



A STUDY ON PREFERENCE OF SALARIED CLASS WITH REGARDS TO THE AVAILABLE INVESTMENT OPTIONS (VADODARA)

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Abstract: The phrase "Investment" refers to any method of obtaining future income. To invest is to put money into something with the expectation of future reward. The purpose of this research is to learn how investing expertise and risk perception influence financial choices. Investing is not possible if investors do not cover saving. Those who must save engage in this type of activity, where investments are made using their savings, or, to put it another way, it is the people who will have to save who invest their savings. There are many different financial options, including banking, gold, real estate, post services, mutual funds, systematic investment plans, Stock market and so forth. Investors constantly make investments with a variety of goals in mind, including profit, security, safety, and stable income. The purpose of this study is to examine attitudes and actions towards the various investment opportunities that are accessible and to determine their relationships. The researcher's findings indicate that salaried employees take into account both safety and a favorable return on frequent investments. With a sample size of 200 salaried individuals, the researcher explored the various investment avenues in this article, as well as some considerations when selecting an investment. The survey was conducted in the Vadodara, Gujarat using a structured questionnaire. Percentage, tables, and graphs have been used to analyze and illustrate the data. The researcher's analysis revealed that salaried employees take into account both safety and a favorable return on frequent investments. It also seeks to provide insight on the elements taken into account for an adequate investment.

Keywords – Investment options, Risk, Return, Liquidity, Security

I. INTRODUCTION

Every technique used to generate future income is considered a "investment" in this context. It indicates the purchase of an asset or the deposit of funds into a bank in order to get interest in the future. Investment decision simply refers to the purchase of securities, other money or paper (financial) assets on the money or capital markets, or in very liquid real assets like gold as an investment, real estate, or collectibles. Investment encourages economic growth and enhances a country's wealth. For example, when customers deposit money into a bank's savings account, the bank may invest by lending the money to different commercial enterprises. These businesses, in turn, might use the funds to buy new factories and machinery to boost production. The majority of businesses also issue stocks and bonds, which they sell to investors in order to raise the money required for corporate expansion, in addition to bank loans. Governments may also issue bonds to raise money for investments in initiatives like building dams, roads, and schools. All of these investments sacrifice present income in exchange for anticipated future gain. Investment increases a country's standard of living as a result. While it's true that money is a significant part of our lives, it's even more crucial to know how to manage it. In general, an investment for a salaried person is a tool for building wealth and providing for future requirements as well; it enables you to easily achieve your life goals with the aid of careful money management. It has been noted that the first step to achieving greater financial goals is intelligent money management.

BACKGROUND OF THE STUDY

The main elements of Investments are Return, Risk and Time.

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.

This study seeks to investigate and analyze the differences in individual perceptions of various investment options, as well as the behavior patterns of salaried employees in the private sector. It also aims to provide insight on the variables taken into account while making an acceptable investment. expands the understanding of various concerns relating to salaried people's investment .

The main characteristics of an investment include safety of the original amount, liquidity, income and its consistency, appreciation, and last but not least, ease of transferability. There are numerous and various forms of investment opportunities accessible, including shares, banks, businesses, gold and silver, real estate, life insurance, and postal savings. According to their willingness to take on risk and their capacity for doing so, all investors who intend to invest put their extra cash into the aforementioned investment opportunities. There are a large number of investment instruments available today. The people have to choose Proper Avenue among those available, depending upon their specific need, risk preference, and return that are expected.

INVESTMENT OPTIONS AVAILABLE

- (A) Savings A/C
- (B) Fixed Deposite / Term Deposite
- (C) Stock Market
- (D) Mutual Funds
- (E) Debenture, Bonds etc.
- (F) Post Office Savings
- (G) Provident Fund
- (H) Real Estate
- (I) Gold / Silver (Other Precious metals)
- (J) Other

COMPARISON BETWEEN SAVING AND INVESTMENT

- 1) Savings are the portion of an individual's income that is not spent on consumption. Whereas investing refers to the process of placing money into capital assets with the intention of making a profit.
- 2) The primary goal of saving is to cover urgent or critical needs. Whereas investments are made to generate returns and contribute in the formation of wealth.
- 3) The risk of savings is low, compared to the risk of investments, which is relatively significant.

II. LITERATURE REVIEWS

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

1) Title: Preferred Investment Avenues among the People and Factors Considered for Investment

Author: Ashly Lynn Joseph & Dr. M. Prakash

Date of Article: September 2014

Abstract: A systematic questionnaire is the study's foundation. Many people prefer to invest in bank deposits, insurance, post office savings, etc. because they are unwilling to incur financial risks with their money. Many people are unaware of how to invest in the stock market, the equity market, etc. The guiding idea of investment management is "No pain, no gain." Investors cannot completely eliminate risk, but they can reduce it by spreading their funds over a variety of investments in order to get a respectable return. This study essentially raises people's awareness of the different investment options available to them and the things they should take into account before making an investment.

