

A Study on Investment Habits of Gulf Malayalees with Special Reference to Malappuram District, Kerala

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Abstract: The state has witnessed significant emigration, especially to Arab states. Gulf Migration from Kerala has played a vital role in the state's development. In 2013 nonresident malayali census conducted by Kerala's economics and statistics department, every third house in Kerala has a person working in the Gulf. Male is counted 93% and female is counted 7%. And among the districts of Kerala, Idukki had the least number of persons based abroad, while Malappuram accounted for 18 per cent of NRKs. Pravasees are the backbone of agriculturally and industrially backward state Kerala. Malappuram is the largest populated district in Kerala, with large number of migrant population. Most of them are migrated to gulf countries. The contribution of gulf migration to development can be seen in various areas like housing, transportation, town planning, educational and religious institutions, amenities and other infrastructural facilities. Remittances are mainly used for purposes like consumption, repayment of debt and meeting other social obligations. It is generally assumed that most of NRI households are careless in their financial management practices and they use remittances unproductively and mainly for conspicuous consumption.

Keywords — investment habits, migration, malayalees, personal finance.

I. INTRODUCTION

Personal finance is the financial management which an individual or a family unit performs to budget, save, and spend monetary resources over time, taking into account various financial risks and future life events. There mainly two factors effects the personal financial management of individual they are macro factors and micro factors. Investment schemes available in the economy, borrowing sources, and currency value and employment rate are the macro factors effects the personal finance of an individual. Micro factors are factors close to an individual that have a direct impact on its personnel factors

The studies on migration and its impact are of great interest to scholars from very olden times. There are country specific studies, region wise studies, religion wise studies on migration. Gulf migration and its impact on Kerala economy is a widely discussed subject in economics and finance. The subject has received serious attention after gulf boom in 1970's. Number of studies has been made on different aspects of these topics. Different areas of households' financial management practices like savings, consumption, investment etc. are discussed locally, nationally and even internationally. An attempt is made to review the studies relating to various aspects of migration, remittances and its impact in the economy, financial management practices of households etc.

OBJECTIVES

1. To Study about the investment objectives of Gulf Malayalees.
2. To Study the factor influencing the income of employees.
3. To find out the percentage of savings of gulf Malayalees.
4. To Study the factors affecting investment for Gulf Malayalees.

Scope of the Study

In this context includes factors in your individual situation that affect your financial thinking, and factors in the wider economy that affects your financial decision making. The study helps to analyze the personnel finance behavior of individual and what is the macro and micro factors effects the financial decision of individual.

II. REVIEW OF LITERATURE

M Titus, Alyce M Fanslow and Tahira K Hira (1989)1 conducted a study on "Effect of Financial Management Knowledge of Household Money Managers on Behaviours and Financial Outputs". The purpose of the study was to examine the differences in money management behaviors and financial outputs between household money managers with more knowledge of financial management and those with less knowledge. The study provided evidence that

knowledge has an effect on throughput behaviors' practiced by household money managers. Less knowledgeable managers seem to be unaware that all families need financial planning and those poor financial decisions should be corrected.

Dobblesteen and Kooreman (1997)² —Financial Management, Bargaining and Efficiency within the Household; An Empirical Analysis¹ reported that a spouse who is not working clearly has a lower opportunity to participate in the family financial decision-making. Similarly, higher income for one spouse should imply that this partner is more likely to carry out the financial decision-making. The financially well-informed partner should be more likely to be perceived as the decision maker. Overall, the unitary model is based on the assertions that households have a single objective function, the household treats all resources equally and the influence on the decisions made are independent of how much each spouse contributes to the pool.

P.Johnson's study (1999)³ "Saving Practices of New Canadians from Vietnam and Laos" found that as South-east Asians acculturated into Canadian culture, there were differences in their saving patterns. For example, Laotians were less likely to save compared to Vietnamese and Chinese-Vietnamese. She also found that even though the different saving patterns, the ethnic groups shared the same values for saving such as for emergencies, children's education, and the future in general.

P A Nhia and others (2007)⁴ in their study "Financial Management in Hmong Immigrant Families: Change and Adaptation" mentioned that the burden for meeting the needs and wants of families as well as for achieving family goals does not rest solely on an individual family's shoulders. Rather, family members are able to alleviate other family members' financial burdens by financially assisting in any way they can. Hmong collectivistic society places a high value on family and self sufficiency. They would not allow family members to suffer in a situation of unmet needs.

