

Investment Pattern of Salaried Individuals

Dr. Govind M. Dhinaiya

Asst. Professor

*Shree J. D. Gabani Commerce College & Shree Swami Atmanand Saraswati College of Management, Kapodra,
Varachha Road, Surat, Gujarat – 395 006*

ABSTRACT: *The investment is very crucial for every individual in their life whether he/she is salaried person, businessman or professional. They all consider various parameters while investment based on their personal objectives and different occupation consider different parameter. Hence researcher has selected a topic investment pattern on salaried individual. The purpose of this paper is to identify the investment pattern of salaried individual. The researcher also like to measure the purposes and factors consider while deciding their investment pattern. Researcher concluded that Future Need, Retirement and Wealth Creation are purposes of investment and Capital Appreciation and Risk are the most important factors considered by the salaried individual. This study can help financial consultants and investment managers to identify the factors that are important in selection and preference of investment avenues and also provide some guidelines to them for designing their future strategies.*

KEY WORDS: *Capital Appreciation, Future Need, Investment Pattern, Risk, Salaried individual*

I. INTRODUCTION

In the present day financial markets, investing money has become a very complex task. Most of the investors are unaware of the fact that investing is both an art and a science. Majority of people irrespective of their education, status, occupation etc., are fascinated by investments. Investment is an economic activity in which every person is engaged in one form or another. Even though the basic objective of making investment is earning profits, not everybody who makes investment benefits from it. Those who incur losses have not managed their funds scientifically and have just followed others blindly. All investments are risky to some degree or other risk and return go together. The art of investment is to see that the return is maximized with the minimum degree of risk.

Investment is the process of, 'sacrificing something now for the prospect of gaining something later'. Our definition implies that there are three dimensions to an investment- time which involves creation of assets or exchange of assets with profit motive. It is the employment of funds with the purpose of earning additional income or growth in value. The person making investment has to part with his funds. The funds may be converted into monetary assets or a claim on future money for a return. This return is an award for abstaining from present consumption for parting with the money or liquidity and for taking a risk. The risk may be about the return on investment, time of waiting, cost of getting back funds, safety of funds, and variability of the return.

Investment Options Available:-

There are a large number of investment instruments available today. To make our lives easier we would classify or group them. In India, numbers of investment avenues are available for the investors. Some of them are marketable and liquid while others are non-marketable and some of them also highly risky while others are almost risk less. The people has to choose Proper Avenue among them, depending upon his specific need, risk preference, and return expected Investment avenues can broadly categories under the following heads.

1. Shares
2. FI Bonds
3. Corporate Debenture
4. Company Fixed
5. Bank Fixed
6. PPF
7. Life Insurance
8. Post Office-NSC
9. Gold/Sliver
10. Real Estate
11. Mutual Fund

II. LITERATURE REVIEWS

Sangeeta Arora, Kanika Marwaha (2012), conducted research on “Investment pattern of individual stock investors of Punjab.” For the purpose, the preferences for various financial products, factors influencing such preferences, time spent on monitoring investments and the sources of information chased by them before investing are gauged. An in-depth analysis is carried out to find out whether demographic variables, that is, age, gender and income, exert a significant impact on the choice of various investment avenues. A pre-tested, well-structured questionnaire was administered personally to 250 individual stock investors in Punjab and their responses were sought for further analysis. The responses have been analyzed in terms of frequencies, percentages and weighted average scores and factor analytic techniques. Bank fixed deposits have been found as first preference followed by gold as the second preference and then stocks as the third preference. The results of the factor analysis revealed four factors, that is, projected benefits, personal financial need, taxation benefits and security needs. Internet, Investment advisors and family-member recommendations are their most preferred sources of information.

Sonali Patil & Dr. Kalpana Nandawar (2014), conducted research On Preferred Investment Avenues among Salaried People with Reference to Pune, India. Researchers have studied the different avenues of investments as well as the factors while selecting the investment with the sample size of 40 salaried employees by conducting the survey through questionnaire in Pune, India. The study is based on personal interviews with salaried peoples, using a structured questionnaire. Respondents are conveniently selected based on judgment. Actually, the present study identifies the preferred investment avenues among the individual investors using self-assessment test. The study is based on primary sources of data which are collected by distribution of a close ended questionnaire. The data has been analyzed using percentage, chi-square test, and Person Correlation Coefficient with the help of statistical software. The researcher has analyzed that salaried employees consider the safety as well as good return on investment on regular basis. Respondents are aware about the investment avenues available in India except female investors.

