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INVESTORS' MOTIVATION TOWARDS CHIT FUNDS AMONG SUBSCRIBERS IN NEYVELI, CUDDALORE DISTRICT

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ABSTRACT:

Chit Fund is an attractive investment option which caters to people from all walks of life. An investment is a commitment of fund made in the expectation of some positive rate of returns. The type of study is descriptive in nature. Chit means a transaction whether called chit, chit fund, chitty,

kuree or by any other name by or under which a person enters into an agreement with a specified number of persons that every one of them shall subscribe a certain sum of money (or a certain quantity of grain instead) by way of periodical installments over a definite period and that each such subscriber shall, in his turn, as determined by lot or by auction or by tender or in such other manner as may be specified in the chit agreement, be entitled to the prize amount". A chit fund is a type of rotating savings and credit association system practiced in India.

KEYWORDS: Chit Funds, Motivation, Features, Investment options.

INTRODUCTION:

A chit fund is a trust that pools the savings of a numbers of investments who share a common financial goal. The pool of money is invested in accordance with a stated objective. The money they collected is then invested in capital market instruments' such as share, debentures and other services. Chit funds is the pool of money, based on the earnings of individual who share a common objective of having financial secured for the future uncertainty as well as

some sort of financial benefits like capital appreciate and dividend earnings. The rural economy of our country has mostly defied on various small savings schemes run by the government. The lack of financial literacy and investors' awareness low interest rate offered by the financial institution. The studies examine the motivating factor of the respondents for investment in chit funds towards companies and stages properly manage chit funds in Neyveli Taluck. Investment is basically an application of funds with prime motive of returns. Chit funds scheme may be organized by financial Institution or

informally among friends, relatives or neighbors. In some variation of chit funds, the savings are for a specific purpose. Chit funds are often microfinance organizations. There are also some tax benefits in chit India. A member who wins an auction by accepting a lower payment can set off the loss from the chit against business income. This reduces the cost of capital; for the borrower.

REVIEW OF LITERATURE

Dr. B. Karthikeyan and Ramprasath. S (2013) noted that Investors' Behaviour towards Select Investments A study with Reference to Kattumannar Koil Taluck,

Cuddalore District, TN, and the researcher revealed that information is to study the needs, concerns and problems of small investors in social economics. It's also related to the investors' behaviors towards various types of securities and assessment of investment risk. This paper made an attempt to assess the level of investment amount the chit funds holders in Cuddalore District. An attempt has also been made by him to elicit the perceived opinion of the investors on the chit funds small savings scheme. According to author necessity of life play a vital role in motivating the investors in Cuddalore district chit fund schemes.

Harsh Purohit et.al, (2014) revealed that Investors Psychology an Empirical Analysis the authors says that study is an attempt to have an insight about key factors influencing the attitude (or) motivating of real Investors with respect to demographics in relation to their investments and motivate the decision making process. Investment of lawny other chit funds stocks, Brands where else, the motivation is must. One of the alternate sources.

Parimalakanthi and Ashok Kumar (2015) studied that investment performance and behaviours of Individual Investors in Coimbatore city, the researchers revealed that behind that investment is the safety of principal amount of features, Income stability appreciation. The study has led the researcher to conclude that most of the Investment in the Neyveli Taluck they Invest to the bank for more the people, secondary invest gold, silver, bonds and Chit funds.

L. Pandiyan and T. Aranganathan (2012) founded that Savings and Investment among Salaries class: An Evaluation," the researcher concluded that present research in Cuddalore District. The majority of the salaried people to save the money from our children education, and future plan. It found that issued holding investment in bank deposit, insurance and provident fund is most among salaried class people. The Investment holders' motivation is their savings from the future expenses of daughter, son Marriage. The first to invest of canonical variety relatives' high holders of chit funds as well as Chit Funds. Researcher suggested that savings is the main factor for any Investment. The Government to encourage to savings habit in our people.

Raj Deb (2014) commenced that An Empirical study on Chit funds Crisis in Tripura, the researcher started that the exorbitant rate of interest offered by chit fund companies, lack of Industrializations financial literacy and rigid banking formalities are the key motivating for investment. To suggest the ways if proper managing of chit funds in to motivating future of investment in Chit funds in to motivating factors of investment in chit funds. The study also indicates that lack of financially literacy and rigid banking formalities also motivate the investors to invest in chit funds instead of in formal banking system.

OBJECTIVES OF THE STUDY

This article formed following objectives as follows:-

1. To analysis the investors towards investment on chit funds in Neyveli Taluck in Cuddalore District.
2. To measure the features of the select investment.
3. To found the Demographic factors that influencing chit fund investment decision is the study area.
4. To give, finding, suggestions on investors motivation and conclusion

RESEARCH METHODOLOGY

This is study carry out on descriptive research. This study is based on primary and secondary data. The Primary date collected through questionnaire method and secondary date were collected from magazines, journals, books and related websites etc. Hence the sample size is 100 respondents.