K.R. Sukumaran Nair (2002)⁵ in his study "Savings and Investment Pattern of Emigrant households in Kerala," argues that emigrant households prefer to invest in those assets which contribute to improve their standard of living and which are less risky in nature. There has been a phenomenal growth in the inflow of remittances to India during the period of thirty years from 1970-1999. The major portion of the inflow of remittances to India is from the countries included in the sterling and dollar areas.

K P Kannan and K S Hari (2002)⁶ —Kerala's Gulf Connection Emigration, Remittances and their Macro economic Impact 1972-2000. The liberalization of the Indian economic policies, particularly the foreign exchange

rate, benefited Kerala directly. Adding the remittance income to the Net State Domestic Product, a Modified State Income series has been constructed. As a result Kerala's per capita income not only caught up with the average per capita income for India but started exceeding it reaching 49% above the national average by the end of the nineties. These tallied with per capita consumer expenditure in Kerala, which was in excess of 40% above the national average by the end of the nineties.

Ansi Rahila and Gorge k I (2013)⁷ in their work "Toil of the NRIs and the Transition of Kerala" argued that major portion of the remittances are locked up in bank account and real estate business. This money must be pumped in to different infrastructural projects and other productive activities. The remittances should be used productively in the areas such as IT projects, hospitality projects, petrochemical and LNG plants, industrial production and so on. The efficient effort from the part of government and the willingness of the overseas malayalies to invest in efficient sectors will really make Kerala the gods own country.

Research Methodology

A research is the systematic design, collection, analysis and reporting of data and findings relevant to a specific situation faced by the investors. The data may be primary, secondary or both. The research uses various instruments like questionnaires, which help the researcher to find out the various in formations in an exact way.

III. THEORETICAL BACKGROUND

History of Personal Finance

Before a specialty in personal finance was developed, various disciplines which are strongly associated to it such as family economics and consumer economics were taught in various colleges as part of home economics for over 100 years. Personal finance education is needed to help an individuals or family make rational financial decisions throughout their life.

Importance of Financial Planning

➤ Income:

Managing income assists you understand how much money you'll require for tax payments, other monthly expenditures and savings.

➤ Cash Flow:

Increase cash flows by cautiously monitoring you're spending pattern and expenses.

➤ Capital:

An increase in cash flow, can lead to an increase in capital.

➤ Family Security:

Maintaining the proper Insurance coverage and policies in place can offer peace of mind for you and your loved ones.

➤ Investment:

A proper financial plan acts as a guide in helping choose the right types of investments to fit your needs, personality, and goals.

➤ Standard of living:

The savings created from good planning can establish helpful 1 in difficult times.

➤ Financial understanding:

Better financial understanding can be attained when considerable financial goals are set, the effects of decisions understood, and results reviewed.

➤ Assets:

A nice 'cushion' in the form of assets is advantageous. But many assets come with liabilities attached. As a result, it becomes important to determine the real value of an asset.

➤ Savings:

It is satisfactory to have some investments with high liquidity. These investments can be utilized in times of crisis or for educational purposes.

Factors Influencing Investment Habits of Individuals

Personal finance means the financial management which an individual or a family unit performs to budget, save, and spend monetary resources ultimately, considering various financial risks and future life events.

Individual or Micro Factors

➤ Family Structure

Marital status and dependents, for instance children, parents, or siblings, determine whether you are planning only for yourself or for others as well.

➤ Age

Tastes, preferences, desires, values, and priorities, etc are changing over a lifetime, and financial concerns change so. Well, personal finance is a process of management and planning that predict or keeps abreast with changes

➤ Health

Personal financial planning should comprise a number of protections against the risk of chronic illness, accident, or long-term disability and some precautions for short-term events, such as pregnancy and birth. If your health limits your earnings or ability to work or adds significantly to your expenditures, your income needs may increase.

➤ Career Choice

Your career choices affect your financial planning, particularly through educational requirements, income potential, and distinctiveness of the occupation or profession you choose. Careers have different hours, pay, benefits, risk factors, and patterns of advancement in due course

➤ Gender

The investment behavior is different in case of male and female. The borrowing ways also different in case of the gender is different.

Macro Factors

➤ Investment Schemes

Persons are investing their money in different ways on the basis of their investment information and the benefits they get future.

➤ Borrowing Sources

Persons borrowing money in different ways on the basis of their financial need's and credit worthiness of the individual. The borrowing of personnel is depends on the borrowing sources available in the economy.

➤ Currency Value

We use currency as a medium of exchange, so the value of a currency is based on how it can be utilize in trade, which in turn is based on what is produced in the economy. Constant currency value is another significant gauge of a healthy economy and a essential element in financial planning

➤ Employment Rate

An economy produces not just goods and services to satisfy its members but also jobs, for the reason that most people participate in the market economy by trading their labor, and most depend on wages as their primary source of income.

