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“A COMPREHENSIVE PROJECT REPORT ON TO STUDY AN INVESTMENT PATTERN OF SALARIED INDIVIDUALS IN VADODARA CITY”.

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ABSTRACT

Investment is a type 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 & so on much more. Investors are always investing their money with the different types of purpose and objectives such as profit, security, appreciation, Income stability. Researcher has here in this paper 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 200 salaried persons & those who are investing their money by conducting the survey through questionnaire in Vadodara city of, India. Actually, here the present study identifies about the preferred investment avenues among individual investors using their own self-assessment test. The researcher has analyzed and found that that salaried persons consider the safety as well as good return on investment that is invested on regular basis. Respondents are much more aware about the different investment avenues available in India.

This Current study deals with the Investment Pattern Of Salaried individuals With Special Reference To Vadodara City (India).

KEY WORDS

Investment avenues, Factors, Demographic variables, Mode of investment, etc.

INTRODUCTION

Savings is an important part of the economy of any nation. Saving money means keeping aside a part of your income regularly in order to deal with unexpected expenses.

❖ INVESTOR:

An investor is who makes an investment into one or more categories of assets- equity, debt securities, real estate, currency, commodity, derivatives such as put and call options, etc. with the objective of making a profit.

❖ INVESTMENT:

An asset or item that is purchased with the hope that it will generate income or appreciate in the future. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth.

❖ SALARIED PERSON:

Salary is a remuneration payable by an employer to his employee in consideration of his services rendered. A salary is a form of periodic payment from an employer to an employee, which may be specified in an employment contract executed between employer and employee. The person who receives salary or entitled to receive salary in different names is called salaried person.

❖ INVESTMENT ALTERNATIVES IN INDIA

Fixed deposit: Fixed deposit (FD) is a financial instrument where a sum of money given to a bank, financial institution or company whereby the receiving entity pays interest at a specified percentage for the time duration of the deposit.

Equity share: An equity share, commonly referred to as ordinary share also represents the form of fractional or part ownership in which a shareholder, as a fractional owner, undertakes the maximum entrepreneurial risk associated with a business venture. The holders of such shares are members of the company and have voting rights.

Preference share: Preference shares are those shares which carry certain special or priority rights. Firstly, dividend at a fixed rate is payable on these shares before any dividend is paid on equity shares.

Commodity: A commodity market is a market where various commodities and derivatives products are traded. Most commodity market across the world trade in agricultural products and other raw materials (like wheat,

barley, sugar, maize, cotton, cocoa, coffee, milk products, pork bellies, oil, metals, etc.) and contracts based on them.

Insurance: A promise of compensation for specific potential future losses in exchange for a periodic payment. Insurance is designed to protect the financial well-being of an individual, company or other entity in the case of unexpected loss.

Mutual fund: A mutual fund is a pool of money from numerous investors who wish to save or make money just like you. Investing in a mutual fund can be a lot easier than buying and selling individual stocks and bonds on your own. Investors can sell their shares when they want.

Real estate: Real estate is "property consisting of land and the buildings on it, along with its natural resources such as crops, minerals, or water; immovable property of this nature; an interest vested in this (also) an item of real property; (more generally) buildings or housing in general.

Post office savings: Post office operates as a financial institution. It collects small savings of the people through savings bank accounts facility. In addition, time deposits and government loans are also collected through post offices.

LITERATURE REVIEW

P.SASIREKHA & U.JERINABI (2015):

Concluded that some new financial products are available, to understand about the products, the individuals must have awareness on investment. But in the study area, it is found that the individuals are having awareness on investment at average level only and it institute that, the portfolio selection individual is depends on the level of awareness. Hence the overall result suggests that, the individual must be properly educated about the investment and benefits in making investment.

Khaparde and Bhute (2014):

In their paper have stated that the perception of investors differs around on the basis of different factors like age, income, experience of investing, investment objectives and individual social needs. Their study involves the presentation of investor's perception towards the impact of macroeconomic performance on stock market behavior. They have studied and analyzed the perception on the basis of individual factors with respect to different macroeconomic variables seems to be bothering the stock market behavior.

