



A Study on Preferred Investment Avenues Among Pensioners with Special Reference to Bengaluru City

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ABSTRACT: As health facilities and living standards have improved, the average life expectancy has increased dramatically, leading to a sharp increase in the number of elderly people. Savings play a vital role in the life of every senior because the future is unpredictable. Saving is therefore essential to meet future needs. This is only possible if they invest their money in land, gold and securities or keep the money in the form of deposits in banks. The aim of this paper is to study the factors that influence the investment behavior of retirees towards various investment avenues and also to identify the association between annual income and investment percentage. The study is based on primary data and collected from 120 respondents residing in Bangalore. For analyzing the data Chi-square and Correlation are the tools used. It is clear that retired employees are preferring Government/Public sector for investment which gives a slow or smooth and permanent return on investment with low risk. Employees with higher years of service are older in age and they are less aware of latest investment avenues and hesitate to take risky investment, they have to be properly educated about various latest investment avenues available.

Keywords: Investment avenues, Pensioners, Preference, Risk.

I. INTRODUCTION

Aging is a natural part of life as well as a biological process. The average life expectancy has increased considerably as health facilities and living standards have improved, resulting in a sharp increase in the number of elderly people. The elderly belongs to the lower socioeconomic classes. Because the future is unclear, saving is essential in the lives of every senior. Unavoidable expenses, such as medical education costs, wedding expenses, and so on, might be used to meet the requirements. As a result, saving is necessary to satisfy future needs. This is only conceivable if people invest their money in real estate, gold, and stocks, or maintain it in bank accounts. The elderly should preserve money in order to live a pleasant and healthy life. The "Age of Aging," or the ageing of the population, is one of the most significant elements of the twenty-first century. The global phenomena have had an impact on the Indian coastlines. People are living longer lives. Civil servants must retire at the age of 58, while most other occupations must retire at the age of 60. The rise in life expectancy has contributed to an increase in the number of people over 60. The number of seniors who are at risk of outliving their retirement resources has risen, and their financial stability has deteriorated as their retirement assets have decreased. Adequate retirement income, affordable quality health care, and affordable housing are the three pillars that support the elderly's security. Various variables influence the model, such as those who save's perspective of savings, their appraisal of its costs and benefits, their age, the size and structure of their family, the objectives or reasons for saving the environment, and so on. Savings are seen differently by successive generations of the elderly. Savings is putting money aside for future needs for some, an excess of income over expenditure

for others, and the purchase of land, buildings, durable consumer goods, or other household goods for others. When savings are defined as money set aside for future needs, it follows that households' intentional decision to save for the future is influenced by a number of factors, including the drivers of one savings, which includes the element that effects both the ability and willingness to save.

II. REVIEW OF LITERATURE

Prof. M. Kothai Nayaki (2013) "A study on investors behaviour towards the different alternatives with special reference to Coimbatore city" it was analyzed that the respondents had chosen negotiable securities as their first preference and second place was occupied by non-negotiable securities followed by real assets and the fourth, fifth and sixth places were occupied by mutual funds, tax sheltered schemes and life insurance respectively. It was also concluded that investor's most important objective was return on the investment and investor considers liquidity as the most important factor before making their investments.

N.Geetha &Dr M.Ramesh (2011) "A study on people's preference in investment behaviour". The objectives were to analyze the factor that influence investment behaviour of the people & to study the attitude of the respondents towards different investment choices. In this study they concluded that the respondents were medium aware of the available investment choices, but they were not aware of the stock market, equity & debenture.

V. G. Murugan (2012), "Investors attitude towards investment option in Nellore region." This research has shown the investment awareness, preferences, and experiences of small and household investors towards various investment option. The research observed that majority of the respondents are quite unaware of the corporate investment avenues like equity and preference shares, mutual funds, corporate debt securities and deposits due to its rural background. At the same they are highly aware of traditional investment avenues like real estate, bullion, bank deposits, life insurance schemes, and small savings schemes. Further, the economic independence females are very low participation in investment decisions.

