

A Study on Factors Influencing the Medium Net worth Truck Operators Investment in Retirement Savings Plan with Special Reference to New Delhi

Dr.S.P.Krishna Kumar* and Dr.V.Nagajothi**

*Gandhigram Rural Institute, Dindigul-624 302, India.

**Head- Research Department of Management studies, Rajah Serfoji Government College, Thanjavur 613005, India.

Abstract

This article aims at savings and investment behavior of medium net worth individuals of India's fleet operators operating with 10 to 15 trucks in New Delhi. The medium net worth individual investor in India transport industry adopting various approaches when they would like to invest in a particular investment areas such as purchase of truck, purchase of light commercial vehicle or heavy commercial vehicle, investing in other avenues such as purchase of shares .investing in various types of mutual funds investing in purchase of house ,land and NPS etc.

In later stage of life or once they reach the senior citizens status every one of them is forced to depend upon others for their livelihood.

Further the medium net worth Individuals depending upon on their investment for their livelihood, protection of family members and sustain a decent life style. The India's transport industry comprises many investors who are investing in trucks for their day to day living and after reaching their old age how these investments are viewed by them are discussed in this study.

Keywords: Medium Net Worth, transport, NPS, Investment and Commercial vehicle.

INTRODUCTION

India's transport industry predominantly controlled by the private sector as well as public sector undertakings. The private sector players contribute particularly in the area of goods transportations all over India. When the goods are moving from one area to another area it ensures the availability of goods and contribute to our Indian Economy.

This article aims at savings and investment behavior of medium net worth individuals of India's fleet operators operating with 10 to 15 trucks in New Delhi. The medium net worth individual investor in India transport industry adopting various approaches when they would like to invest in a particular investment areas such as purchase of truck, purchase of light commercial vehicle or heavy commercial vehicle, investing in other avenues such as purchase of shares .investing in various types of mutual funds investing in purchase of house ,land and NPS etc.

In later stage of life or once they reach the senior citizens status every one of them is forced to depend upon others for their livelihood.

Further the medium net worth Individuals depending upon on their investment for their livelihood, protection of family members and sustain a decent life style. The India's transport industry comprises many investors who are investing in trucks for their day to day living and after reaching their old age how these investments are viewed by them are discussed in this study.

OBJECTIVES OF THE STUDY

The following are the objectives of the study:

1. To identify the Medium Net Worth Truck operators savings and investment behavior towards retirement savings plan.
2. To identify the reasons behind investment in retirement savings plan by the medium net worth truck operators.

REVIEW OF LITERATURE

“Self control is a major regulator that enables us to remain calm and make rational spending decisions (Baumeister 2002). Aside from self-control, a person's need for achievement also has a well-known positive impact on the regulatory aspect of performance behavior by directing attention, mobilizing effort, increasing persistence, and motivating decision making and state development (Locke & Latham, 1990). Self-regulatory efforts, directed by the need for achievement, may fail because of ego depletion (decreased self-control and reduced strengths of ego protection mechanisms, Baumeister, 2002), caused by everyday stress, anxiety. Negative attribution style(pessimism versus optimism), and burnout (Oaten & Cheng, 2007).

Self-control as an ability to regulate one's emotions impulses and desires, is a well established and well-researched concept in clinical and social psychology (Baumeister & Vohs,2007). The link between self-control and savings behavior has seen confirmed in multiple studies. According to Cohran. Aleksa and Sanders (2008) The individuals who possess little self-control and who are impulsive and present-oriented are less likely to be influenced by perceived risks and future costs.

Overspending and inability to save for a "rainy day" are released to a mower self-control and insufficient financial planning".

Warneryd (2004) suggests that "self control is higher in people who are older, more educated, and belong to the middle or upper class." Traditionally, most of the research on savings behavior has focused on purely economic factors (Browning & Lusardi, 1996). Economists have examined factors such as the level of actual income, debts, and mortgages as well as the actual level of investments to measure human saving habits (Keynes 1936 Katona, 1975; Warneryd, 1989). Katona's Psychological Economics (1975) expressed that "a classic starting point for contemporary approaches to economic psychology". [He divided human financial behavior into two major elements such as "people's motivation to save and their actual ability to save".