Lalit Mohan Kathuria & Kanika Singhanian (2012):

Concluded that private sector banking employees were investing a larger portion of their savings into safe and risk-free investment avenues, like employee provident fund, public provident fund and life insurance policy and only forty per cent of the respondents had high level of awareness regarding various investment avenues.

Puneet Bhushan (2014):

Concluded that respondents in high financial literacy group have higher awareness level for all financial products except for post office savings. Statistically significant difference in awareness level has been found for bank fixed deposits, savings account, public provident fund, mutual funds, stock market investments and bonds. Also respondents having low financial literacy primarily invest in traditional and safe financial products and do not invest much in those financial products which are comparatively more risky and can give higher returns. Thus it can be said that financial literacy level affects awareness regarding financial products as well as investment preferences towards financial products.

K.K.Sharma (2012):

Concluded that salaried employees still prefer to invest in safe investment towards investment in “Equity Shares” and “Mutual Funds”, the reason being their apprehension about the security of funds and surety of returns on them. Moreover, as far as the impact of demographic variables on the investment preferences of the salaried employees is concerned; “Safety” and “Return” have been perceived to be most attractive by the investors, followed by “Tax Benefits”, “Liquidity” and “Convenience & Affordability”.

J. Kenfield Morley (2012):

Concluded that mutual funds are best options for 30 something investors. Investment in mutual funds through the Systematic Investment Plan (SIP) is a favored investment option for the youngsters. This is especially true of the young salaried class which has just started earning and does not have a fat bank balance as yet. In case of Systematic Investment Plans, instead of bulk payment, a small amount is to be paid every month.

Sultana and Pardha saradhi (2012):

Concluded that most of the equity investors do not have the sufficient knowledge of basic economic concepts required to make investment decision. The authors have analyzed and identified the factors influencing the Indian individual equity investors while choosing a stock for investment. They surveyed 891 respondents and based on the analysis they found that 10 factors out of 40 have influence on behavior of equity investors namely individual eccentric, wealth maximization, risk minimization, brand perception, social responsibility, financial expectation, accounting information, government & media, economic expectation and advocate recommendation.

Tapashi Dasgupta (2010):

Concluded that majority of the respondents are happy with having bank deposits and it is not that the respondents are illiterate, all are graduates and thus know that today's money value and tomorrow's value will not be same especially due to high inflation but still the inclination towards financial market is very low. But if one gets the facts about saving and investing and follow through with an intelligent plan, one will be able to gain financial security over the years and enjoy the benefits of creating money.

OBJECTIVES

- ❑ To study the factors influencing the investment pattern of the salaried individuals.
- ❑ To study the association between demographic variables and investment pattern of salaried individuals.
- ❑ To know the mode of investments of the salaried individuals in various investment avenues.

RESEARCH METHODOLOGY

Research methodology is outline the plan and method that how the study is conduct.

So, Mention below detail about it.

Research design: descriptive research design

Data collection method: Primary data

Instrument: Questionnaires

Target Population: Salaried Individuals who are invest money in different products from vadodara city.

Sampling Area: Vadodara city

Sampling Size: 200

Sampling Method: The sampling method used in research is non-probability convenience sampling.

DATA ANALYSIS & INTERPRETATION

To prove the hypothesis of

Q - Which mode do you use for investing your money?

Q - Where do you prefer to invest your money?

H0: There is no Significant different between online and offline mode of investing.

H1: There is Significant different between online and offline mode of investing.

For this study we can use Chi square test at 95% level of confidence so we will check chi square table @ in 0.05%

Degree of freedom: 8

TABLE VALUE = 15.51 & CALCULATION VALUE = 13.56

15.51 > 13.56

Here the table value is greater than the calculation value

In the above situations the **Null Hypotheses is accepted** because here, the calculation value is less than the table value so here the null hypotheses are accepted.

So, from the above hypothesis testing we can observed the most of salaried individuals are use online and offline both the modes for the investing money.

Q - Which major factor do you consider before investing your money?

Factors:- Safety of investment, High return, Low risk, Tax saving, Maturity period, Others.