Table-1: Profile of the Respondents

Profile	Variable	Total		Grand Total	
		N.R	Percentage	T.N.R	Percentage
Age	Below 30 Years	60	60	100	100
	31-40	25	25		
	41-50	10	10		
	51 and above	5	5		
Gender	Male	45	45	100	100
	Female	55	55		
Marital Status	Unmarried	55	55	100	100
	Married	45	45		
	Widowed	0	0		
Education	Illiterate	0	0	100	100
	Primary level	15	15		
	Middle class	10	10		
	High School	10	10		
	Higher Secondary	10	10		
	Graduate	35	35		
	Post graduate and above	20	20		
Occupation	Job	35	35	100	100
	Own Business	5	5		
	Farmer	50	50		
	Landless labour	10	10		
Annual Income	Below 40,000	15	15	100	100
	41,000 - 50,000	35	35		
	51,000 - 60,000	45	45		
	61,000 - 70,000	5	5		
	71,000 above	0	0		
Family members	Below 3	10	10	100	100
	4 - 6	85	85		
	7 and above	5	5		
Types of family	Nuclear	45	45	100	100
	Joint Family	55	55		

Sources: Primary Data-2019

The above table no: 1 Indicates that it's found out that 60 percentage of the respondent are belongs to the age group of below 30 years, 25 percent of the respondent between 31-40 years, 10 percent of respondents are in the age group 41-50 years and remaining 5 percentage of the respondent is 51 years and above.

It is revealed that 45 of the respondent are male and remaining 55 percentage of the respondent is female.

It is noted that 55 percentage of the respondent are unmarried and remaining 45 percentage of the respondent is married and windows not interest in the chit funds scheme.

Education level of the respondent reveals that 0 percentage of the respondent are Illiterate, 15 percentage of respondent have primary level of education, 10 percent of respondent have middle school, 10 percentage of the respondent is high school, 10 percentage are higher secondary level, 35 percentage are graduate and remaining 20 percentage of the respondent have completed post graduate and above.

Out of 100 respondents nearly 35 percent of the respondent is in job. Whereas 5 percentage of respondent are doing their own business. 50 percentage of the respondent is farmer and remaining 10 percentage of respondents are landless lab ours.

15 percentage of respondent Income level of below Rs. 40,000 P. A, 35 percentage of the respondent have annual Income between Rs.41, 000 – 50,000, 45 percentage of the respondent have annual Income level between 51,000-60,000 and 5 percentage have an respondent is 61000-70,000 and remaining respondent are Rs.71,000 and above.

It analyzed that the family members of respondent 10 percentage are below 3 members, 85 percentage of the respondent are 4-6 in the family members and remaining 5 percentage of the respondent of the family members 7 and above.

It is noted that 45 percentages of the respondents are Nuclear family and remaining 55 percentage of the respondent are joint family.

Table -2: Function of Chit Funds

Variables	Respondent	Percentage
Approaches of Loan		
Friend	15	15
Directly	45	45
Relatives	30	30
Broker/Agent	10	10
Total	100	100
Name of Chit Funds Institution		
Jayapriya Chit Funds	10	10
Shiram Chits Tamil Nadu Pvt Ltd.	25	25
Dhanalakshmi Srinivasan Chit Funds Pvt. Ltd	50	50
Jayapriya Life Investemnt Growth Pvt Ltd	5	5
Selva Prabha Chit Funds Pvt. Ltd	10	10
Total	100	100
Whom its Support to the Financial Institutions		
Public Sector Banks	30	30
Private Sector Banks	35	35
Co-Operatives Banks	15	15
Regional Rural Banks	20	20
Total	100	100
Apply for Chit Funds		
Yes	30	30
No	70	70
Total	100	100
If Numbers of reasons		
Fear of repayment Loan	40	40
High interest and collect from Cheque	20	20
Lack of Financial document	20	20
Difficulty of lengthy procedures	10	10
Lack of Collateral Securities	10	10
Total	100	100

Sources: Primary Data-2019

Table.2 Function of Chit Funds: It is show that out of 100 Chit fund investors 15 percentage of the investors approaches of loan from friends, 45 percentages of the investors moved from directly, 30

percentages of the investors are apply for loan from relatives and remaining 10 percentages of the investors move on the Broker/ Agent.

It is revealed that 10 percentages of investors to Invest in Jayapriya Chit funds Pvt. Ltd, 25 percentage of the investors are invest in Shiram Chits Tamil Nadu Pvt. Ltd, 50 percentage of the investors are invest in Jayapriya Life Investment Growth Pvt. Ltd and remaining 10 percentage of the investors are like Selva Prabha Chit Funds Pvt. Ltd.

