Investment Pattern of Salaried Class of Somnath (Daman) – A Study of Various Investment Options Available

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Abstract
The aim of this research is 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.

Keywords: Investment avenues, salaried people, awareness, perception of investor
Introduction
Investment may be defined as deployment of funds made with an anticipation of earning some returns. Returns in case of the investment is variable in nature and this variability of return called the risk. Investments are of several types such as fixed deposits, equities, property and much more. It is essential for investors to identify the risk and manage the same accordingly.

Need of investment for salaried person
It is true that money plays a vital role in our life, but how to handle it properly is more important. Basically, an investment for salaried person is a tool for creating wealth and fulfilling future needs as well, it allows you to meet your life goals easily with the help of careful management of money and finances. It is observed that managing money wisely is the first step towards better investment goals. Expense management is a matter of getting the appropriate returns for every rupee spent and suitable decisions on the payment mode that is cash, cheque, credit card or equated monthly instalments (EMIs). For a salaried person, financial planning is a critical thing; the reason behind the same is the limited and fixed flow of income. For perfect financial independences a person has to be proactive in taking steps for the same. It is necessary to understand the saving and spending patterns before making an investment. A person has to fill the gaps by spending prudently for the purpose of consumption and saving. One of the major advantages of salaried person is the regular flow of income. It can be used as a tool for systematic investments for the achievement of financial goals. Another advantage for salaried person is the risk coverage that is offered by employees which may include life insurance and health insurance.

Literature Review:
N. Geetha & Dr. M. Ramesh (2011) conducted A Study On People’s Preferences in Investment Behaviour. This study examined people’s choice of investment avenues of Kurumbalur. Data were collected using structured questionnaires. The sample size selected for this study was two hundred and ten respondents. They were randomly selected from the town. Data were analyzed using descriptive statistics and chi-square technique. There are a lot of investment choices and one must select the most appropriate one. The person dealing with the planning must know all the various investment choices and how these can be chosen for the purpose of attaining the overall objectives. The details of making the investment along with the various ways in which the investment has to be maintained and managed. Puneet Bhushan Sood & Yajulu Medury(2012) studied Investment Preferences Of Salaried Individuals Towards Financial Products”. This study is an attempt to analyze the investment preferences of salaried individuals towards financial products based on various demographic factors. Financial products act as an investment avenue and provide the required financial security to the investors based on the risk-return profile of the financial products. In the past, traditional financial products were offered in India by banks (deposit account, credit account), Life Insurance Corporation (LIC), and postal department (recurring deposit, National Saving Certificate, Kisan Vikas Patra). However, in recent years with the advent of liberalization of financial services industry, diverse financial products have been introduced such as mutual funds, shares, derivatives, life and non-life insurance schemes (Unit Linked Investment Plans (ULIPs), pension plans, children education plans, etc.). Investment preference differs from person to person, as every individual behaves differently while investing. Investment behavior of an individual is
guided by his own set of circumstances. With an expectation of generating high returns over a period of
time and certain levels of risk, individuals invest in different financial products.
Saugat Das & Ritika Jain (June 2014) did a study on the influence of demographical variables on the factors of investment: a perspective on the Guwahati Region. The behavioral aspect of investors plays an important role in financial decision making which has attracted a huge financial literature. Among other objectives, demographic variables are one of the important objectives which influence financial decision making of investors. This paper focuses on the relationship between the four demographic variables i.e., age, gender, education and occupation with the four most important objectives of investment such as risk, return, retirement and tax which influences the buying behavior of the investors. A sample of 150 respondents was interviewed and analysis was done through SPSS. The study emphasizes the fact that demographic variables indeed play a role on the mindset of the investor community which is driven by age and educational qualification.
Ashly Lynn Joseph & Dr. M. Prakash (September 2014) conducted a study on preferred investment avenues among the people and factors considered for investment. 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. People now days are not ready to bear risk, but at the same time more risk leads to more profit. 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.
Sonali Patil & Dr. Kalpana Nandawar (Sept-Oct 2014) did a study 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. 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 & Dr. Navdeep Kaur (February 2015) conducted a study of saving and investment pattern of salaried class people with special reference to Chandigarh. The 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 people 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. 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.
Mr. C. Sathiyamoorthy (April 2015) studied Investment Pattern And Awareness Of Salaried Class Investors In Tiruvannamalai District Of Tamilnadu. The results highlight that certain factors like education level, age of investors, number of family members etc make significant impact while deciding on the avenues for investment. The present study is based on primary sources of data which are collected by distribution of a close ended questionnaire. The data has been analyzed using chi-square test. The research shows that majority of the respondents are saving money as Bank deposits for the safety of an unpredictable future.