2) Title: A Study on People's Preferences in Investment Behaviour

Author: N. Geetha & Dr. M. Ramesh

Date of Article: 2011

Abstract: This research examined at people's preferences for investment opportunities in Kurumbalur. Using structured questionnaires, data were gathered. There were 210 respondents in the sample that was chosen for this investigation. They were chosen at random from the community. Descriptive statistics and the chi-square approach were used to analyse the data. There are numerous investing options, therefore one must pick the best one. The individual handling the planning must be aware of all the available investment options and how to select them in order to achieve the overall goals. The specifics of the investment, as well as the numerous ways that it must be maintained and managed.

3) Title: Saving and Investment Pattern of Salaried Class People With Special Reference To Chandigarh

Author: Deepak Sood & Dr. Navdeep Kaur

Date of Article: February 2015

Abstract: The study's goal was to ascertain how Chandigarh's salaried class residents' patterns of saving and investing related to one another (India). 200 individuals working in various areas throughout Chandigarh were given a structured questionnaire to complete in order to get the data. According to the data, there is a connection between an individual's annual savings and their age, income, employment status by industry, and level of education in Chandigarh. One Way ANOVA has been used for analysis. The LIC and bank savings were suggested as the most popular investment options, and the majority of the criteria affecting investment selections were high yields, tax advantages, and safety.

4) Title: preferred investment avenues among salaried people with reference to Pune City, India

Author: Sonali Patil

Date of Article: 2014

Abstract: A sample size of 40 investors has been taken from the Pune City, India. The result of finding showed 60% investors were aware about the investment avenues whereas 40% were unaware.

5) Title: Investor Education: What's Broken and How to Fix It

Author: Charlotte B. Beyer

Date of Article: 2010

Abstract: 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.

6) Title: the decision of individual investors is influenced by family income, timing of investment and savings motives

Author: Keshvan, Chidambaram and Ramchandran

Date of Article: 2012

Abstract: Age, gender, level of education, occupation, and annual income have no bearing on the types of investing opportunities. It should be noted that relatively little study on provincial investors' awareness levels and examples of interest in India has been conducted. In order to fill the vacuum, the current study aimed to understand how rural investors' education levels, levels of investing mindfulness, and preferences correlated with each other.

7) Title: An analysis of investor towards equity and derivatives

Author: S. Saravana Kumar

Date of Article: July- September 2010

Abstract: The majority of investors are aware that the derivatives market carries a significant level of risk. Investors should adhere rigorously to the stop loss approach to lower market risk. According to the report, the majority of investors like the cash market because the script can be kept for a long time, the risk is reduced, and it can be transferred to another person in a short amount of time. Some investors favour the derivatives market because the reward is bigger even though the risk is higher. Before making an investment, it is advised to the investors that they thoroughly research the script. The study has identified certain recommendations for releasing restrictions on the critical variables that directly impact the investor and firm. The investors are really happy with the equity.

III. OBJECTIVES OF THE STUDY

- 1) To identify the objectives of investment and the most preferred investment avenues of investors.
- 2) To identify attributes that influence the investment pattern of Salaried Persons
- 3) To analyze the relationship between income, savings and investment of investors across demographic factors.
- 4) To identify the major types of investment avenues available in India and how one can invest in it.

IV. RESEARCH METHODOLOGY

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 behaviour 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.

SOURCES OF DATA

The data for the study is mainly collected from the different investment avenues websites, along with additional data from secondary sources such as Literature Reviews, Magazines and Journals.

DATA COLLECTION METHOD

The study is based on both primary and secondary data.

(A) 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.

(B) Secondary data is collected from different published materials vis. Books, Journals, magazines & websites etc.

POPULATION

The study would analyze the preferences of salaried class person for their investment from Vadodara and consider all investment options.

SAMPLING METHOD

The sampling method used in the study is Non probability convenient sampling method.

SAMPLING FRAME

Investor who are belongs to salaries class from Vadodara, India

SAMPLE SIZE

For the purpose of the study, total of 200 respondents have been studied.

DATA COLLECTION INSTRUMENTS

Questionnaire to understand the perception of salaried class investors towards investment options.

