

A Study of Savings and Investment Pattern of Salaried Person with Special Reference to North Gujarat Region

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Abstract: The investment means; it refers to any mechanism used for generating future income. If saving is not covered by investors, then Investment is not possible. It is one kind of activity that is engaged in by the people who have to do savings i.e. investments are made from their savings, or in other words it is the people invest their savings. A variety of different investment options are available that are bank, Gold, Real estate, post services, Mutual funds, SIP and so on. Investors are always investing their money with the different types of purpose and objectives such as profit, safety, security, and Stable Income. The aim of this research is to analyze awareness and behavior regarding different investment avenues available for and determine the relationship between Savings and investments pattern among the salaried Persons of North Gujarat Region. The researcher has analyzed and found that that salaried employee considers the safety as well as good return on investment that is invested on regular basis. Researcher has here in this paper studied the different types and avenues of investments as well as the some factors that are required while selecting the investment with the sample size of 100 salaried Persons by conducting the survey through structured questionnaire in North Gujarat Region. The data has been analyzed and presented through by using percentage, Tables and Graps. The researcher has analyzed and found that that salaried employee consider the safety as well as good return on investment that is invested on regular basis. It also aims to provide an insight into factors considered for an appropriate investment.

Keywords: Investment, Savings, Investment Avenues, Salaried Persons, Awareness.

1. Introduction

The term "investment" can refer to any mechanism used for generating future income. It means that an Asset is bought, or that money is put into a Bank to get a future Interest from it. Investment pattern of investors on different products in simple words investment means buying securities or other monetary or paper (financial) assets in the money markets or capital markets, or in fairly liquid real assets, such as gold as an investment, real estate, or collectibles.

The major features that are seen in an investment are safety of principal amount, liquidity, income and its stability, appreciation and lastly easy transferability. A different variety of investment avenues in abundance and types are available

such as shares, bank, companies, gold and silver, real estate, life insurance, postal savings. All the investors invest who wish to invest, invest their surplus money in the above mentioned avenues that are available based on their risk taking attitude and capacity bearing.

There are a large number of investment instruments available today. The people has to choose Proper Avenue among those available, depending upon their specific need, risk preference, and return that are expected. Different Investment avenues can be broadly categories under the following heads

A. Elements of investments

Return: Investors buy or sell financial instruments in order to earn return on them. The return includes both current income (current yield) and capital gain (capital appreciation).

Risk: Risk is the chance of loss due to variability of returns on an investment. In case of every investment, there is a chance of loss. It may be loss of investment; however, risks and returns are inseparable.

Time: Time is an important factor in investment. Time period depends on the attitude of investors who follow a "buy "& "hold" policy.

B. Investment option available

1. Equity
2. Debt
3. Mutual Funds
4. Systematic Investment Plan (SIP)
5. Debentures
6. Company Fixed Deposits
7. Fixed Deposits
8. Post office Savings
9. Public Provident Fund (PPF)
10. Real Estate
11. Life Insurance
12. Gold/Silver/Others

C. Comparison between Savings and Investment

- Savings represents that part of the person's income which is not used for consumption. While Investment refers to the process of investing funds in capital

assets, with a view to generate returns.

- The Main Purpose of Savings is to make to fulfill short term or urgent requirements. While Investment is made to provide returns and help in capital formation.
- For Savings Point of view Risk Option is Low, While Investment point of view Risk is comparatively high.

2. Literature review

The relevant literature is reviewed on the basis of Books, Periodicals, News Papers and Websites. The detailed Review is given below:

Lopes, (1987) concluded that while making any Investment decision, Risk Aversion and Financial Literacy is the driving. Although diverse writings available on risk define it variedly but in common the word risk refers to situations in which a decision is made whose consequences depend on the outcomes of future events having known probabilities).

Sandhu and Singh (2004) the study was based on structured primary data. The sample of 50 adopters and 50 non-adopters from the universe comprising the city of Amritsar was selected. The study analyzed in case of adopters that transparency, safety, convenience and economy judged as an important feature of net trading followed by market quality and liquidity whereas in case of non-adopters economy and convenience were the important features followed by the other factors like market quality, safety and liquidity.

Mittal M. and A. Dhade (2007) in their research paper "Gender Difference in Investment Risk-Taking: An Empirical Study" published in The ICFAI Journal of Behavioral Finance, 2007, Observed that risk-taking involves the selection of options that might result in negative outcomes. While present is certain, future is uncertain. Hence, all investment involves risk. Decourt (2007) indicated that the process of making investment decisions is based on the 'behavioral economics' theory which uses the fundamental aspects of the 'Prospect Theory' developed by Kahneman and Tversky (1979).

Vikram S (2008) suggested that major percentage of respondents have moderate knowledge and have less exposure towards the financial market.