H0: There is no difference in the importance associated with different factors

H1: There is difference in the importance associated among at least two different factors

For this study we can use ANOVA test at the alpha level of 0.05

Alpha = 0.05

P value = 0.05

P value > 0.05 (null hypothesis are rejected)

P value < 0.05 (null hypothesis are accepted)

ALPHA VALUE = 0.05 & P VALUE = 0.0007

0.05 > 0.0007

In the above situation the **Null hypothesis is accepted** because here the alpha value is come greater than the P value so the null hypothesis are accepted.

So from the above hypothesis testing we can observed the there is significant different in the associated with different factors.

Q- What is your annual income?(in Rs)

Q- How much percentage of your income do you invest per month?

H0: There is no significant relationship between annual income and percentage Of Income invested.

H1: There is a significant relationship between annual income and percentage of Income invested.

For this study we can use Chi square test at 95% level of confidence so we will check chi square table @ in 0.05%

Degree of freedom: 9

TABLE VALUE = 16.92 & CALCULATION VALUE = 32.55

16.92 < 32.55

Here the table value is less than the calculation value

In the above situations the **Null Hypotheses is rejected** because here, the calculation value is greater than the table value so here the null hypotheses are rejected.

So, from the above hypothesis testing we can observed there is significant relationship between annual income and percentage of income invested.

Q - What is your occupation?

Q - What is your main source of awareness of Investment options?

H0: There is no significant relationship between occupation and main source of awareness of investment option.

H1: There is significant relationship between occupation and main source of awareness of investment option.

For this study we can use Chi square test at 95% level of confidence so we will check chi square table @ in 0.05%

Degree of freedom: 12

TABLE VALUE = 21.026 & CALCULATION VALUE = 59.43

21.026 < 59.43

Here the table value is less than the calculation value

In the above situations the **Null Hypotheses is rejected** because here, the calculation value is greater than the table value so here the null hypotheses are rejected.

So, from the above hypothesis testing we can observed there is significant Relationship between occupation and main source of awareness of investment option.

Q - Where do you prefer to invest your money?

Q - What is the investment horizon you prefer? (Long term = more than 2 years, Medium Term = 1 – 2 years and short term = Less than 1 year)

H0: There is no significant relationship between investment horizons and where do you prefer to invest.

H1: There is significant relationship between investment horizons and where do you prefer to invest.

For this study we can use Chi square test at 95% level of confidence so we will check chi square table @ in 0.05%

Degree of freedom: 8

TABLE VALUE = 15.507 & CALCULATION VALUE = 20.729

15.507 < 20.729

Here the table value is less than the calculation value

In the above situations the **Null Hypotheses is rejected** because here, the calculation value is greater than the table value so here the null hypotheses are rejected.

So, from the above hypothesis testing we can observe there is significant Relationship between investment horizons and where do you prefer to invest.

FINDINGS

- ❑ Investment is an attractive option for the every salaried persons for their Investment objective from our data there are 22.4% persons are invest for child's future,20.8% are invest for retirement,27.3% are invest for their healthcare,28.5% are invest for long-term growth.
- ❑ There are 27% persons are use online mode for investment,34% are use offline mode and 39% are used both mode for investment.
- ❑ The investors main expectations from the investment options is high return from the investment where they invest their money.
- ❑ From our data collection there are 29.5% persons are invest for long-term,56% persons are invest for medium term and 14.5% are invest for short term.

CONCLUSION

From the above analysis and findings, it can be concluded that the most of investors are using the online and offline both modes for the investing money, the every salaried persons who are investing their money those basic expectations from the investment is high return from the investment, the most of investors give preference to investment avenues like Life insurance, mutual fund, equity share market, fixed deposits, real estates, post office savings, etc. Most of the investors invest for long term growth and income and capital preservation. The most of salaried persons are invest their money for the medium term horizon. Most of the investors expect 20-25% return from investments. Investors select investment based on high return and maturity period. Investors preferred moderate risk and return investment pattern. The main source of awareness of investment options are news papers, advertisements, friends & families and internet for every investors.

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