According to study “Perception of Investors towards the Investment Pattern on Different Investment Avenues - A Review” conducted by Dr. Muthumeenakshi M (2017), usually all investment avenues professed risky by the investors. The main features of investments are security of principal amount, liquidity, income stability, approval and easy transferability. Investment avenues are available such as shares, bank, companies, gold and silver, real estate, life insurance, postal savings and so on. The required level of returns and the risk tolerance decided the choice of the investor. The investment choices may differ from national savings certificates, provident fund, mutual fund schemes, insurance schemes, chit funds, bank fixed deposits, and company fixed deposits, company shares, bonds /debentures, government securities, postal savings schemes and real estate.

According to Dr. I. Samuel Sundar Singh(January 2016), Investment is the employment of funds on assets with the aim of earning income or capital appreciation. There are large numbers of investment opportunities available today. Many people invest part of their income for future financial gain. Others make investments to protect the purchasing power of their savings against raising prices. In this paper the researcher has analyzed the various aspects relating to the preference of salaried class on various investments in Kanyakumari district of Tamil Nadu. The results highlight that the maximum of persons are making investment in bank deposits for safety and also most of them prefer medium term investments only. The study is based on personal interviews with salaried people, using a structured questionnaire. The data has been analyzed using percentage, Chi-square test and Garrett ranking technique.

According to Dr. T. Tirupathi And A. Ignatius through a Study On “Preferred Investment Avenues Among Salaried Peoples With Reference To Namakkal Taluk, Tamilnadu”, Investment is the employment of funds on assets with the aim of earning income or capital appreciation. People are earning more, but they do not know where, when and how to invest it. A proper understanding of money, its value, the available avenues for investment, various financial institutions, the rate of return/risk etc., are essential to successfully manage one’s finance for achieving life’s goal. Through this study, an analysis has been made into preferred investment avenues among salaried peoples in Namakkal Taluk, Tamilnadu, India. The results highlight that certain factors like education level, awareness about the current financial system, age of investors etc. make significant impact while deciding the investment avenues. The study is based on personal interviews with salaried peoples, using a structured questionnaire. 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 and chi-square test with the help of Statistical software. There are large numbers of investment opportunities available today.
1. Empirical Analysis

**OBJECTIVES:**
- To know the factors that influence investment behavior of the salaried people.
- To analyze awareness level regarding different investment avenues of salaried people.
- To study the perception of people related to various investment alternatives.
- To study association between demographic variables and Investment Pattern.

**Data Analysis**

![Bar chart showing awareness regarding investment avenues](image)

*Figure 1 Awareness regarding investment avenues:*

Most of the respondents are aware of the bank deposit and insurance policies i.e. 88 and they prefer to invest in same, 78 respondents are aware of the gold and silver, 71 are aware of the provident fund, 58 are aware of the public provident fund, 53 are aware of mutual fund very few respondents are aware of govt. securities and debenture i.e.23 & 26 respectively.

![Motives of saving chart](image)

*Figure 2 Motives of Saving*
Respondents mainly invest in different avenues with the objective to build reserve for unforeseen contingency, for next generation. Respondents want the future independence and power to do things as also future needs like old age.

![Figure 3: Investors Behavior](image)

Majority respondents do save as and when get extra income, (42 are strongly agree and 42 are agree) respondents never put their all money in a single investment plan (44 are strongly agree and 42 are agree), respondents invest where there is no loss in capital (50 are agree and 34 are strongly agree), respondents review investment decision frequently (52 are agree and 26 are strongly agree).

![Figure 4: Perception of the investors regarding various investment schemes](image)

Majority of the respondents perceive that investment tenure is very significant in deciding returns (60 are agree and 14 are strongly agree), consultants play a vital role in mobilizing their savings (58 are agree and 14 are strongly agree), respondents perceive that household savings help the economic development of the country (40 are agree and 25 are strongly agree).
Table 1: Factors determining investment