Katona argued that "motivation to save predicts the actual ability to save (1975)". He argued that "the primary direct measure of people's ability to save is their disposable income (1975)."; He largely ignored "psychological determinants of saving, e.g., self-control". Keynes (1936) stated that "there are three main motives for saving: the transaction motive involves saving for large expenditures (e.g., directed at goals or future purchases such as durables and vacations); the precautionary motive, which is saving for emergencies, old age, children; and other relatives; and the speculative motive, or saving to increase wealth."

Null Hypothesis: There is no significant difference marital status and Financial Planning towards Retirement Savings Plan

Table 1. ANOVA for significant difference among marital status and Financial Planning towards Retirement Savings Plan

	F	Sig.
The objective behind investment in RSP	1.080	.341
The invest in RSP	2.452	.087
Invest in Retirement Savings Plan (RSP)	1.636	.196
Plan to RSP	1.173	.310
The practice on saving money in RSP	1.321	.268
Prefer for the start planning for retirement	1.743	.176
Bank deposits	3.466	.032
Property / Land	8.119	.000**
Postal deposits	1.925	.147
Gold	6.450	.002
Life insurance policies	.524	.593
Government bonds	.339	.713
Mutual funds	.326	.722
Equity / Shares	8.209	.000**
Retirement Savings Plan (RSP)	7.631	.001**

The above table shows the ANOVA test for significant difference among marital status of the truck operators and Financial Planning towards Retirement Savings Plan Based on the result generated by SPSS, the significant values of all the variables related to the of Financial Planning toward Retirement Savings Plan in respect of opinion on Financial Planning towards Retirement Savings Plan are greater than 0.05. So the null hypothesis is accepted in these cases (Except Bank deposits, Property / Land, Equity / Shares, Retirement Savings Plan (RSP)). Therefore, there is no significant relationship between the marital statuses of the truck operator Financial Planning toward Retirement Savings Plan in respect of opinion on Financial Planning towards Retirement Savings Plan.

It is clearly shows that there is significant relationship observed between the marital status and by the truck operators and Property / Land, Equity / Shares, Retirement Savings Plan (RSP). It is significant at 1% level of confidence. And Prefer for the start planning for retirement significant at 5% level of confidence.

Null Hypothesis: There is no significant difference age and Financial Planning towards Retirement Savings Plan

Table 2. ANOVA for significant difference among age and Financial Planning towards Retirement Savings Plan

	F	Sig.
The objective behind investment in RSP	.510	.827
The invest in RSP	.962	.458
Invest in Retirement Savings Plan (RSP)	3.511	.001**
Plan to RSP	.347	.932
The practice on saving money in RSP	.979	.446
Prefer for the start planning for retirement	1.076	.378
Bank deposits	1.897	.068
Property / Land	4.777	.000**
Postal deposits	3.243	.002**
Gold	2.489	.016*
Life insurance policies	.736	.642
Government bonds	.358	.926
Mutual funds	1.277	.260
Equity / Shares	3.864	.000**
Retirement Savings Plan (RSP)	2.865	.006**

The above table shows the ANOVA test for significant difference among age of the truck operators and Financial Planning towards Retirement Savings Plan Based on the result generated by SPSS, the significant values of all the variables related to the of Financial Planning toward Retirement Savings Plan in respect of opinion on Financial Planning towards Retirement Savings Plan are greater than 0.05. So the null hypothesis is accepted in these cases (Except Invest in Retirement Savings Plan (RSP), Bank deposits, Property / Land, Postal deposits, Gold, Equity / Shares, Retirement Savings Plan (RSP)). Therefore, there is no significant relationship between the age of the truck operators

Financial Planning toward Retirement Savings Plan in respect of opinion on Financial Planning towards Retirement Savings Plan.

It is clearly shows that there is significant relationship observed between the age and by the truck operators and Invest in Retirement Savings Plan (RSP), Bank deposits, Property / Land, Postal deposits, Gold, Equity / Shares, It is significant at 1% level of confidence. And Gold, Retirement Savings Plan, significant at 5% level of confidence.

