"AN ANALYSIS ON INVESTMENT AND SAVING PATTERN OF SALARIED EMPLOYEES WITH THE REFERENCE TO NAGPUR CITY"

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Abstract:-

"Don't save what is left after spending; spend what is left after saving", a very famous and true quote given by Warren Buffet. In today's competitive and high risky world every person knows the importance of saving. And for saving he/she must know what the various avenues of investment in modern era are. Now a days when one fresh graduate or postgraduate person complete his/her study and join to his/her dream companies or job and when he/she gets his/her first salary in their hand ,that moment for him/her is just like they got success. But once time has passed gradually they feels that we should save something but at that time first and most important question raised in their mind and that is where we should invest or save our hard earn money?

Number of different investment options are available currently in the market like Bank FD, Gold, Real Estate, Mutual Funds, equity & so on much more. Investors are always investing their money with the different types of individual purpose and objectives such as profit, security, appreciation, Income stability etc. We have here in this research, studied the different types and avenues of investments as well as the factors that are required while selecting the investment with the sample size of 100 salaried employees of Nagpur city (Maharashtra State, India) by conducting the survey through questionnaire. Actually, here the present study which we have tried to identifies about the preferred investment avenues among individual (Salaried) investors using their own self-assessment test.

Keywords: Avenues of Investment, Salaried employees, Saving & Investment pattern, Nagpur City.

Objectives of the study:

The following objectives have been framed.

- ➢ To understand which factor that influence investment decision of the people.
- ➢ To study about investment option among the Salaried Class People in difference sectors in "Nagpur City".
- ➢ To study the pattern of saving and investment of salaried people.
- ➢ To study the problem that is faced by the investor.

Introduction to topic:-

The developing countries in world, like India face as seen the enormous task of finding sufficient capital to utilize in their development efforts. Most of countries find it difficult at stage to get out of the vicious circle of poverty that is prevailing of low income, low saving, low investment, low employment etc. and the list goes on. With high capital output ratio, that is observed India needs very high rates of investments that would take and make leap forward in her efforts continues of attaining high levels of growth.

In India few years ago there is no proper method to do well financial planning. The education level are very low that's why people don't know about different avenues of investment pattern, people mostly used traditional method to doing our financial planning. In traditional method the investment option like savings, bank deposit etc.

But today this scenario completely changes. The people had educated and he/she well known about financial planning. Today's people want to make investment portfolio in that case they have multiple choice to select the better investment option for good return.

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.

The financial planning is the process of life purposes though the apt organization of finance. Financial planning is the process that the person goes through to find out were they are now (financially). Begin were they yearn for to be in the prospect, and what they are going away to accomplish obtain there. Financial plan provide pathway and sense to personal financial decision. It allows approving of how each financial decision person make anxiety other areas of their finance.

Literature Review:-

Ravi Vyas and Suresh C Moonat (2012) carried out a study on the perception and behavior of mutual fund investors. The study was carried out to understand the preference of investors investment avenues, mode and form of investment preferred by investors at Indore with a sample size of 500 respondents out of which 363 respondents were investing in mutual funds, and these 363 respondent's data was analyzed to come out with conclusions. A structured questionnaire was used to collect the data during personal interviews. To understand the nature of holding by the respondents, chi square test was used along with the calculation of median and mode. After analysis of data, it was found that Gold was the most preferred investment option followed by bank deposits and fixed deposits.

Deerajen Ramasawmy(2013),In his research paper title has A Study of the Level of Awareness of Financial Literacy among Management student, Proceedings of 3rd Asia-Pacific Business Research Conference, Kuala Lumpur, Malaysia, ISBN: 978-1-922069-19-1, The paper took four fundamental aspects in financial literacy i.e. level and importance, definitions and theories, constraints and measures to improve financial literacy. The paper also aimed to depict relationship between financial literacy and demographic variable such as age group, gender and programmed of study. The study found that most of the student shad a medium level of knowledge and skills in financial literacy and in savings and borrowings. The study concluded that there is no significant difference observed at 5% level for the financial literacy level between male and female respondents while at the same time significant difference wereobserved between male and female for the ability to read, analyze, manage and communicate. The paper also found that age, gender, language, race and income level was not having an impact on the level of financial literacy.The final conclusion of Deerajen Ramasawmy is that the main aim of the study was to assess the level of awareness of financial literacy among management students at the University of Mauritius.