Deepak Sood, Navdeep Kaur (2015), conducted research on “Investment pattern of salaried individual.” The main objective of the study was to determine the relationship between the savings and investments pattern among the salaried class people of Chandigarh (India). The data was collected through structured questionnaire distributed to 200 peoples working in different sectors at Chandigarh. It was found from the analysis there is relationship between Annual Savings and Age, Income, Sector wise Employment, Education of people at Chandigarh. Researcher was used conveniently sampling method. Analysis has been done through One Way ANOVA. It was propounded here that the most preferred investment options are LIC and bank deposits and most of the factors influencing investment decisions were high returns, tax benefit and safety.

G Velmurugan, V Selvam, N Abdul Nazar (2015), conducted research on “The economic liberalization and globalization have brought a fervent environment for the common and small investors who are willing to participate in the various investment avenues available in India.” The present empirical study is an attempt to examine the investors’ perception towards various investment avenues in Vellore city, Tamil Nadu, India. Primary data using convenient sampling through questionnaire and interview method as well as secondary data from wide range of literature from various journal publications had been utilized. Frequency distribution, percentage analysis, Mann Whitney and Kruskal-Wallis Test were used to test the objectives of the study. In order to test the reliability of the scale, the researchers applied Cronbach’s Alpha (CFA) to measure the internal consistency of the variables. The findings of the study on investors’ perception towards various investment avenues emphasized that the aged and high income investors prefer to invest only in post office and bank deposits for safety investment reason.

Dr. VG Jisha, V. Gomathi (2017), conducted research on the analysis of income and investment pattern of the respondent’s example: working women in the city Coimbatore. The objective of the study was to determine the relationship between the income and investment pattern among women employee. The study was conducted on women across both government and private sectors in the city of Coimbatore. The data was collected by distributing a structured questionnaire to 50 respondents. The major impact on savings is due to the level of income which has considerably increased in the last decade. This research has analyzed the salaried women employees consider the safety as well as high return on investment on regular basis.

Amrita Vishwa Vidyapeetham Kochi (2018), conducted research on the investment preference of salaried group of people working in Private sector of shipping industries in Ernakulam District. The studies were conducted by a structured questionnaire issued to the 100 salaried employees of shipping industries in Ernakulam district. Convenient random sampling method is used for selecting the sample of 100 employees from ten shipping industries in Ernakulam. The collected information was analyzed by using different statistical tools like T test, Chi Square analysis, correlation analysis and percentage analysis. The major findings of the study suggested most of the employee’s savings are directed to their personal expenses such as child’s education, marriage etc. They are tending to risk adverse investors.

Deepika Dhawan, Sushil Kumar Mehta (2019), conducted research on the investor rationality by examining the pattern of saving and investment in the city of Jammu situated in Jammu and Kashmir, India. The objective of this study was to see the association of saving and income; reasons for saving; and preferences of investors for different investment instruments through administering the structured questionnaire. Respondents are conveniently selected based on judgment. One-Way ANOVA, ANCOVA, and MANOVA are used to identify and understand the patterns of saving and investment and underlying triggers for the same. A relationship between saving and income is found, after controlling for the effects of variables, namely, age, gender, and occupation. Likewise, the impact of gender on financial literacy and awareness is found. This study also finds that people prefer safe and liquid investments with tax benefits, higher returns, and fewer lock-in periods. The outcome will help financial consultants and investment managers to know more about the psyche and the level of financial literacy of people, and thus to help them in their objective of garnering funds and invest at a significant level and, finally helping in the capital formation.

Zankhana Atodaria, Ronikadevi Sharma (2019), conducted research on “Investment pattern of salaried individual.” The main objective of this research was to analyze awareness, perception & behavior regarding different investment avenues available for salaried people and to study various demographic variables and pattern of investment. Many people are not aware about how to make an investment in share market and people are not willing to take risk for their funds, so they prefer to invest in bank deposits, insurance, post office savings etc. The data was collected through structured questionnaire distributed to 100 people of Somnath (Daman) Area. Data were analyzed using descriptive statistics and chi-square technique was applied to demographic factors and motives of savings. For analysis purpose SPSS software is used. The results show that bank deposit and insurance policies still remains the most preferred investment avenues. Salaried people’s age and their motives of savings are dependent on each other.

III. OBJECTIVE AND SIGNIFICANCE

The purpose of this paper is to identify the investment pattern of salaried individual. The researcher also like to measure the purposes and factors consider while deciding their investment pattern. This study can help financial consultants and investment managers to identify the factors that are important in selection and preference of investment avenues and also provide some guidelines to them for designing their future strategies.

IV. DATA AND METHODOLOGY

The data were collected from the salaried individual in Surat city using structured questionnaire. The samples of 200 salaried individual chosen for the inclusion were randomly selected. Respondents were asked to complete the variables as which factors do you consider for investment in different investment avenue. The questionnaire consisted of different questions like demographic information, purposes and factors consider for investment.

The study will be limited to Surat city only. For further this topic can be extended to other cities or state level or considering other factors which may not be covered in this work.