STATISTICAL TOOLS

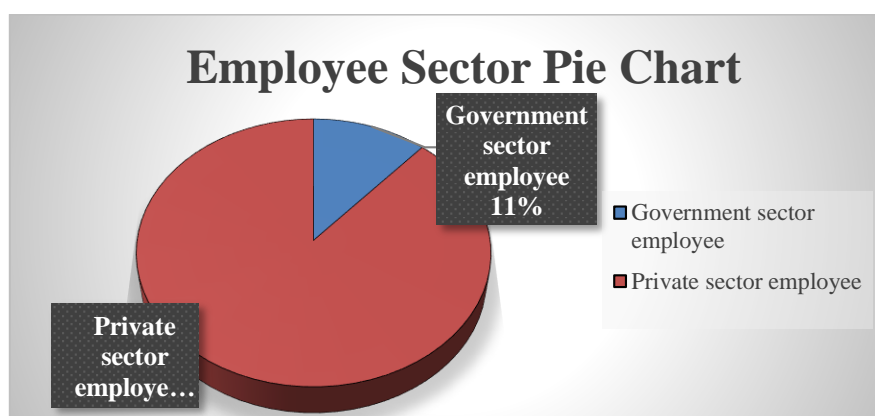
There are various statistical tools which are used in analysing data. The following tools are used for representing and analysing data.

- Table (Single or Multiple Variate)
- Percentage
- Diagram
- Charts

V. DATA ANALYSIS AND INTERPRETATION

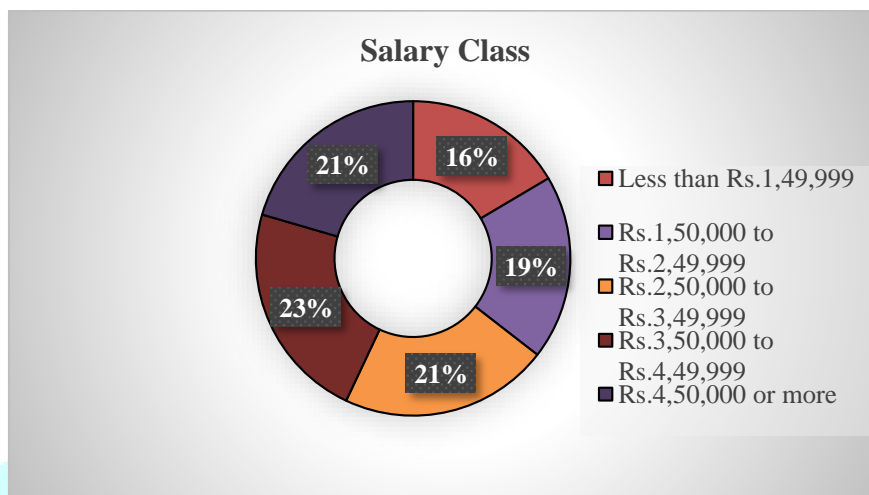
1) Employment details

Employee Sector	Respondents	Percentage
Private Sector Employee	177	89%
Government Sector Employee	23	11%



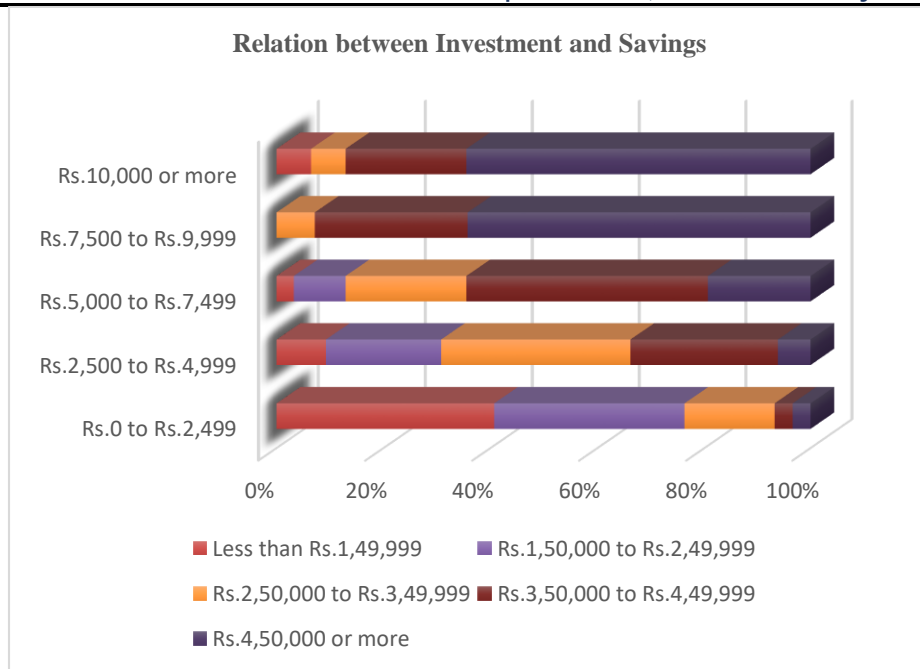
2) Yearly salary

Attributes	No. of Respondents	Percentage
Less than Rs.1,49,999	33	16.5%
Rs.1,50,000 to Rs.2,49,999	38	19%
Rs.2,50,000 to Rs.3,49,999	43	21.5%
Rs.3,50,000 to Rs.4,49,999	45	22.5%
Rs.4,50,000 or more	41	20.5%



