	161(48)	50(15)	32(10)	332	11.73	2.08
	Total	64	108	292	85	51	600	11.61	1.98

Note: Figures within bracket indicate percentage.

From the above table, 49 percent of village sample investors expected 11-12 percent of return on their investments and 48 percent of town sample investors expected to have 11-12 percent of return on their investments.

T- test for Equality of means:

Hypothesis: There is no significant difference between village and town sample investors in the expected rate of return on their investments.

The t-test was applied to find whether there is significant difference between village and town sample investors in the average expected rate of return on their investments scores. The calculated t-test value is 1.671, which is less than the table value of 1.964 at 5% level of significance. Since, the calculated value is less than the table values, it is inferred that there is no significant difference between village and town sample investors in the expected rate of return on their investments. Hence, the Hypothesis is accepted.

x) SPOUSE EMPLOYMENT AND EXPECTED RATE OF RETURN:

From the table, it is observed that 61 percent of spouse employed investors expected 11-12 percent of return on their investments and also 44 percent of spouse unemployed investors expected to have 11-12 percent of return on their investments.

TABLE -11 SPOUSE EMPLOYMENTS AND EXPECTED RATE OF RETURN

S.No	Spouse Employ.	Expected Rate of Return					No. of Investors	Mean	S.D.
		<9	9-10	11-12	13-14	>=15			
1.	Yes	11(6)	26(15)	103(61)	20(12)	10(6)	170	11.63	2.11
2.	No	53(12)	82(19)	189(44)	65(15)	41(10)	430	11.60	1.59
	Total	64	108	292	85	51	600	11.61	1.98

Note: Figures within bracket indicate percentage.

T- test for Equality of means:

Hypothesis: There is no significant difference between spouse employed and unemployed sample investors in the expected rate of return on their investments.

The t-test was applied to find whether there is significant difference between spouse employed and unemployed sample investors in the average expected rate of return on their investments scores.The calculated t-test value is 0.145, which is less than the table value of 1.964 at 5% level of significance. Since, the calculated value is less than the table values, it is inferred that there is no significant difference between spouse employed and unemployed sample investors in the expected rate of return on their investments. Hence, the Hypothesis is accepted.

xi) MONTHLY INCOME AND EXPECTED RATE OF RETURN:

The main motive of everyone is to earn and this intention does not disappear at any point of time. Generally, irrespective of level of income, everyone aspires for more and more income. Receipt of large income does not stop the recipient from earning again. The desire for high rate of interest increases. Hence, it is presumed that investors of all levels of income will aspire for high rate of return from their investment. With this assumption, the analysis was made and the data is presented in the following table.

TABLE -12 MONTHLY INCOMES AND EXPECTED RATE OF RETURN

S.No	Monthly Income	Expected Rate of return (%)					No. of Investors	Mean	S.D.
	(Rs.)	<9	9-10	11-12	13-14	>=15			
1.	0-5000	5(7)	13(18)	27(38)	14(20)	12(17)	71	12.08	2.01
2.	5000-10000	33(12)	61(22)	128(45)	40(14)	19(7)	281	11.42	1.97
3.	10000-15000	14(9)	23(14)	88(55)	21(13)	15(9)	161	11.80	2.02
4.	15000-20000	7(13)	6(11)	31(60)	4(8)	4(8)	52	11.49	1.97
5.	20000 & Above	5(14)	5(14)	18(52)	6(17)	1(3)	35	11.51	1.69
	Total	64	108	292	85	51	600	11.61	1.98

Note: Figures within bracket indicate percentage.

From the table, it is inferred that 38 percent of the sample investors in Rs.0-5, 000 monthly income group expected 11-12 percent return on their investments, 45 percent of sample investors in Rs.5, 000-10,000 monthly income class expected to have 11-12 percent of return on their investments, also 55 percent of sample investors in Rs.10, 000-15,000 monthly income group expected to have 11-12 percent of return on their investments, 60 percent of sample investors in Rs.15, 000-20,000 monthly income group expected to have 11-12 percent of return, 52 percent of sample investors in Rs.20,000 and above monthly income group expected to have 11-12 percent return on their investments.