Migration

Migration is a form of mobility wherein people change their residential location across distinct administrative boundaries for a multiplicity of reasons, which may be involuntary or voluntary, or a combination of both. It is the movement of people from one place to another in the world for the intention of taking up permanent or semi permanent residence, frequently across a political boundary. Migration can result in the permanent replacement of an individual or household, which we may call permanent migration. If migrants leaving their families, land and property in the area of origin, with the intention of return back to the area of origin, such migration is termed as semi-permanent. If individuals or groups of individuals migrate for short-term periods, either moving from place to place or to a definite destination, such migrants are seasonal or circular migrants.

Types of Migration

- Internal Migration

Internal migration consists of moving to a new home within a state, country, or continent.

- External Migration

It means moving to a new home in a different state, country, or continent. It is the opposite of internal migration.

- Emigration

It is a type of migration in which a migrant can leave one country to move to another country.

- Immigration

It is a type of emigration, but the difference is that the immigrant can move in to a new country.

- Population Transfer

In population transfer, government forces a large group of people out of a region, usually based on ethnicity or religion

- Impelled Migration

Individuals are not forced out of their country, but they leave due to unfavorable condition such as warfare, political problems, or religious harassment.

- Step Migration

Step migration is a series of shorter, less extreme migrations from a person's place of origin to final destination—such as moving from a farm, to a village, to a town, and finally to a city.

- Chain Migration

A chain migration often starts with one family member who sends money to take other family members to the new location.

- Return Migration

The voluntary movement of immigrants back to their place of origin is called return migration.

- Seasonal Migration

It is the practice of moving for a period of time in response to labor or climatic change.

- International Migration

International migration is the passage of people across one or more state boundaries to the host state where they stay for some minimum span of time. Many people leave their home countries in order to search for economic opportunities in another country.

Table 1 PERCENTAGE OF COUNTRY WISE MIGRATION IN GULF

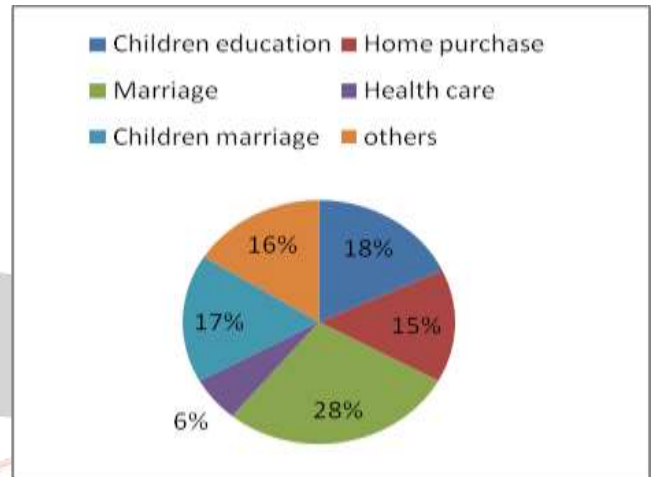
| COUNTRY | PERCENTAGE |
|--------------|------------|
| UAE | 37.00% |
| SAUDI ARABIA | 27.00% |
| QUATAR | 07.03% |
| KUWAIT | 06.66% |
| OMAN | 06.05% |
| BAHARAIN | 04.88% |
| IRAQ | 00.04% |

(Source: Departments of Economics and Statistics, Kerala)

The above table shows the country wise migration from Kerala. 37% people migrated to UAE. The second largest country was Saudi Arabia, 27% of the people migrated to there. Only .04% are migrated to Iraq. The other places are Quarter (7.03%), Kuwait (6.66%), Oman (6.05%), and Bahrain (4.88%).

IV. ANALYSIS AND INTERPRETATION OF DATA

Investment Objectives



The data shows that 18% of employees invest their money for their children's education. 6% are invested for health, 15% are invested for construction of house or purchasing a house. 28% are invested for marriage purpose, 18% are invested in children's marriage and 16% are invested for other purpose that includes purchasing vehicles, constructions of buildings, purchasing land etc.