Prabakaran and G. Jayabal (2009) in their article "Investors Risk Tolerance towards Mutual Fund Investments" published in SOUTHERN ECONOMIST, June 15, 2009 concluded that empirically it has been proved that the mutual fund investors are form low and moderate risk tolerant groups and the socio-economic variables do alter the risk tolerance of individual investors. The mutual fund organizations must consider these socioeconomic variables of the investors that have an important influence on investment decision making.

Charlotte B. Beyer (2010) in his article "Investor Education: What's Broken and How to Fix It" published in The Journal of Wealth Management, summer 2010 in this article, the author argues that the traditional approach to investor education has failed and that radical reform is needed. After observing how one group of investors learned far more in experiential settings,

the author submits that these investors might be convincing proof that experiential investor education is superior.

Kasilingam and Jayapal (2010) called attention to that the decision of individual investors is influenced by family income, timing of investment and savings motives. In contrast to this, Keshvan, Chidambaram and Ramchandran (2012) noticed that age, gender, educational qualification, occupation and annual income do not influence the type of investment avenues. It is to be noticed that very little research contemplates have been led on the mindfulness level of provincial investors and their example of interest in India. Finding the gap, the present study was intended to comprehend the relationship amongst education and investment mindfulness level and inclinations of rural investors.

Ashly Lynn Joseph & Dr. M. Prakash (Sept. 2014) concluded a Study on Preferred Investment Avenues among the People and Factors Considered for Investment. The study is based on using a structured questionnaire. Many people are not willing to take risk for their funds, so many prefer to invest in bank deposits, insurance, post office saving etc. Many of the people are not aware about how to make an investment in share market, equity etc. "No pain no gain" it is the golden principle of investment Management. Investors cannot avoid risk but they can minimize the risk by investing their money in various types of investments so that they can get a moderate profit. This study basically provides awareness among people about various investment avenues available to them and what factors they should consider before making an investment.

3. Objective of study

The objectives are as follows:

- To study the saving habits and investment pattern among the salaried class person working in different sectors of North Gujarat Region.
- To identify the objectives of investment and the most preferred investment avenues of investors.
- To know the mode of investments of the salaried respondents in various investment avenues.
- To identify attributes that influence the investment pattern of Salaried Persons.
- To analyze the relationship between income, savings and investment of investors across demographic factors.
- To identify the major types of investment avenues available in India and how one can invest in it.
- To provide an insight into factors considered for an appropriate investment.

4. Research methodology

Research methodology can be defined as; it is used to give a clear cut idea on what the researcher is carrying out his or her research. In order to plan in a right point of time and to advance the research work methodology makes the right platform to the researcher to mapping out the research work in relevance to

make solid plans. Both the primary and secondary data shall be used for carrying out the research work. The validity of any research is based on the systematic method of data collection and analysis of the data collected.

A. Research design

This project is based on exploratory study as well as descriptive study. The Descriptive research is here carried out to describe about the phenomenon. This study is hence done to understand the investment behavior of the different salaried groups and its approach towards investment avenues. Descriptive Research Design is used as researcher wants to gain a better understanding of investor, the design used will help in the exploring the investor.

B. Sampling unit

The study aims to measure the investment pattern of individuals on the basis demographic characteristics. Sampling unit implies that who are the respondents from the salaried class people/Investor.

C. Sample size:

For the purpose of the study, total of 100 respondents have been studied.

D. Sampling design

Since the information was to be taken from Investors, a questionnaire was prepared for studying the saving habits and investment pattern of salaried class people of North Gujarat Region.

E. Sampling Technique

Sampling technique is the technique used to select the sample size. Convenient sampling technique used in this research. In this, Investors were taken according to the convenience of the research study.

F. Data collection source

The study is based on both primary and secondary data.

- Using the survey method, primary data was obtained from the respondents by administering the structured questionnaire and by communicating with respondents for evaluating the feedback.
- Secondary data is collected from different published materials vis. Books, Journals, magazines & websites etc.

G. Statistical tools

There are various statistical tools which are used in analyzing data. The following tools are used for representing and analyzing data.

- Table
- Percentage
- Diagram
- Charts

5. Data analysis

A. Demographic analysis

Table 1
Demographic analysis

Demographic Variables	Particulars	No of Respondents and Percentage
Gender	Male	85
	Female	15
Education	Total	100
	HSC	12
	Under Graduate	19
	Post Graduate	43
	Professional Degree	19
Marital Status.	others	07
	Total	100
	Married	74
	Unmarried	26
	Total	100
Occupation	Services	53
	Profession	07
	Business	28
	Students	03
	Others	09
Monthly Income	Total	100
	Less Than Rs.10000	14
	Rs. 10,001 to Rs. 30,000	43
	Rs. 30,001 to Rs. 50,000	17
	Rs. 50,001 to Rs. 70,000	19
	Rs. 70,001 or More	07
	Total	100