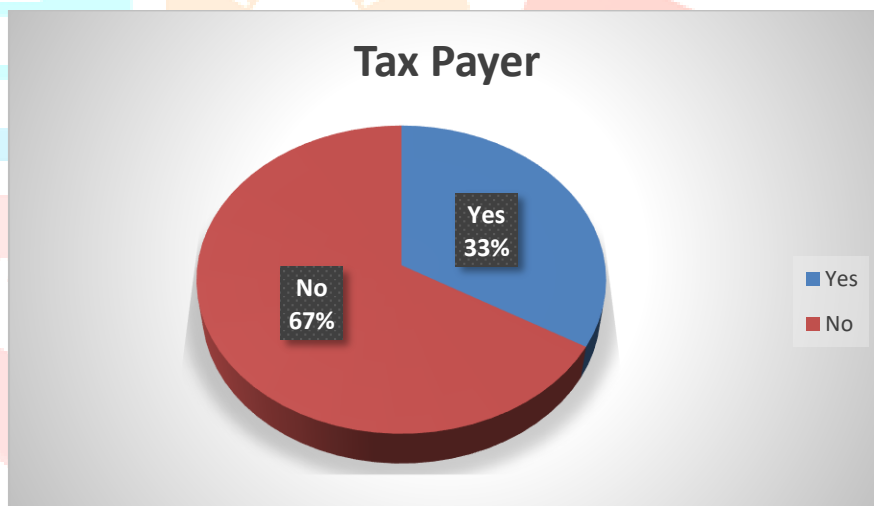
3) Average Monthly Savings or Investment

		Rs.0 to Rs. 2,499	Rs.2,500 to Rs.4,999	Rs.5,000 to Rs.7,499	Rs.7,500 to Rs.9,999	Rs.10,000 or more	Total
Yearly Salary	Less than Rs.1,49,999	24	6	1	0	2	33
	Rs.1,50,000 to Rs.2,49,999	21	14	3	0	0	38
	Rs.2,50,000 to Rs.3,49,999	10	23	7	1	2	43
	Rs.3,50,000 to Rs.4,99,999	2	18	14	4	7	45
	More than Rs.4,50,000	2	4	6	9	20	41
	Total	59	65	31	14	31	200



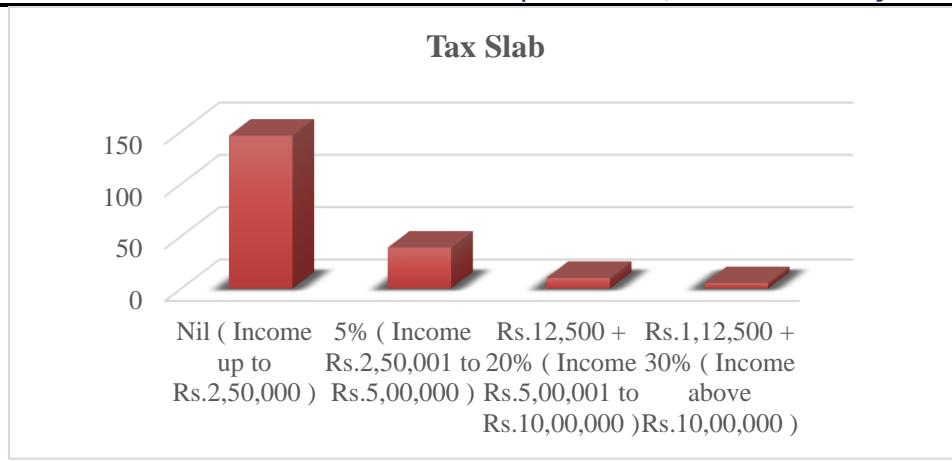
4) Are you a tax payer?