Sobhesh Kumar Agarwal (2013) In his research paper the title has **"The study on dimensions of financial literacy among the private employee in urban areas".** The Indian Institute of Management Ahmadabad – 380015 India, the paper investigated the study on the influence of various socio-demographic factors on different dimensions of financial literacy among the working young in urban India. The study provided an analytical basis for enunciating policy for enhancing financial literacy of youth in India. The paper found that the level of financial literacy among the working young in urban India was similar to the levels that prevailed among comparable groups in other countries. The study found the significant negative relationship between financial attitude and financial behavior which was surprising. The above study author**Sobhesh Kumar Agrawal** concludes that the education level of those respondents in sample was high but did not translate into adequate financial literacy. So youngster behaved in a profligate manner which gave rise to the observed negative association between attitude and behaviour about financial literacy.

Puneet Bhushan(2013), In his research paper the title has **"The study on Financial literacy level of salaried individual and it's determinants"**,Deptt of Humanities and Social Sciences, Jaypee University of Information Technology, Waknaghat, Solan, India. Yajulu Medury, Chief Operating Officer,Jaypee Education System, India, Financial Literacy and its Determinants, The paper attempted to determine financial literacy level of salaried individuals which was based on various demographic and socio-economic factors, ISSN : 2279-0039, The study found that overall financial literacy level of respondents was not very high. Financial literacy level was getting affected by gender, education, income, nature of employment and place of work whereas it doesn't get affected by age and geographic region according to the paper. The final conclusion of his study is to making the appropriate strategy and should be increasing the level of financial literacy among the population of the country.

V.R.Plaintively & K.Chandra Kumar (2013) In his research paper the study to examined the Investment choices of salaried class in Namakwa Taluka, Tamilnadu, India with the help of 100 respondents as a sample size & it reveals that as per Income level of employees, invest in different avenues. Age factor is also important while doing investments.The author finally conclude in his study is that analysis the age factor and also important income level of salaried employee is much more important to investment in different avenues.

V.R.Palanivelu &K.Chandrakumar(2013) In his research paper to examined the Investment choices of salaried class people in Namakkal Taluk, Tamilnadu, India with the help of 100 respondents as a sample size & it reveals that as per Income level of employees. Finally the authors conclude income factor are very affected to making investment pattern in different avenues.

Archana Kanungo (2014),In his research paper the title has **"Investment strategies of the investor".** International Journal of Research and Development. There use direct relationship between investors decision on investment and saving the strategic position of the LICO'S for the insurance customer service and satisfaction has became a key to the success. The Archana Kanungoconcludes on her study the better Investment strategies always help us to making strong investment portfolio.

S Umamaheswari, M Ashok Kumar (2014) In his research project title has "**awareness, attitude, expectation and satisfaction over their investments"** Impact: International Journal of Research in Business Management 2 (2), 99-108, and 2014. Investment aspiration of the salaried middle class is actually a commitment to secure the consumption of all regular financial in-flow with a futuristic perspective for several reasons. The 30%(Ref Table 1) fixed deposit choice of this salaried class of the society makes it essential to study their attitude for investments, level of investment awareness and their expectation of returns based on the factors which have an upper hand on their investment choices. In this paper author finally concluded the fact an effort to outline the relationship between the dominant societal and demographic factors of the salaried middle class that affects the investment criteria namely, investment awareness, investment attitude and investment returns. Precisely, this study
pursued on the salaried middle class of Coimbatore District, Tamilnadu, India is executed with a focus to comprehend the

utilities of financial policies favouring public.

Research Methodology

Method of Data Collection:-

The above study I research based on both primary and secondary data

1) **Primary Data:-**Primary Data will be collected by communicating with respondents through a structured questionnaire.The study was done with the help of primary data using the questionnaire as a tool to assessing the investment and investmentbehavior. The study on the preferred investment avenues that are available and selected among the salaried class people has been undertaken with the key objectives of such as to find preferred investment avenues & also to know the awareness level of the investors. Analysis of this study was undertaken with the help of survey that was undertaken and conducted in February to March 2020.

2) **Secondary Data:-** The secondary data information will be collected from different sources:-

- Books,
- Journals,
- magazines
- Different websites etc.

3) **Research Type:-** This study is based on descriptive as well as exploratory study. Descriptive research can be explained as a statement of affairs as they are at present with the researcher having no control over variable. Moreover, "descriptive studies may be characterized as simply the attempt to determine, describe or identify what is, while analytical research attempts to establish why it is that way or how it came to be.

4) **Research Design:-**This research is based on exploratory study as well as descriptive study. The Descriptive research is here carried out to describe about the phenomenon. Salaried employees are one of the vulnerable groups of the society which plays an instrumental role in all the sectors; production, services and others. This Study is hence done to understand the investment behavior of the different salaried class people and it's approach towards different investment avenues.