V. DATA ANALYSIS

Table: 1 Demographic Details					
No. of family Member	No. of Respondents	Annual Income	No. of Respondents	Age	No. of Respondents
1 to 3	32	Less than Rs. 1,00,000	48	18-20	27
4 to 5	122	Rs. 1,00,001-2,00,000	40	21-40	142
6 to 8	42	Rs. 2,00,001-4,00,000	82	41-60	25
9 to 10	4	Greater than Rs. 4,00,001	30	More than 60 year	6
Gender	No. of Respondents	Education Qualification	No. of Respondents		
Male	126	12 th class	35		
Female	74	Graduation	124		
		Post-graduation	18		
		Other	23		

The table 1 shows demographic details of respondents. It shows respondents no. of family members, Annual incomes, age, gender and academic qualification. There are 32 respondents are having 1 to 3 family members, 122 having 4 to 5 family members whereas 42 having 6 to 8 family members. An annual income less than 1,00,000 are 48 respondents, 40 having their annual income is 1,00,001 to 2,00,000 whereas 82 having

annual income is 2,00,001 to 4,00,000 and 30 having greater than 4,00,000. Total 27 respondents are having their age between 18 to 20, 142 between 21 to 40, 25 between 41 to 60 and 6 are more than 60 years. There are 126 male and 74 female respondents. 35 respondents having education up to 12th, 124 graduates, 18 post graduates and 23 are others.

Table:2 Purposes of Investment		
Particulars	No. of Respondents	Percentage
Future Need	86	71.70%
Retirement	59	49.20%
Wealth Creation	51	42.50%
House Building	50	41.70%
Income & capital Preservation	48	40%
Children's Education	42	35%
Marriage Purpose	39	32.50%
Healthcare	38	31.70%

The table 2 indicates the purposes of investment by salaried individual. There are almost eight purposes studied by the researcher. The salaried individual consider future need as most important (71.70%) while investing their money. Retirement, Wealth Creation, House Building and income & capital preservation are consider almost same weightage while children's education, marriage purpose and healthcare given almost same importance.

Table: 3 Factors Analyzed		
Particulars	No. of Respondents	Percentage
Capital Appreciation	84	70%
Risk	67	55.80%
Tax Benefits	43	35.80%
Budget	43	35.80%
Stability	42	35%
Safety Of principal	39	32.50%
Maturity Period	36	30%
Return on investment	36	30%
Inflation Rate	35	29.20%
Liquidity	35	29.20%
Fluctuations on investment markets	22	18.30%

The table 3 represent various factors considered while investing in different investment avenues. 70% salaried individual considered Capital Appreciation is most important factor whereas 55.80% considered Risk as another important factor. Tax benefit, budget and stability are considered equally whereas safety of principal, maturity period, return on investment, inflation and liquidity considered as same importance. Fluctuation on investment market is considered as least important amongst all the factors by salaried individual.

VI. CONCLUSION

The researcher has studied on Investment Pattern of Salaried Individuals. The purpose of this paper is to identify the investment pattern of salaried individual. The researcher also like to measure the purposes and factors consider while deciding their investment pattern. The data of salaried individual was collected using structured questionnaire. Researcher concludes that Future Need, Retirement and Wealth Creation are purposes of investment and Capital Appreciation and Risk are the most important factors considered by the salaried individual.

REFERENCES:

- [1]. **Sonali Patil (2014)** studied preferred investment avenues among salaried people with reference to Pune City, India. Journal of economics and finance, issue2. pp09-17.
- [2]. **Prof. sanket charkha and jagdeesh r. lanjekar,(2018)** A Study Of Saving And Investment Pattern Of Salaried Class People With Special Reference To Pune City (India) International Journal for Research in Engineering Application & Management (IIREAM) ISSN : 2454-9150 Vol-04, Issue-03, June 2018.
- [3]. **Bindu. T (2017)** savings and investment pattern of salaried employees in Palakkad district intercontinental journal of finance research review issn:2321-0354 - online issn:2347-1654
- [4]. https://www.investopedia.com/terms/i/investing_style.asp
- [5]. <http://publication.economicaffairs.co.in/>
- [6]. <http://incenmoney.in/>
- [7]. <https://www.fincash.com/l/best-investment-options-for-a-salaried-person>
- [8]. <http://caal-inteduorg.com/>
- [9]. <http://acrn-journals.eu/>
- [10]. https://www.slideshare.net/RanjanaSingh6/investment-pattern-of-salaried-individuals?qid=9414202e-ebfa-45ac-8921-7c1be37c6b46&v=&b=&from_search=1
- [11]. https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=pdf++of+investment+pattern+of+SALARIED+class+people&btnG=%23gs_qabs&u=%23p%3DUAPg7f917AJ
- [12]. <http://www.epitomejournals.com/>