Tax Payer	No of Respondents	Percentage
Yes	67	33.5%
No	133	66.5%



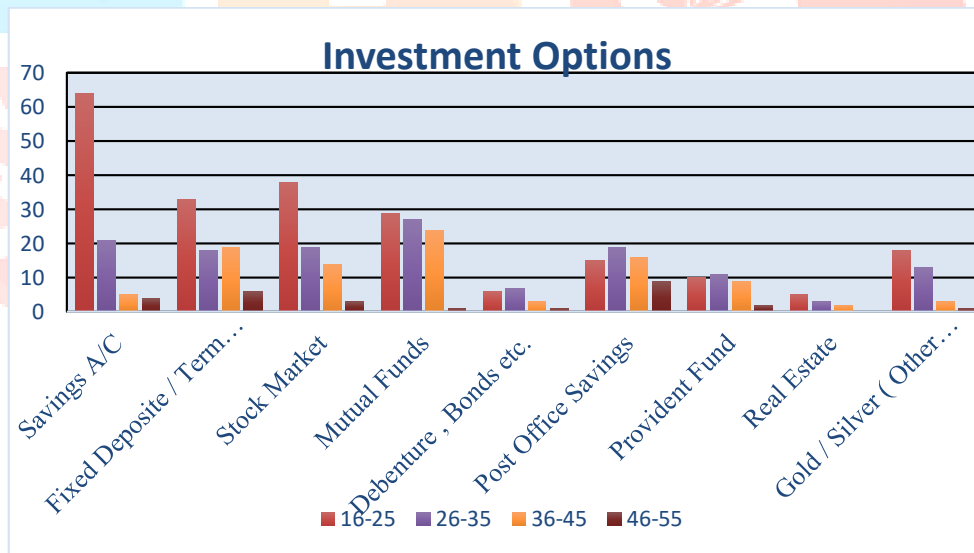
5) Under which income tax slab do you fall?

Tax Slab	No of Respondent	Percentage
Nil (Income up to Rs.2,50,000)	146	73%
5% (Income Rs.2,50,001 to Rs.5,00,000)	39	19.5%
Rs.12,500 + 20% (Income Rs.5,00,001 to Rs.10,00,000)	10	5%
Rs.1,12,500 + 30% (Income above Rs.10,00,000)	5	2.5%



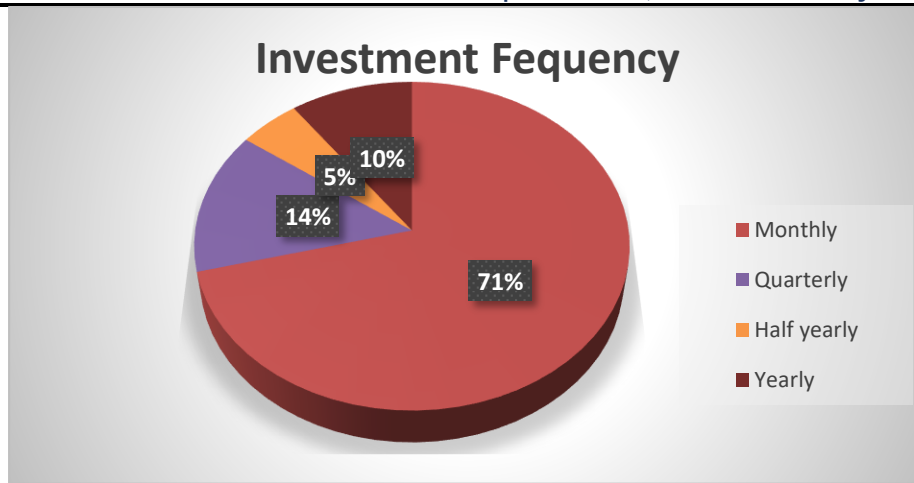
6) Where do you invest or save your money?

		Age Group			
		16-25	26-35	36-45	46-55
No of Respondents as per survey	Savings A/C	64	21	5	4
	Fixed Deposite / Term Deposite	33	18	19	6
	Stock Market	38	19	14	3
	Mutual Funds	29	27	24	1
	Debentures, Bonds etc.	6	7	3	1
	Post Office Savings	15	19	16	9
	Provident Fund	10	11	9	2
	Real Estate	5	3	2	0
	Gold / Silver (Other Precious metals)	18	13	3	1



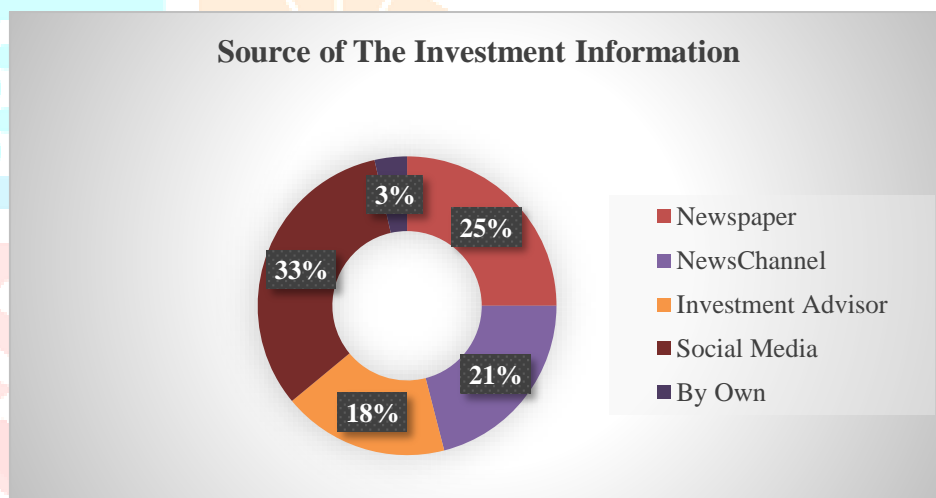
7) How frequently do you invest money?