5) **Sample Size:-**Sampling size is 100 respondents for convenience that is 100 people/ respondent fill the questionnaire for the survey.

6) **Sample Technique:-**Sampling technique is the technique use to select the sample size. In this research we used convenient sampling technique. Convenient sampling technique is the part of non – profanity sampling techniques. In this, the investors were taken according to the convenience of the research study.

7) **Sampling Design**:-The information is to be taken from investor, a questionnaire has prepared for studying the saving and investment habits of salaried class employee/ people at Nagpur City.

NEED OF THE STUDY:-

We as a researcher have tried to find out investment behavior of salaried class people /investors in Nagpur region. It will be helpful to understand the investment preferences of investors.

LIMITATION OF THE STUDY:-

➢ From government Employee information regarding questionnaire not able to received easily.

➢ During filling the questionnaire form for the research, private organization did not allowed to fill the questionnaire form from their employees.

➢ The big problem of this study is that the various Salaried Employee don't doing any financial planning.

➢ In his study the sample size is limited this is also the limitations of the study

➢ Research area which we have used was Nagpur region and that was limited.

➢ The time period is limited for this study.

HYPOTHESIS:-

Null Hypothesis:-A null hypothesis is a statistical hypothesis in which there is no significant difference exists between the set of variables. It is the original or default statement, with no effect, often represented by H_0 (H-zero). It is always the hypothesis that is tested. It denotes the certain value of population parameter such as μ, s, p. A null hypothesis can be rejected, but accepted just on the basis of a single test.

HO:-There is no significant relationship between gender and investment awareness level.

Alternative Hypothesis:-A statistical hypothesis used in hypothesis testing, which states that there is a significant difference between the set of variables. It is often referred to as the hypothesis other than the null hypothesis, often denoted by H_1 (H-one). It is what the researcher seeks to prove in an indirect way, by using the test. It refers to a certain value of sample statistic, e.g., x^-, s, p

H1:-There is no significant relationship between the income level and awareness of the investment.

The acceptance of alternative hypothesis depends on the rejection of the null hypothesis i.e. until and unless null hypothesis is rejected, an alternative hypothesis cannot be accepted.

Chi- Square Testing:-

(1)   Testing Of Hypothesis No.1

"There is no significant relationship between gender and investment awareness level"

Observed Frequency (O)

Gender	Male	Female	Total	Percentage
Awareness	68	11	79	79%
Unawareness	19	2	21	21%
Total	87	13	100	100%

Expected Frequency (E)

Response	Male	Female	Total
Awareness	68.73	10.27	79.00
Unawareness	18.27	2.73	21.00
Total	87.00	13.00	100.00

Calculation value of Expected Frequency:-

Male: - (1, 1) 87*79/100 =68.73

(1, 2)87*21/100 =18.27

Female: - (2, 1) 13*79/100 = 10.27

(2, 2) 13*21/100 = 2.73

Chi- Square Test (X) 2 :-

Observed Frequency (O)	Expected Value (E)	(O-E)	(O-E)2	(O-E)2÷E
68	68.73	-0.73	0.5329	0.0078
11	10.27	0.73	0.5329	0.0519
19	18.27	0.73	0.5329	0.0292
2	2.73	-0.73	0.5329	0.1952
				= 0.2841

Therefore, Calculate value of hypothesis no.1 is **0.2841**

Degree of freedom = (Columns -1) (Row - 1)

          = (2-1) (2-1) = (1*1) = 1

So, the degree of freedom of above tabulation data is 1.

Significance level of test = **0.05 = 3.841**

Calculation value of Chi- Square test in hypothesis no. 1 is (0.2841) is less than the significance level 0.05 (3.841)

So, here Null hypothesis (H0) is accepted. Same the Alternative hypothesis (H1) were rejected.

Conclusion:-

Hence, it is concluded that there is no significant relationship between the gender and investment awareness level of salaried class people.
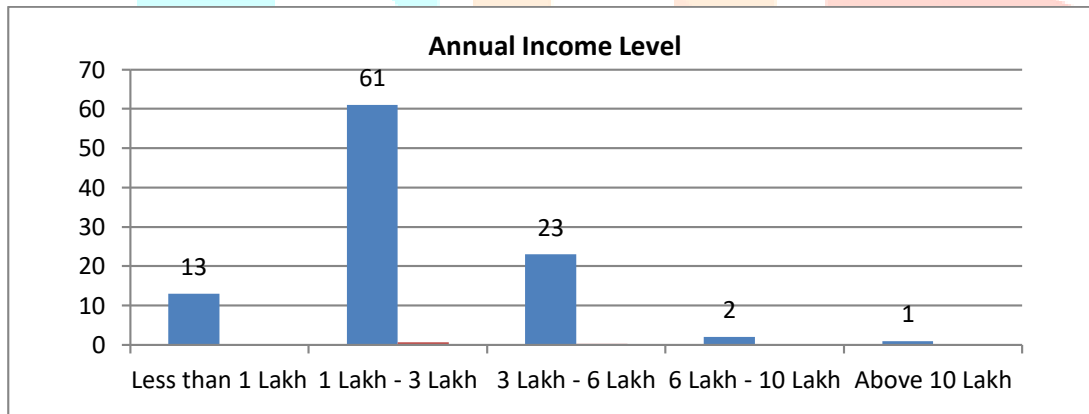
(2) Testing Of Hypothesis No.2:-