B. Descriptive data analysis

Table 2
Types of investment wise classification of respondents

Types of Investment	Short Term (Less Than 1 Year)	Medium Term (More Than 1 Year but Less Than 3 Year)	Long Term (Above 3 years)	Grand Total
No of Respondents	19	28	53	100

Table 3
Objectives of savings and investment wise classification of respondent

Objectives of Savings & Investment	Safety	Liquidity	Children's Education	Health Care	Growth & Income	Other Factor	Grand Total
No of Respondents	29	06	15	13	32	05	100

Table 4

Awareness of investment options (avenues) wise classification

No.	Investment Avenues	No. of Responses	
		Yes	No
1	Real-estate	54	46
2	Shares	46	54
3	Gold/Silver	63	37
4	Mutual Funds	61	39
5	Post Offices	74	26
6	Bank Fixed Deposits	78	22
7	Insurance Policy(LIC)	86	14
8	Public Provident Fund(PPF)	54	46
9	Debt Security (Bond)	19	81
10	Fixed Deposits with company	33	67

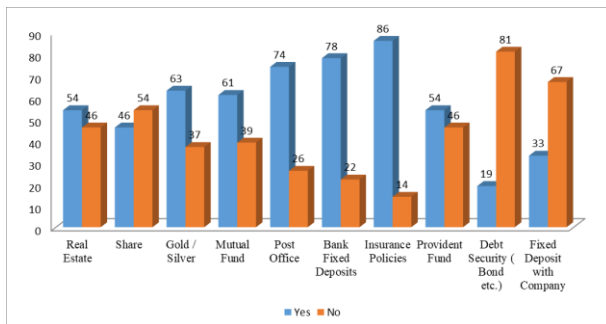


Fig. 1. Awareness of investment wise classification of respondents

Table 5

Criteria while selecting investment option wise classification

No.	Criteria for selecting investment option	No. of Respondents	Percentage
1	Past Performances	28	28
2	Promoter's Background	18	18
3	Service	23	23
4	Any Other	31	31
	Total	100	100

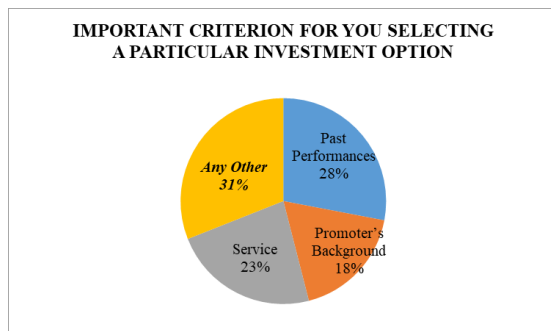


Fig. 2. Criteria for selecting investment options

6. Findings

From the above data analysis and graphs it is inferred that,

- 1) Out of 100 Respondents, Researcher had found that Majority of the investors are male (i.e. 85%).
- 2) From the Above Data, Majority of the investors are married ((i.e. 74%)
- 3) Most of the investors belong to occupation of service class and hence have fixed income. ((I.e. 53%)
- 4) Out of Total Respondent, 43% investors earn between 10,000 to 30,000 monthly.

- 5) In the study the researcher has investigated 100 respondents in north Gujarat region & it reveals that 53% respondents prefer to invest their money for Long Term Period while 28% Respondent prefer to invest their money for Short time Period.
- 6) Most of the 32% investors considering "Growth & Income" factors while doing investment in different option.
- 7) Safety is the major factor while doing investments as 29 percentages of the respondents are investing their money due to safety.
- 8) There are different kinds of investment avenues are available like real estate, share, gold & silver, mutual funds, post office, bank deposit funds, etc The most of salaried investors are aware about the insurance policies (LIC).(I.e. 86%)
- 9) From the above Table, ensures that out of 100 respondents, 54 respondents are aware about the real estate, in the same way 74 respondents are aware about the post office.
- 10) There are different criterion are available for the investors for selecting a particular investment option for their income. From the above Data, out of 100 respondents 28% respondents selecting a investment option according to the past performances of companies.
- 11) From the above data analysis, 23 % respondent considered service criteria While Selecting Investment option.

7. Conclusion

Today, the living standard of the people increasing day by day so salaried class community has started realizing the importance of savings and proper investment of their savings. The study on preferred investment avenues among salaried people has been undertaken with the key objectives such as to find preferred investment avenues and also to know the awareness level of investors. Analysis of the study was undertaken with the help of survey conducted.

After the Data analysis and interpretation of data it is concluded that Investors are aware about investment avenues available in North Gujarat region but still investors are preferred to invest in insurance policies, bank deposit, real estate, Mutual Funds, metals(Gold). The data analysis reveals that the safety is important factor while doing investment. 'No Pain No gain' is the best principle of investment management and salaried investors are following this principle. It is evident from the study undertaken that most of the people are saving their money for children's education, marriage and to fulfill the other goals of life. Investors, before making investments, need to collect investment related information from the internet and consult with friends, peers and investment experts before making investments.

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