Frequency	No. of Respondents	Percentage
Monthly	142	71%
Quarterly	28	14%
Half yearly	10	5%
Yearly	20	10%



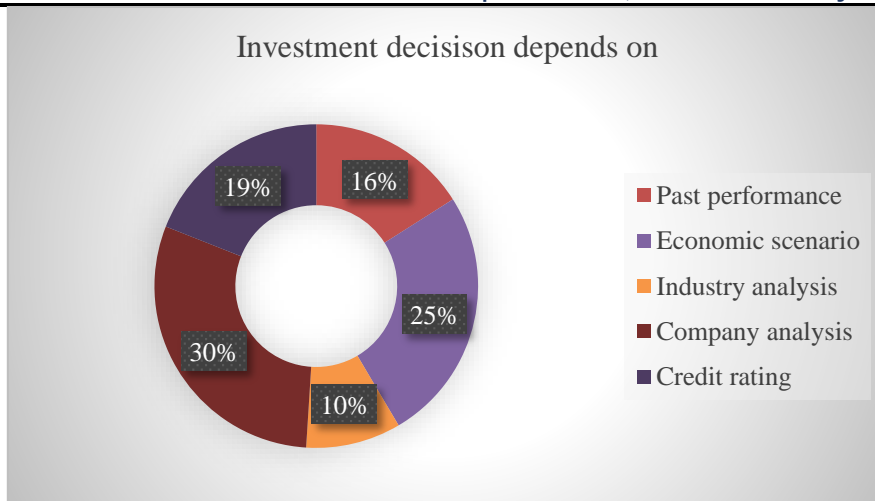
8) Source of the investment information

Source of the investment information	No of Respondents	Percentage
Newspaper	50	25%
NewsChannel	42	21%
Investment Advisor	36	18%
Social Media	65	32.50%
By Own	7	3.50%



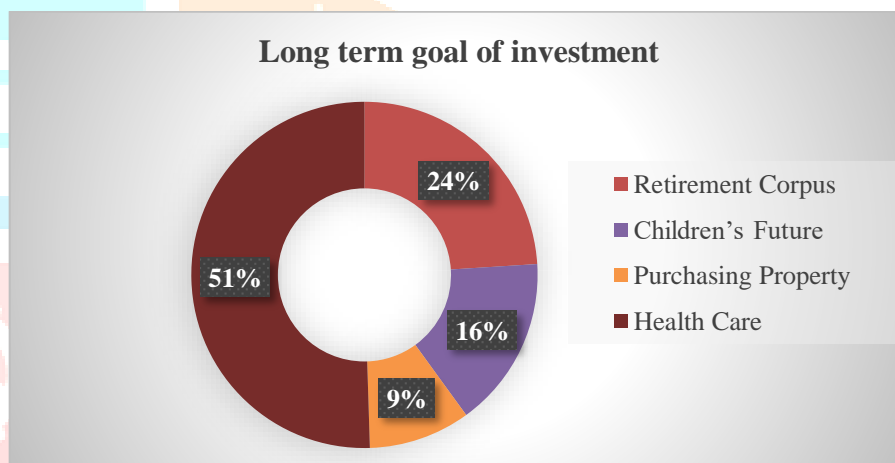
9) Investment decision depends on

Investment decision depends on	No of Respondents	Percentage
Past performance	32	16%
Economic scenario	51	25.50%
Industry analysis	19	9.50%
Company analysis	60	30%
Credit rating	38	19%



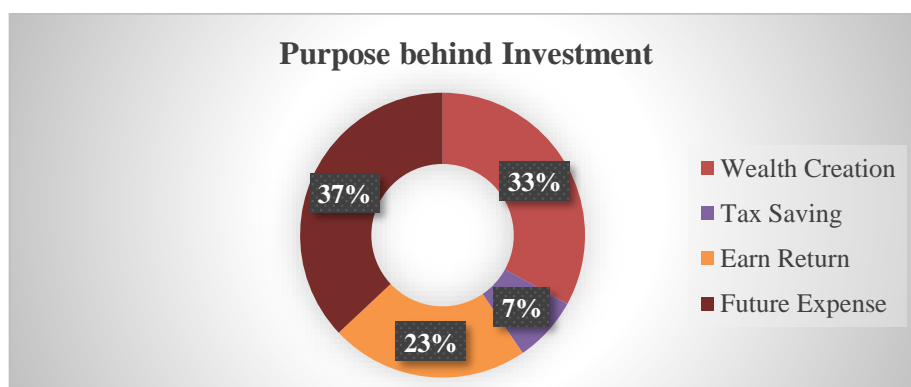
10) Long term goal of investment

Long Term Goal	No of Respondents	Percentage
Retirement Corpus	48	24%
Children’s Future	32	16%
Purchasing Property	19	9.50%
Health Care	101	50.50%