Table 2 Percentage of Savings on Income

| Percentage of Savings | Number | Percentage |
|-----------------------|-----------|------------|
| 0 to 10 | 30 | 40 |
| 10 to 20 | 18 | 24 |
| 20 to 30 | 12 | 16 |
| 30 to 40 | 9 | 12 |
| Above 40 | 6 | 8 |
| Total | 75 | 100 |

(Source: primary data)

In this analysis is clear that majority of the gulf malayalees have less savings out of 75 samples 30 persons are come under the categories of 0-10 percentage savings it indicates 40 percentages. 18 persons are comes under the categories of 10-20 percentage it indicates the 24 percentage of total data collection. 12 persons are comes

under the categories of 20-30 percentage it indicates the 16 percentage of total data. In range between 30-40 percentage 9 persons are included it indicates 12 percentages of data collection. In the categories of above 40 percentages savings are only 6 persons it indicates 8 percentage of total data collection.

Table 3 Factors Considered For Investment

| Factors | Number | percentage |
|-----------------|--------|------------|
| Safety | 24 | 32 |
| Low risk | 15 | 20 |
| High return | 27 | 36 |
| Maturity Period | 9 | 12 |
| Total | 75 | 100 |

(Source: primary data)

From the investor's majority of the investors are considered the main factor is high return it indicates 36% of total samples. Then next factor is safety it indicates 32%, next factor is low risk it indicates 20% of total samples and last factor is maturity periods it indicates 12% of total data samples.

Table 4 Preference of Investment

| Sector | Number | Percentage |
|--------------------|--------|------------|
| Private sectors | 30 | 40.00 |
| Government sectors | 08 | 10.67 |
| Public sectors | 12 | 16.00 |
| Foreign sectors | 25 | 33.33 |
| Total | 75 | 100 |

(Source: primary data)

In this analysis it is clear that majority of the person's choosing private sector for their investment. From the sample selected 40 percentages choose private sectors.33.33 percentage choosing foreign sectors and 16 percentages prefers public sectors.

Table 5 Purposes behind Investment

| Purpose | Number | Percentage |
|-----------------|--------|------------|
| Wealth creation | 12 | 16.00 |
| Tax savings | 08 | 10.67 |
| Earn return | 30 | 40.00 |
| Future expenses | 23 | 30.67 |

| | | |
|--------|----|-------|
| others | 02 | 02.67 |
| Total | 75 | 100 |

(Source: primary data)

In this analysis shoe that 40% peoples purpose behind investment is earn profit, 30.7% people's purpose behind its investment is meeting future expenses, 16% person's purpose behind its investment is wealth creation, 10.667% peoples purpose behind its investment is tax savings and 2.66% peoples are other purposes from this sample data.

Table 6 Period Prefer For Investment

| Period | Number | Percentage |
|-------------|--------|------------|
| Short term | 19 | 25 |
| Medium term | 38 | 51 |
| Long term | 18 | 24 |
| Total | 75 | 100 |

(Source: primary data)

In this analysis is clear that majority of the persons are choosing medium term investment it indicates 51% of data samples, 25% of them are choosing short term and 24% are choosing long term period for their investment. Every investor is trying maximizing his return through minimization of risk.

V. FINDINGS

- Different age groups are different investment objectives
- Main factors considered for investment is high return
- Majority of them are preferred private sector for their Investment, next priority is foreign sector for their Investment.
- Main investment avenues of gulf malayalees is bank then give priority to real estate, insurance, equities, chits fund and mutual funds.
- Majority of them are preferred medium and short term Investment

VI. SUGGESTIONS

- Create awareness among migrants about the difficulty to generate their money, impact of its misuse by households in the home and need to preserve it.
- Motivate savings and productive investment among individuals. Banks and other financial institutions expand their operations to remote areas.
- Create Awareness about capital market among gulf malayalees to channelize their resources in productive and income generating ways.

➤ Government and other organizations should take initiation to create attractive saving s and investment opportunities.

➤ Govt. should take action to limit the area and cost of construction of houses. Levy duty for luxurious spending. In the absence of male members, majority of the houses are headed by females. They are very poor in strict handling of the finance in their hand. To overcome these shortcomings, implement women education and empowerment programs and also inculcate good thoughts about need for effective management of finance.

➤ It is essential to conduct awareness programmes about effective financial management practices among individuals.

VII. CONCLUSION

The study “Investment habits of Gulf Malayalees in special reference to Malappuram District, Kerala” gets done in malappuram district because in Kerala largest numbers of gulf malayalees are in malappuram district. The study has covered a sample of 75 gulf malayalees selected from the different parts of the malappuram district. The study basically concentrated in the areas of income, savings and investments of the gulf malayalees.

The study concluded with certain major findings is majority of the persons are come under the categories of less savings groups because lack of awareness about family budgeting. They invest major portion of their income in bank and real estates. It is appreciable to say that Gulf migration changes the educational level of entire district majority of them are spend a large amount of their investment for children educations.

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