Null Hypothesis: There is no significant difference place of living and Financial Planning towards Retirement Savings Plan

Table 3. ANOVA for significant difference among place of living and Financial Planning towards Retirement Savings Plan

	F	Sig.
The objective behind investment in RSP	1.894	.152
The invest in RSP	.271	.763
Invest in Retirement Savings Plan (RSP)	3.303	.038*
Plan to RSP	.083	.920
The practice on saving money in RSP	.079	.924
Prefer for the start planning for retirement	.295	.745
Bank deposits	.501	.606
Property / Land	1.450	.236
Postal deposits	.295	.745
Gold	7.528	.001**
Life insurance policies	2.512	.042*
Government bonds	1.444	.237
Mutual funds	.052	.949
Equity / Shares	3.837	.022*
Retirement Savings Plan (RSP)	2.329	.028*

The above table shows the ANOVA test for significant difference among place of living of the truck operators and Financial Planning towards Retirement Savings Plan Based on the result generated by SPSS, the significant values of all the variables related to the of Financial Planning toward Retirement Savings Plan in respect of opinion on Financial Planning towards Retirement Savings Plan are greater than 0.05. So the null hypothesis is accepted in these cases (Except Invest in Retirement Savings Plan (RSP), Gold, Life insurance policies, Equity / Shares, Retirement Savings Plan (RSP)). Therefore, there is no significant relationship between the of place of living of truck operators the Financial Planning toward Retirement Savings Plan in respect of opinion on Financial Planning towards Retirement Savings Plan

It is clearly shows that there is significant relationship observed between the place of living and by the truck operators and Gold, It is significant at 1% level of confidence. And Invest in Retirement Savings Plan (RSP), Life insurance policies, Equity / Shares, Retirement Savings Plan (RSP)).

Significant at 5% level of confidence.

Null Hypothesis: There is no significant difference place of living and Financial Planning towards Retirement Savings Plan

Table 4. ANOVA for significant difference among income per month and Financial Planning towards Retirement Savings Plan

	F	Sig.
The objective behind investment in RSP	.345	.793
The invest in RSP	.629	.596
Invest in Retirement Savings Plan (RSP)	4.211	.006**
Plan to RSP	1.230	.298
The practice on saving money in RSP	.490	.690
Prefer for the start planning for retirement	1.217	.303
Bank deposits	5.117	.002**
Property / Land	2.297	.037
Postal deposits	3.095	.027
Gold	1.016	.385
Life insurance policies	.133	.941
Government bonds	2.112	.018*
Mutual funds	1.104	.347
Equity / Shares	1.693	.168
Retirement Savings Plan (RSP)	.788	.501

The above table shows the ANOVA test for significant difference among monthly income of the truck operators and Financial Planning towards Retirement Savings Plan Based on the result generated by SPSS, the significant values of all the variables related to the of Financial Planning toward Retirement Savings Plan in respect of opinion on Financial Planning towards Retirement Savings Plan are greater than 0.05. So the null hypothesis is accepted in these cases (Except Invest in Retirement Savings Plan (RSP), Bank deposits, Property / Land, Postal deposits, Government bonds). Therefore, there is no significant relationship between the monthly income of truck operators the Financial Planning toward Retirement Savings Plan in respect of opinion on Financial Planning towards Retirement Savings Plan (Expect Invest in Retirement Savings Plan (RSP), Bank deposits, Property / Land, Postal deposits, Government bonds).

It is clearly shows that there is significant relationship observed between the monthly income and by the truck operators and Bank deposits, It is significant at 1% level of confidence. And Property / Land, Postal deposits, Government bonds.) Significant at 5% level of confidence.

REASON FOR INVESTMENTS BY THE TRUCK OPERATORS

Investing has been an activity confined to the rich and business class in the past. This can be attributed to the fact

that availability of investable funds is a pre-requisite to deployment of funds. But today, we find that investment has become a household world and is very popular with people from all walks of life. The following are the reasons for the investment made by the truck operators.

- Increasing family incomes and consequent higher savings.
- Provisions of tax incentives in respect of investment in specified channels.
- Increasing tendency of people to hedge against inflation.
- Availability of large and attractive investment alteration.
- Increase in investment related publicity.
- Ability of investments to provide income and capital gains etc.