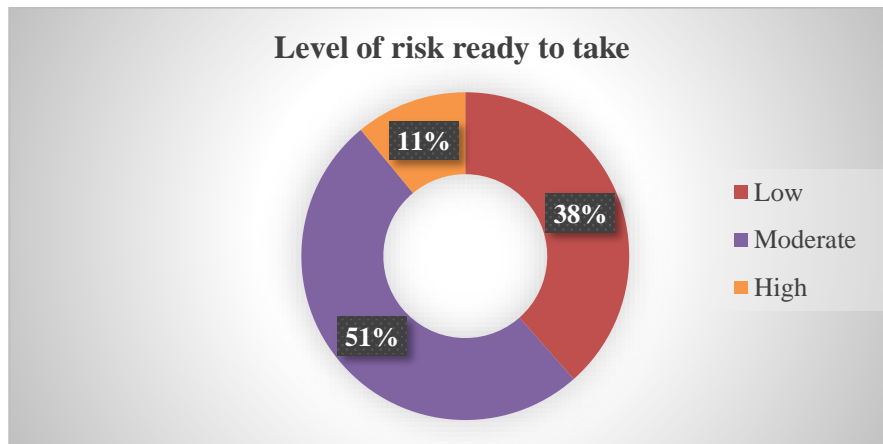
11) Purpose behind the Investment

Purpose behind investment	No of Respondents	Percentage
Wealth Creation	66	33%
Tax Saving	15	7.50%
Earn Return	45	22.50%
Future Expense	74	37%



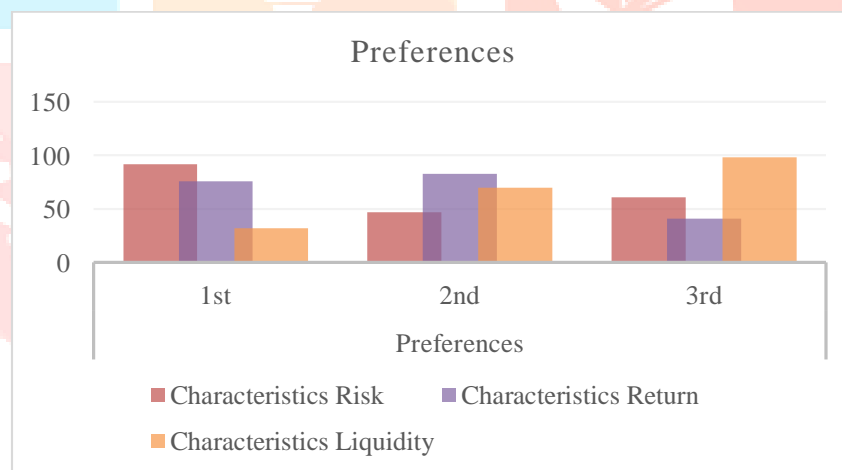
12) Level of risk ready to take

Level of risk ready to take	No of Respondents	Percentage
Low	77	38.50%
Moderate	101	50.50%
High	22	11%



13) Preferences of investment characteristics

		Preferences		
		1st	2nd	3rd
Characteristics	Risk	92	47	61
	Return	76	83	41
	Liquidity	32	70	98



14) All the details of respondents

		Age Group & Gender								Total
		16 - 25		26 - 35		36 - 45		46 - 55		
		Male	Female	Male	Female	Male	Female	Male	Female	
Level of education	Undergraduate	8	1	1	2	2	3	3	0	20
	Graduate	16	9	21	10	13	5	7	2	83
	Postgraduate Diploma	7	1	2	2	3	2	1	0	18
	Masters	17	27	14	9	6	3	0	1	77
	Doctorate	0	0	0	0	0	2	0	0	2
Total		48	38	38	23	24	15	11	3	200

VI. DATA ANALYSIS AND INTERPRETATION

1) As per the responses collect from the respondent, 89% respondents are private sector employees and other 11% respondent are government sector employees. So, on that basis we can say that in the city area employees are more attracted towards private sector because they always try to explore their carrier and knowledge because in government job sometimes growth of the employees is stagnant and they can't develop skills and not getting opportunity to develop something new skill.

2) According to the statistics shown above, 16% employees earned less than Rs.1,49,999, 19% employees earned between Rs.1,50,000 to Rs.2,49,999, 21% employees earned between Rs.2,50,000 to RS.3,49,999, 23% employees earned between Rs.3,50,000 to Rs.4,49,999 and 21% employees earned more than Rs.4,50,000. So, our survey covers all the class income.