The below table show the different group of income level and different respondents as mentioned below.

Annual Income of Employee

	Respondents
Less than 1 Lakh	13
1 Lakh - 3 Lakh	61
3 Lakh - 6 Lakh	23
6 Lakh - 10 Lakh	2
Above 10 Lakh	1
Total	100

Source: - Primary Data) (Total respondents is 100)

Annual Income Level

(Data Interpretation) (Source: Primary Data).

HYPOTHESIS NO.2

"There is no significant relationship between the income level and awareness of the investment"

Observed Frequency (O)

SR.No	Income group	Awareness	Unawareness	Total
1	Less than 1 Lakh	9	4	13
2	Rs.1 Lakh to Rs. 3 Lakh	45	16	61
3	Rs.3 Lakh to Rs. 6 Lakh	23	0	23
4	Rs.6 Lakh to Rs.10 Lakh	2	0	2
5	Above 10 Lakh	0	1	1
	Total	79	21	100

Expected Frequency (E)

SR.No	Income group	Awareness	Unawareness	Total
1	Less than 1 Lakh	10.27	2.73	13
2	Rs.1 Lakh to Rs. 3 Lakh	48.19	12.81	61
3	Rs.3 Lakh to Rs. 6 Lakh	18.17	4.83	23.00
4	Rs. 6 Lakh to Rs. 10 Lakh	1.58	0.42	2.00
5	Above 10 Lakh	0.79	0.21	1.00
	Total	79.00	21.00	100.00

The calculation of Expected Frequency (E) is given below;

$(1, 1) = 79*13/100 = 10.27$ $(1, 2) = 13*21/100 = 2.73$

$(2, 1) = 61*79/100 = 48.19$ $(2, 2) = 61*21/100 = 12.81$

(3, 1) = 23*79/100 = 18.17   (3, 2) = 23*21/100 = 4.83

(4, 1) = 2*79/100 = 1.58   (4, 2) = 2*21/100 = 0.42

(5, 1) = 1*79/100 = 0.79   (5,2) = 1*21/100 = 0.21

Chi -Square Test (X)2:-

Observed frequency (O)	Expected frequency(E)	O-E	(O-E)2	(O-E)2/E
9	10.27	-1.27	1.6129	0.1570
4	2.73	1.27	1.6129	0.5908
45	48.19	-3.19	10.1761	0.2112
16	12.81	3.19	10.1761	0.7944
23	18.17	4.83	23.3289	1.2839
0	4.83	-4.83	23.3289	4.83
2	1.58	0.42	0.1764	0.1116
0	0.42	-0.42	0.1764	0.42
0	0.79	-0.79	0.6241	0.79
1	0.21	0.79	0.6241	2.9719
			Total	= 12.1608

Therefore, the calculate value of hypothesis no.2 is **12.1608**

Degree of freedom = (Column-1) (Row -1)

$$= (2-1) (5-1)$$

$$= (1*4) = 4$$

Significance level of the test = 0.05 = 9.49

Calculation value of Chi- Square test in hypothesis no.2 is **12.1608**

So, The calculation value 12.1608 is more than significance level 0.05(9.49)

So, here Null hypothesis (H0) is rejected.

Same as Alternatives hypothesis (H1) were accepted.

Conclusion:-

Hence, it is concluded that there is significant relationship between the income level and awareness about different investment option of salaried class employee.

Statistical Tools:-

There are various statistical tool are used in his study / data interpretation. The following tools are used for representing and analyzing the following data representation.

- ➢ Table
- ➢ Diagram
- ➢ Percentage
- ➢ Charts

The below table we study 100 respondents including Male and Female for data interpretation.