It is analyzed that the 30 percentage of the financial Institution is supported to the Public sector Banks, 35 percentages of private sector banks, 15 percentages of Co- Operative Banks are supported that and remaining 20 percentage is Regional Rural Bank.

It found that 30 percentage investors have own interest to apply Chit Funds Investments and remaining 70 percentage investors not interest to invest but financially face the problems to solved the best solution is needed to chit funds.

It is inferred that 40 percentages of the investors to fear the repayment of loan, 20 percentage of the investor's high interest and collect from Cheque, 20 percentages of the investors Lack of financial documents is there, 10 percentages of investors ask difficulty of lengthy procedures and remaining 10 percentages is Lack of collateral securities.

Table-3: Impact of Chit Funds

Variables	VHL	HL	NO	LL	LL	Total
Delay on Chit Fund Institution for loan Approach	25 (25)	20 (20)	20 (20)	15 (15)	20 (20)	100 (100)
Number of Installments relayed of loan	20 (20)	25 (25)	15 (15)	20 (20)	20 (20)	100 (100)
Maturity of Surrender value of Amount.	10 (10)	15 (15)	25 (25)	35 (35)	15 (15)	100 (100)
Improper communication of respondent	35 (35)	10 (10)	20 (20)	15 (15)	20 (20)	100 (100)
Limited amount of grant assistance	20 (20)	25 (25)	20 (20)	15 (15)	20 (20)	100 (100)
High interest and penalty charges	20 (20)	20 (20)	20 (20)	20 (20)	20 (20)	100 (100)
Intention witnessed of any subscribers	15 (15)	20 (20)	30 (30)	20 (20)	15 (15)	100 (100)
Call of lot	20 (20)	10 (10)	20 (20)	15 (15)	35 (35)	100 (100)

Sources: Primary Dat-2019 VHL-Very high Level, HL- High Level, NO-No Opinion, LL-Least Level, LL-Low level

It inferred that 25 percent of the respondent told that Delay on Chit Funds Institution for loan approach is very high level, 25 percent of the of the respondent says that Number of Installments relayed of loan is high level, 35 percentage of the respondent said that Maturity of surrender value of amount is least level, 35 percent of the respondent are improper communitacation of respondent is very high level, 25 percentage of the respondent concluded that limited amount of grant assistance in high level, 20 percent of the respondent is commonly asked that high interest and penalty charges, 30 percent of the respondent are told that Intention witnessed of any subscribers is no opinion and 35 percent of the respondent says that the call of lot is low level.

FINDINGS

1. It is considered that a maximum 60 percent of the respondents are belonging to the age group below 30 years and a minimum age group of 51 and above.
2. It is found that a maximum 55 percent of the respondent are female and a minimum 45 percent of the respondent is male.
3. Regarding that a maximum 55 marital status of the respondent is Unmarried and a minimum 0 percentage of the respondent is widow.
4. It's clearly show that a maximum 35 percentage of the respondent is Graduate and a minimum percent of the respondent are Illiterate.
5. It analyzed that a maximum 50 percent of the respondent are belongs to the occupation is farmer and minimum 5 percent of the respondent is own business.
6. It started that a maximum 45 of the respondents income level is 51,000 - 60,000, minimum 0 percent of the respondent income level is 70,000 and above.
7. It pointed that the maximum 85 of the respondent family members are 4-6, and a minimum 5 percentage of the respondent is 7 and above.
8. IT suggested that maximum 55 percent of the respondent is joint family, and a minimum 45 percent of the respondent is nuclear family.

SUGGESTION

In India many people are unawareness about Chit funds till now, because they have not reached the investors benefits to the motivation through subscribers. This way to appropriate people to commit in Chit Funds. The public know that about Unregistered Chit Funds. So, Registered Chit Funds Companies try to advantages or evaluate Chit Funds activates. According to create the awareness about chit funds, trust worthiness, Government Sector conduct advertising about Chit Fund, Need Autonomous Regulation is like to SEBI & TRAI and IKDA etc. Government should monitor Chit Funds Business regularly. A chit fund is the backbone of the middle class people. Chit fund investments are not affected by any market fluctuations. It must provide the best services to attract new customers and retain the existing customers.

CONCLUSION

Chits funds are a very good tool for Finance the activities of small Investors. A Chit Funds is not scalable saving model unless the Chit manager company has sufficient personal resources as a backup for financial contingency Chit funds have become an important part of the culture and traditional of the people of Tamil Nadu. Bankers and Institution can introduce more schemes to invest money. Today investment future requirements to the any problem to faced. So, in every people to save the money for the bright future. To motivate the saving habit and also encourage investors to invest in chit funds belongs to the subscribers. India needs very high rates of saving and investments to make a leap forward in her efforts of attaining high levels of growth. Since the beginning of planning, the emphasis was on saving and capital formation as the primary instruments of economic growth and increase in national income.

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