IMPORTANCE OF INVESTMENTS

Investments are both important and useful in the context of present day conditions. Some factors that have made investment decisions increasingly important such as;

- Longer life expectancy
- Increasing rate of taxation
- Interest rate
- Inflation
- Investment channels

INVESTMENT MEDIA

Many types of investment media or channels for making investment are available. A sound investment programme can be constructed if the investor familiarizes himself with the various alternative available investments. Investment Media are several kinds- some of the investments are simple and other represent complex problems for analysis and investigation. Some investments are appropriate for one type of investors and other may be suitable to another person.

Many alternative investments exist. These can be categorized in many ways. The investment alternatives are given below:

- I. Direct Investment Alternatives
- II. Indirect Investment Alternatives

I. DIRECT INVESTMENT ALTERNATIVES

A. Fixed Principal Investment:

1. Cash
2. Savings account
3. Savings Certificate
4. Government Bonds
5. Corporate Bonds and Debentures
6. Post office investment schemes

B. Variable Principal Securities :

1. Equity shares
2. Convertible Debentures

C. Non Security Investment:

1. Real Estate
2. Mortgages
3. Commodities
4. Business ventures
5. Art, Antiques and other valuables

II. INDIRECT INVESTMENT ALTERNATIVES

- Pension fund
- Provident fund
- Insurance
- Investment companies
- UTI and other funds

The indirect investment alternatives preferred by the truck operators are shown above. When looking at savings, we find that a series of economists have proposed savings as a model for economic growth and prosperity in the region. Most economies, be it socialistic or mixed economic systems, have observed a prime concern for high savings. Even with capitalistic economies leaving US economy, which has negative savings, all strive for a minimum level of savings. Savings provide a sustained economic growth model².

According to John Stunner (2010), "The problem of selecting optimal security portfolios by risk-averse investors who have the alternative of investing in risk-free securities with a positive return or borrowing at the same rate of interest and who can sell short if they wish. It presents alternative and more transparent proofs under these more general market conditions for Tobin's important separation theorem that the proportionate composition of the non-cash assets is independent of their aggregate share of the investment balance and for risk averters in purely competitive markets when utility functions are quadratic or rates of return are multivariate normal. The risk averse focuses on the set of risk assets held in risk averters' portfolios. It discusses various significant equilibrium properties within the risk asset portfolio. The chapter considers a few implications of the results for the normative aspects of the capital budgeting decisions of a company whose stock is traded in the market. It explores the complications introduced by institutional limits on amounts that either individuals or corporations may borrow at given rates, by rising costs of borrowed funds, and certain other real world complications."

Investment is the most important area when the truck operators are looking forward for their investment.

FINDINGS, SUGGESTIONS AND CONCLUSION

It is clearly visible from the study that there is a possible mediation effects of achievement motivation and self control on optimism and savings behavior. The researcher thought that there could be sequential relationship between optimism and self-control/achievement motivation, and then between self control/achievement motivation and savings behavior. That is, the relationship between optimism and savings behavior might be significantly accounted for by achievement motivation and self control.

The awareness about the retirement savings plan among the medium net worth truck operators are very high and they invest in retirement savings plan to secure their future. The insurance players in New Delhi offer various products which suit the individual requirement of retirement corpus required to safe guard themselves and invest in such retirement savings plan.

REFERENCE

- [1] Ameriks, J., Caplin, A., Leahy, J., & Tyler, T. (2007). Measuring self-control problems. *American Economic Review*, 97 (3), 966-972.
- [2] Ariely, D. (2008). *Predictably irrational*. New York: Harper Collins Publishers.
- [3] Armor, D.A. (2002). When predictions fail: The dilemma of unrealistic optimism. In Gilovich, V., D., Griffin, & Kahneman, D. (Eds.) *Heuristics and Biases: The Psychology of Intuitive Judgment*. New York, NY: Cambridge University Press.
- [4] Baumeister, R.J., Sparks, E., Stillam, T., & Vohs, K.J.D. (2008). Free will in consumer behavior: Self-control, ego depletion, and choice. *Journal of Consumer Psychology*, 18,4-13.
- [5] Baumeister, R., F. (2002). Yielding to Temptation: Self-Control Failure, Impulsive Buying, and Consumer Behavior. *Journal of Consumer Research*, 28 (3), 670-76.
- [6] Brandstatter, H. (1995). Saving behavior related to personality structure. In *Frontiers of Economic Psychology*, Nyhus, E., & Troye, S., V. (eds.). Norwegian School of Economics and Business Administration: Bergen.