Out of total respondents 87% (Male) and 13% (Female)

Gender	Respondents	Percentage
Male	87	87%
Female	13	13%
Total	100	100%

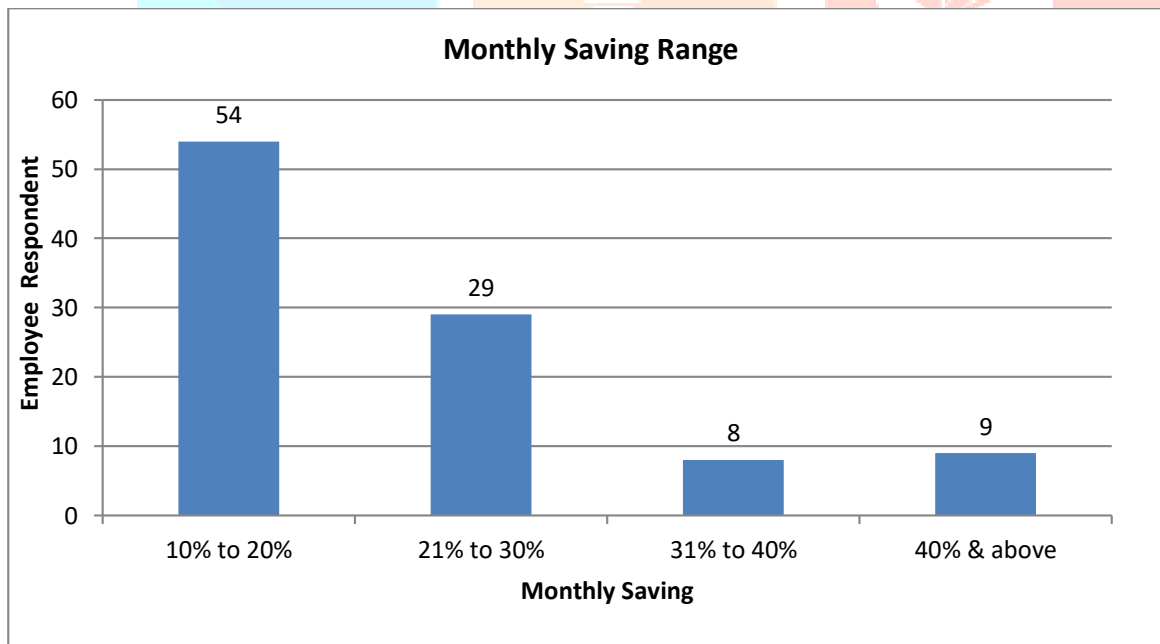(Source: Primary data) (Total respondents is 100)

Data Interpretation:-

(1) **Percentage wise monthly savingof salaried class employees.**

Monthly Saving	Respondents
10 % to 20%	54
21% to 30%	29
31% to 40%	8
40% And above	9
Total	100

(Source: Primary Data) (Total respondents is 100)

The above table shows the monthly saving range of salaried class employee. There are four different group of percentage range like 10% 20%, 21% 30%, 31% to 40% and 40% & Above.

The above monthly saving range data can explain with the help of following bar graph.

(Data Interpretation) (Primary Data)

The above bar graph explains on 'X-axis and 'Y-axis. The 'X' axis explains the employee monthly saving range and 'Y' axis explains total respondents.

As we seen monthly saving range has differentiate in four different group. As per above bar graph out of 100 respondents 54 employee doing saving10% to 20%, 29 employee in 21% to 30%, 8 employee doing 31% to 40% and 9 employee doing saving 40% and above.

So we see and analyses the above bar graph, the employees doing maximum saving in 10% to 20% monthly saving range.

(2)   Factor influencing while selecting investment avenues

Investment Avenues	Respondents
Tax Saving	11
Security	46
Liquidity	23
Affordability	11
Easy to understand	3
0% Intrest	6
Total	100

(Source: Primary Data) (Total respondents is 100)