3) we can observe that the person who earned less than Rs.1,49,999 they are saving between Rs.0 to Rs.2,499, who earned between Rs.1,50,000 to Rs.2,49,999 they are savings or invest between Rs.2,500 to Rs.4,999, who earned between Rs.2,50,000 to Rs.3,49,999 they are savings or invest between Rs.5,000 to Rs.7,499, who earned between Rs.3,50,000 to Rs.4,49,999 they are saving or invest between Rs.7,500 to Rs9,999 and who earned more than Rs.4,49,999 they are focused on more savings.

4) According to the statistics shown above, from our survey 33% employees are pay tax and 67% employees are not pay tax. Person who pays tax are earn high level income class.

5) According to the statistics shown above, most of the employees are fall under nil because they earn nominal income and least employees are fall under last stage because they earned higher amount.

6) According to the statistics shown above, Savings A/C is most favorable option for the any age group because it is the safest investment, Real estate is the not favorable option for any age group. 47% employee think that saving a/c is the most safe and favorable option in current scenario. Stock market, Mutual fund, Gold/Silver is also favourite investment option but for 16-25 age group.

7) According to the statistics shown above, it is a survey of salaried class of people, So they are earn limited amount and they also need to fulfill all requirements of the family members that's why they don't have more money in hand at the end of the month so 71% employees invest their money on monthly basis, 14% employees invest their money on quarterly basis, 5% employees invest their money on half -yearly basis and 10% employees invest their money on yearly basis.

8) According to the statistics shown above, 25% investors get information regarding their investment from Newspaper, 21% investors get information regarding their investment from NewsChannel, 18% investors get information regarding their investment from advisors, 33% investors get information regarding their investment from Social Media and 3% investors take investment decision by own.

9) According to the statistics shown above, 18% investors take decision regarding investment on basis of past performance, 25% investors take decision regarding investment on basis of economic scenario, 10% investors take decision regarding investment on basis of industry analysis, 30% investors take decision regarding investment on basis of company analysis and 19% investors take decision regarding investment on basis of credit rating.

10) According to the statistics shown above, 24% investors long term goal is Retirement Corpus, 16% investors long term goal is children's future, 9% investors long term goal is purchasing property, 51% investors long term goal is health care.

11) According to the statistics shown above, 33% investor's purpose is wealth creation, 7% investor's purpose is tax savings, 23% investor's purpose is earning return and 37% investor's purpose is future expense.

12) According to the statistics shown above, 38% investors are ready to take low risk because they have limited source of income, 51% investors are ready to take moderate risk and only 11% investors are ready to take high risk to earn money.

13) 92 respondents give 1st preference to risk, 76 respondents give 1st preference to return, 32 respondents give 1st preference to liquidity

47 respondents give 2nd preference to risk, 83 respondents give 2nd preference to return, 70 respondents give 2nd preference to liquidity

61 respondents give 3rd preference to risk, 41 respondents give 3rd preference to return, 98 respondents give 3rd preference to liquidity

VII. CONCLUSION

To identify the objectives of investment and the most preferred investment avenues of investors – Return is the main objective of the investors because most of the investors give 1st preference to the Return and they take moderate risk to earn high return because salaried person have limited monthly income source and the amount of the earning also limited and they fulfill all the requirement of the family on single handed so they try to invest wisely and get maximum return with moderate risk. The data study shows that safety is a crucial consideration when making investments. The ideal investment management tenet is "No Pain, No Gain," and salaried investors adhere to it.

To identify attributes that influence the investment pattern of Salaried Persons – Most of the respondent are given 1st preference to the return so return is the most influence attribute and after that they give 2nd preference to the liquidity because salaried person have limited saving and they save money for future expense, health care, children's future and retirement safety so whenever they need money they can use it so that's why they give 2nd preference to the liquidity and 3rd preference is Risk because risk is the possibility of loses so they give 1st preference to the risk.

To analyses the relationship between income, savings and investment of investors across demographic factors – Income, savings and investment all the terms are inter connected with each other. Income is the main portion of this chain because income, savings and investment are positively correlated. That means when income portion increase at that times in normal course of business saving or investment also increase because more money you invest and more return you generate but when income increase but the lifestyle also upgrades than savings or investment are on same level so at that time this positive relationship is not follow.

To identify the major types of investment avenues available in India and how one can invest in it – There are multiple investment options available like Savings A/C, Fixed Deposite /Term Deposite, Stock Market, Mutual Funds, Debenture, Bonds, Post Office Savings, Provident Fund, Real Estate, Gold/Silver Etc. All are investment option we found.

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