ANOVA (F-Test):

Hypothesis: There is no significant difference among the monthly income groups in the average expected rate of return on their investments.

ANOVA FOR EXPECTED RATE OF RETURN

	Sum of Square	d.f.	Mean Square	F
Between Groups	33.474	4	8.369	2.155
Within Groups	2310.905	595	3.884	
Total	2344.380	599		

One-way ANOVA was applied to find whether there is any significant difference among the monthly income in the average expected rate of return on investments. The ANOVA result shows that the calculated F-ratio value is 2.155, which is less than the table value of 2.387 at 5 percent level of significance. Since the calculated value is less than the table value, it is inferred that there is no significant difference among the monthly income in the average expected rate of return scores. Hence, the Hypothesis is accepted.

xii) MONTHLY EXPENSES AND EXPECTED RATE OF RETURN:

Expenses of family are an important constraint in deciding the level of saving. To increase the savings, investors have to increase income and at the same time must reduce the expenses.Families with huge expenses may expect higher return on investments in order to meet the increasing cost of living. Salaried class with fixed income could not manage the family with single source of income. A reasonable return from investments may result in further savings. Hence, to know the impact of family expenses on the expected rate of return from investments, an analysis was made. The results are presented in the following Table.

TABLE-13 MONTHLY EXPENSES AND EXPECTED RATE OF RETURN

S.No	Monthly Expenses	Expected Rate of Return (%)					No. of Investors	Mean	S.D.
	(Rs.)	<9	9-10	11-12	13-14	>=15			
1.	0-4000	20(10)	43(21)	83(40)	40(19)	21(10)	207	11.76	2.17
2.	4000-8000	34(11)	49(16)	166(55)	32(11)	20(7)	301	11.51	1.87
3.	8000-12000	6(9)	12(7)	33(47)	10(14)	9(13)	70	11.75	1.90
4.	>=12000	4(18)	4(18)	10(45)	3(14)	1(5)	22	11.23	1.82
	Total	64	108	292	85	51	600	11.61	1.98

Note: Figures within bracket indicate percentage.

The above table discloses that 40 percent of sample investors in Rs.0-4, 000 monthly expenses range expected to have 11-12 percent of return on their investment, 55 percent of sample investors in Rs. 4,000-8,000 monthly expenses range expected to have 11-12 percent of return on their investments, 47 percent of investors in the range Rs.8, 000-12,000 monthly expenses are expected to have 11-12 percent of return and 45 percent of investors in the range Rs.12, 000 and above monthly expenses are expected to have 11-12 percent of return on their investments.

ANOVA (F-Test):

Hypothesis: There is no significant difference among the monthly expenses in the average expected rate of return on their investments.

ANOVA FOR EXPECTED RATE OF RETURN

	Sum of Square	d.f.	Mean Square	F
Between Groups	12.224	3	4.075	1.041
Within Groups	2332.155	596	3.913	
Total	2344.380	599		

One-way ANOVA was applied to find whether there is any significant difference among the monthly household expenses in the average expected rate of return on investments. The ANOVA result shows that the calculated F-ratio value is 1.041, which is less than the table value of 2.620 at 5 percent level of significance. Since the calculated value is less than the table value, it is inferred that there is no significant difference among the monthly expenses in the average expected rate of return scores. Hence, the Hypothesis is accepted.

xiii) MONTHLY INVESTMENT AND EXPECTED RATE OF RETURN:

Investment activity is a part of the life of every income earner. The following table discloses that 43 percent of investors in Rs.0-3, 000 monthly investment group expected to have 11-12 percent return on their investment, also 56 percent of investors in Rs.3, 000 to Rs.6, 000 monthly investment group are expected to have 11-12 percent return on their investment, 47 percent of investors in Rs.6000-9000 monthly investment group are expected to have 11-12 percent return on their investments and 54 percent of sample investors in Rs.9000 and above are expected to have 11-12 percent return on their investments.