As we saw the above table there is various investment options. The investor selects suitable investment option to directly help in future investment and making strong portfolio.
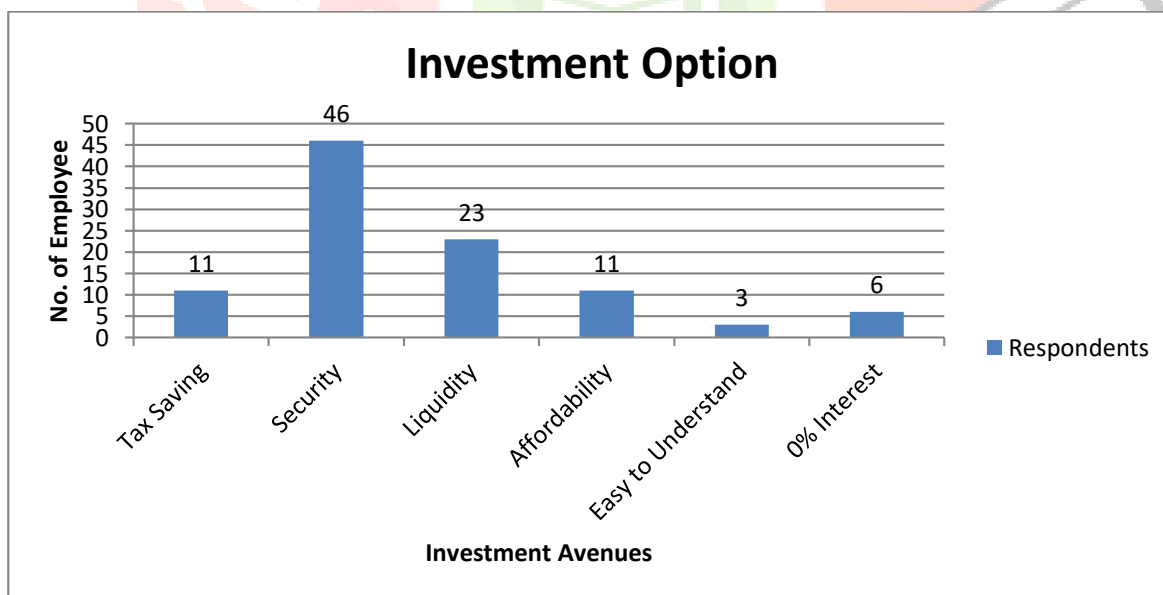
(Data Interpretation) (Source: Primary Data)

The above bar chart X axis explain different investment avenues and Y axis explain no.of employees (respondents).The total 100 respondents who gave the response in different investment avenues. Out of total 100 respondents tax saving has 11, security 46, Liquidity 23, Affordability 11, Easy to Understand 3 and 0% Interest is 6
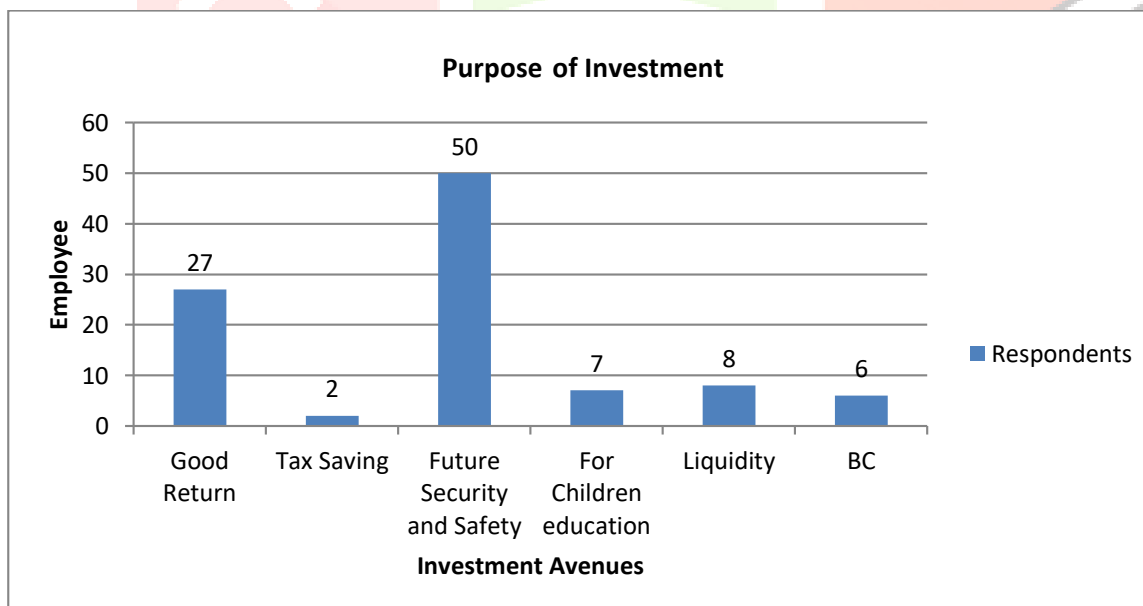
respondents.

(3)   Purpose of the investment

Investment Avenues	Respondents
Good Return	27
Tax Saving	2
Future Security and Safety	50
For Children Education	7
Liquidity	8
BC	6
Total	100

(Source: Primary Data) (Total respondents is 100)

The above table explains the purpose of Investment. In this study the total respondents is 100. Every salaried class people making our own Investment portfolio for different causes. The above table having six different Investment avenues and their respondents respectively.