<table>
<thead>
<tr>
<th>Options</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1) Save to reduce tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>7</td>
<td>7.0</td>
</tr>
<tr>
<td>Agree</td>
<td>27</td>
<td>27.0</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>30</td>
<td>30.0</td>
</tr>
<tr>
<td>Very strongly agree</td>
<td>36</td>
<td>36.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>2) Consistency of return</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td>Agree</td>
<td>29</td>
<td>29.0</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>39</td>
<td>39.0</td>
</tr>
<tr>
<td>Very strongly agree</td>
<td>31</td>
<td>31.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>3) Less risk is simple in postal schemes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>10</td>
<td>10.0</td>
</tr>
<tr>
<td>Agree</td>
<td>34</td>
<td>34.0</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>30</td>
<td>30.0</td>
</tr>
<tr>
<td>Very strongly agree</td>
<td>26</td>
<td>26.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>4) Problem of liquidity</strong></td>
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<td></td>
</tr>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very strongly disagree</td>
<td>3</td>
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<tr>
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<td>21</td>
<td>21.0</td>
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<tr>
<td>Agree</td>
<td>31</td>
<td>31.0</td>
</tr>
<tr>
<td>Issue</td>
<td>Frequency</td>
<td>Percent</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------</td>
<td>---------</td>
</tr>
<tr>
<td>5) Procedure for getting regular return</td>
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</tr>
<tr>
<td>Valid</td>
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<tr>
<td>Very strongly disagree</td>
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<tr>
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<td>4.0</td>
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<tr>
<td>Agree</td>
<td>25</td>
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</tr>
<tr>
<td>Strongly agree</td>
<td>49</td>
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</tr>
<tr>
<td>Very strongly agree</td>
<td>20</td>
<td>20.0</td>
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<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
<tr>
<td>6) Investment information available</td>
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<tr>
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<td></td>
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<tr>
<td>Strongly disagree</td>
<td>11</td>
<td>11.0</td>
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<tr>
<td>Agree</td>
<td>28</td>
<td>28.0</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>37</td>
<td>37.0</td>
</tr>
<tr>
<td>Very strongly agree</td>
<td>24</td>
<td>24.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
<tr>
<td>7) Service provided by invest agents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very strongly disagree</td>
<td>4</td>
<td>4.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>14</td>
<td>14.0</td>
</tr>
<tr>
<td>Agree</td>
<td>39</td>
<td>39.0</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>25</td>
<td>25.0</td>
</tr>
<tr>
<td>Very strongly agree</td>
<td>18</td>
<td>18.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Most important factors considered for making an investment are regular return and reducing tax. Service provided by investment agents and investment information availability are also perceived as important factors.

Table 2: Gender and motives of saving cross tabs

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Df</th>
<th>Asymptotic Significance (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>17.967</td>
<td>19</td>
<td>.525</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>22.010</td>
<td>19</td>
<td>.284</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>.076</td>
<td>1</td>
<td>.783</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 34 cells (85.0%) have expected count less than 5. The minimum expected count is .41.

Gender of the salaried people and their motives of saving are independent. There is no relation between gender and motives of savings

Table 3: Age and motives of savings cross tabs

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Df</th>
<th>Asymptotic Significance (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>86.030</td>
<td>57</td>
<td>.008</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>85.054</td>
<td>57</td>
<td>.009</td>
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<tr>
<td>Linear-by-Linear Association</td>
<td>.128</td>
<td>1</td>
<td>.721</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 79 cells (98.8%) have expected count less than 5. The minimum expected count is .08.

Age of the salaried people and their motives of saving are dependent. There is a strong association between age and salaried people’s motives of savings.

Age*pass fortune to next generation cross tabs
Table 4: Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymptotic Significance (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>22.142</td>
<td>12</td>
<td>.036</td>
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<tr>
<td>Likelihood Ratio</td>
<td>25.313</td>
<td>12</td>
<td>.013</td>
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<tr>
<td>Linear-by-Linear Association</td>
<td>.222</td>
<td>1</td>
<td>.638</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 13 cells (65.0%) have expected count less than 5. The minimum expected count is .40.

Figure 5

Age of the salaried people and motive of passing fortune to next generation are dependent.

Table 5 Age* desire to spend less cross tabs

Table 5: Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymptotic Significance (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>27.606</td>
<td>12</td>
<td>.006</td>
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<tr>
<td>Likelihood Ratio</td>
<td>25.267</td>
<td>12</td>
<td>.014</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>.093</td>
<td>1</td>
<td>.760</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 14 cells (70.0%) have expected count less than 5. The minimum expected count is .80.
Age of the salaried people and motive of desire to spend less are dependent.

*Age* carry out speculation business cross tabs

**Table 6: Chi-Square Tests**

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Df</th>
<th>Asymptotic Significance (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>15.594*</td>
<td>12</td>
<td>.211</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>16.932</td>
<td>12</td>
<td>.152</td>
</tr>
<tr>
<td>Linear-by-Linear Assoc</td>
<td>4.781</td>
<td>1</td>
<td>.029</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 12 cells (60.0%) have expected count less than 5. The minimum expected count is .72.
Age of the salaried people and motive of carrying out speculation business are independent.

**Conclusion**

This study found that majority of the salaried people of Somnath are aware about & investing in bank deposit and insurance policies. The study also reveals that the salaried people’s motive of saving is dependent on age. It is independent of other demographic factors like gender, educational qualifications, and monthly income. In addition to this, most important factor salaried people consider for making an investment is regular return & reducing tax liability .secondly they invest due to availability of investment information & service provided by investment agents. For majority respondents of age group 21 to 40, motive of saving is to build reserve for unforeseen contingencies, improve standard of living, and pass fortune to next generation and to carry out speculation business.

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