TABLE -14 MONTHLY INVESTMENTS AND EXPECTED RATE OF RETURN

S.No	Monthly Investment	Expected Rate of Return (%)					No. of Investors	Mean	S.D.
	(Rs.)	<9	9-10	11-12	13-14	>=15			
1.	0-3000	30(11)	61(22)	119(43)	39(14)	27(10)	276	11.54	1.99
2.	3000-6000	25(11)	34(14)	130(56)	29(12)	16(7)	234	11.60	1.93
3.	6000-9000	7(9)	11(15)	35(47)	15(20)	7(9)	75	11.92	2.12
4.	>=9000	2(13)	2(13)	8(54)	2(13)	1(7)	15	11.60	1.80
	Total	64	108	292	85	51	600	11.61	1.98

Note: Figures within bracket indicate percentage.

ANOVA (F-Test):

Hypothesis: There is no significant difference among the monthly investments in the average expected rate of return on their investments.

ANOVA FOR EXPECTED RATE OF RETURN

	Sum of Square	d.f.	Mean Square	F
Between Groups	8.670	3	2.890	0.530
Within Groups	2335.710	596	3.919	
Total	2334.380	599		

One-way ANOVA was applied to find whether there is any significant difference among the monthly investments in the average expected rate of return on investments. The ANOVA result shows that the

(Continued on page 43)

TABLE NO -4
MONTHLY FII INVESTMENTS FOR THE YEAR 2007 FROM JANUARY TO JUNE

Month	Equity (Rs. Crores)			Debt (Rs. Crores)		
	Gross Purcahse	Gross Sales	Net Purchase/Sales	Gross Purchase	Gross Sales	Net purchase/Sales
June-2007	51,949.20	43,567.80	8,381.40	643.90	1,544.80	-900.90
May-2007	51,574.90	47,000.00	4,574.50	2,376.10	1,016.00	1,360.10
April-2007	44,701.50	39,269.70	5,431.80	2,045.50	1,425.40	620.10
March-2007	50,552.60	49,149.30	1,403.30	3,654.80	1,490.80	2,164.00
February-07	51,568.90	45,503.90	6,065.00	2,339.20	1,917.70	421.50
January-07	47,506.77	47,412.32	94.45	1.191.38	2,938.95	-1,747.57

The above table shows that monthly investment in India by FII. It implies that in the month of June gross purchase is high as compared to other months. The gross sale is high in the month of March. The above changes are due to some monetary and financial policy. In the month of January, the net investment is negative mainly due to large net outflows from debt segment.

CONCLUSION

The presence of FIIs in the Indian markets demands the growing role of the capital market and the evolution of the institutions and financial structures to support it. Foreign investors may be especially concerned about the macro-economic policy because of the greater perceived currency, political and inflation risk. It is certain that the bargaining power and hence flexibility and ability for the market is greater with the FIIs than with the domestic investors.

Thus, the government will have to move fast to improve the functioning of stock markets and the regulatory system, which can curb undesirable speculation and ensure an ordering functioning of the markets during the crisis situation. It is very necessary that we take steps to ensure that our entire financial system does not get affected to a large extent with the investment of the foreign institutional investors.

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(continued from page 37)

calculated F-ratio value is 0.530, which is less than the table value of 2.620 at 5 percent level of significance. Since the calculated value is less than the table value it is inferred that there is no significant difference among the monthly investments in the average expected rate of return scores. Hence, the Hypothesis is accepted.

6.Conclusion:

An attempt has been made by the researcher to study the profile and expected rate of return on their investments. 48.7 percent of sample investors wanted to have 11-12 percent of return on their investments, followed by 18.0 percent of sample investors wanted 9-10 percent return, 14.2 percent of sample investors wanted 13-14 percent return, 8.4 percent of sample investors wanted to have 15 percent & above return on their investments and only 10.7 percent of sample investors wanted to have below 9 percent return on their investment.

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