(Data Interpretation) (Source: Primary Data)

As per the above table prepare this bar chart. In his bar chart X axis explain different investment avenues and Y axis explains total number of respondents. The total number of respondents is 100. Out of 100 respondents good return had 27 response, Tax Saving has 2 response, Future Security and Safety had 50 response, and for Children

Education is 7, Liquidity is 8 & Other has 6 response respectively.

The above bar chart clearly explained the main purpose of investments for salaried class people is future security and safety.

4) Most preferable Investment option

Investment Avenues	Respondents
Stock Market	4
Bank Deposit	32
Gold	6
Mutual Fund	34
Insurance	4
Real Estate	13
BC	7
Total	100

(Source: Primary Data) (Total respondents is 100)

The above table shows the different Investment options like Stock Market, Bank Deposit, Gold, Mutual Fund, Insurance, Real Estate etc. There are 100 respondents react on it.

The above table will explain with the help of following bar chart.
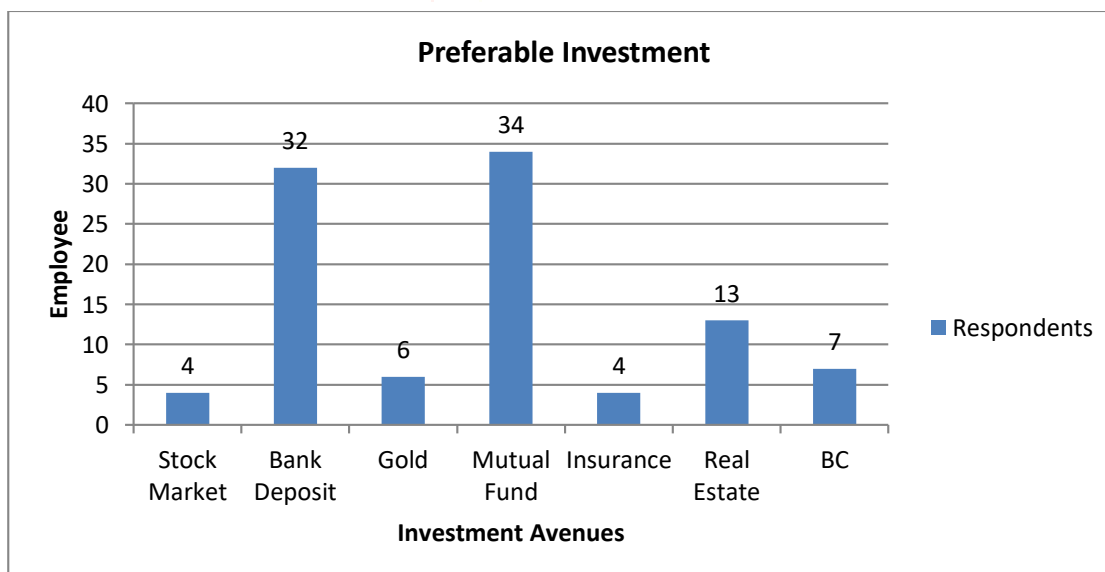
(Data Interpretation) (Source: Primary Data)

The above bar chart X axis explain investment options and Y asxis explain respondents (no. Of employee). There are the various investment option has for investment but above bar chart we can see mutual fund and bank deposit most preferable investment as compared to other investment options for salaried class people.

### (5) Level of Risk involved in Investment Scheme

Investment Avenues	Risk Factor					Total respondents
	Very High	High	Moderate	Low	Very Low	
Stock Market	31	24	37	5	3	100
Bank Deposit	1	16	37	26	20	100
Real Estate	31	24	37	5	3	100
Gold/ Metals	13	40	37	7	3	100
Mutual Fund	2	10	32	38	18	100
Insurance	4	13	45	32	6	100
BC	2	12	58	13	15	100

(Source: Primary Data) (Total respondents is 100)

Note: - Since the investor / respondents have mentioned more than one response, the responses are outnumbered the respondent.

The above table shows the various investment options and their risk factors at the various risk parameters. In it we used the following risk parameters like very high, high, moderate, low, very low.

The above table will explain with the help of following bar chart.
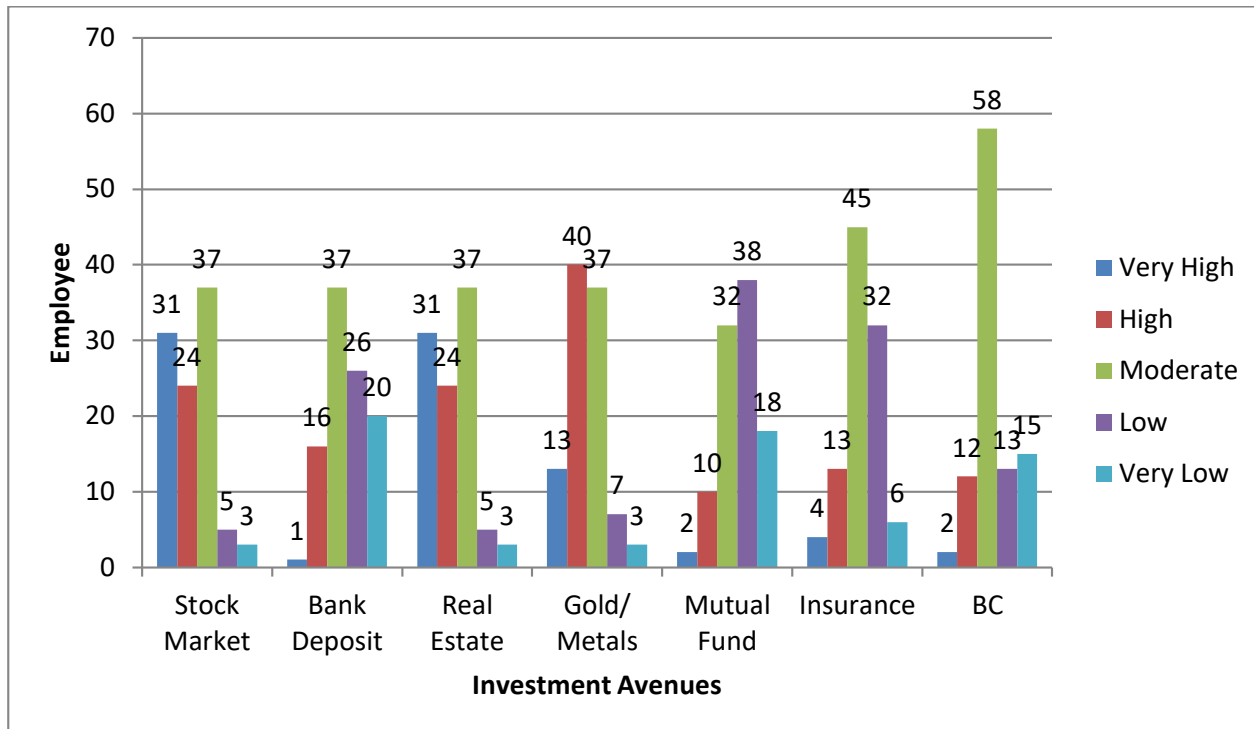
(Data Interpretation) (Source: Primary Data)

In above bar chart 'X' axis show Investment avenues/ risk factor and 'Y' axis show no.of respondents (employee).

The above table and graph should explain the data Interpretation and data tabulation.

Same as give below we should calculate the Null hypothesis and Alternative hypothesis.

Finding:-

➢ There is no relationship between the Gender and Investment awareness level at 78.16% and 84.62% among the Male and Female respondents respectfully are aware about the different investment avenues.

➢ There is significant relationship between the income level and awareness of the investment among the respondent as comparatively higher income class people are more aware about the different investment avenues than respondent with lower income class people.

➢ In this study we had collected the 100 respondents of Nagpur city and it shows that 79% investors are aware about the different investment avenues whereas 21% are not aware about the Investment avenues.

➢ In this study we found that on an average 10% to 20% monthly saving made by 100 respondents.

➢ We found, Out of 100 respondents 77% respondent opinion that the educational qualification are more effected while selecting the different investment avenues.

➢ In this research we found that out of 100 respondent's Mutual fund 34% and bank deposit 32% this both investment option are very low risking investment avenues as compare to different investment avenues.

➢ After the completion of survey, we found that while doing investment decision as 50% out of 100 respondents and same as to making investment or to invest money 27% for good return.

Suggestions:-

If you want to become wealthy and secured in terms of financial ,you must save and allocate some of current savings towards the future. Every earning person should have his/her financial plan for doing or getting success in terms of fulfilling drams comes true so they should understand and have a basic knowledge about investment options available in the current market or fir this they can take help from financial experts or adviser from time to time.

Some Awareness programs needs to be conducted either by financial experts, financial institutions or itself from organization where employees working them self. Government should include some basic fundamental investment topics in school college subject itself.

Conclusion:-

(1) Investors/salaried employees are prefer to invest in their money into the Mutual fund and bank deposit.

(2) The data analysis of research show that the future safety and wellbeing is concerned as vital factor while doing investment.

(3) Investors are very well conscious about different investment avenues that are available in Nagpur City.

(4) It is absolutely necessary and required to saving some proportion of amount what you earned, to have a plan for your own future and should invest wisely.

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