Mohanta G. & Debasish S. (2011), "A Study on Investment Preferences Among Urban Investors in Orissa" explores that investors invest in different avenues of investment to meet their financial, social and psychological needs. while selecting any financial avenue, they also expect other types of benefits such as security and protection, obtaining periodic returns or dividends, high capital gain, guaranteed future, liquidity, easy purchase, tax benefits, dealing with future eventualities, etc.

Neha S Shukla (2016) "Investors' Preference towards Investment Avenues with Special Reference to Salaried Personnel in North Gujarat Region." The author concluded that majority of the respondents invested their money based on education background and they invested in purchasing home and long-term investment. Respondents have the criteria of investment as safety and low risk.

III. STATEMENT OF THE PROBLEM

This study examines the preference and attitude towards the different investment options available to people, especially retirees. For retirees, social security and gratuity are the last income in life, so they can enrich it more than anything else. Investing that money in the right place through the right channel is a major dilemma for retirees. They feel they need a steady income for survival and they fear to take risks and lose money and not as an option to gain more. Thus, today, it has become a demand to explore various investment options and their feasibility.

IV. OBJECTIVE OF THE STUDY

- To identify the association between annual income and investment percentage.
- To Study the factors that influence the investment behavior of retirees towards various investment avenues.

V. RESEARCH METHODOLOGY

Area of study

This study is conducted in Bangalore city of Karnataka

Period of study

The period of the study is 3 months

Sample size

Sample size of the study is 120 pensioners

Data collection

Primary data has been collected through questionnaire among the population in Bangalore city.

Data analysis

Chi-square and Correlation are the tools have been used for this study.

VI. ANALYSIS AND DISCUSSION

Aim: To identify the association between annual income and investment percentage.

H₀- There is no significant relationship between annual income and percentage of investment.

H₁- There is a significant relationship between annual income and percentage of investment.

Table 1. Chi square test on annual income and investment percentage

Cross tabulation

Annual income	Percentage Of Investment					Total
	5%	10%	15%	20%	Above 20%	
0-300000	0	10	3	2	2	17
300001-600000	12	18	6	1	8	45
600001-900000	8	17	10	0	2	37
Above 900000	2	10	6	1	2	21
Total	22	55	25	4	14	120

Chi- Square Test

	Value	df	Asymptotic Significance
Pearson Chi-Square	27.258	24	0.293
Likelihood Ratio	29.480	24	0.203
N of Valid Cases	120		

Inference: Table 4.2.4 shows the result of the chi-square administered on the data at 5% significant level. As the P value is more than 0.05, the null hypothesis was accepted and reject the alternative hypothesis. Hence, it means that there is no significant relationship between annual income and percentage of investment.

Aim: To Study the factors that influence the investment behavior of retirees towards various investment avenues.

H₀- There is no association between investment motive and invested avenues.

H₁- There is an association between investment motive and invested avenues.

Table 2. Correlation

		Investment motive	Invested avenue
Investment motive	Pearson Correlation	1	-.369**
	Sig. (2-tailed)		0.000
	N	120	120
Invested avenue	Pearson Correlation	-.369**	1
	Sig. (2-tailed)	0.000	
	N	120	120

Inference: The table 4.2.5 shows the result of correlation coefficient, as the significant value is -0.369, is a negatively correlation. This implies that investment avenue is negatively correlated with investment motive. Therefore, there is no association between investment motive and invested avenues.

VII. FINDINGS

- From the chi-square data that the significance value (P value) is more than 0.05. Thus, the null hypothesis was accepted and the alternative hypothesis was rejected. Hence, it means that there is no significant relationship between annual income and percentage of investment.
- From the correlation test done, it is inferred that the correlation coefficient is -0.369. It implies that the investment avenue is negatively correlated with investment motive. Hence, there is no association between investment motive and invested avenues.

VIII. CONCLUSION

This study is undertaken to know the preference of the retired government employees on various investment avenues. It is clear that retired employees are preferring Government/Public sector for investment which gives a slow or smooth and permanent return on investment with low risk. Employees with higher years of service are older in age and they are less aware of latest investment avenues and hesitate to take risky investment, they have to be properly educated about various latest investment avenues available, and most of the respondent's sources of information about various investment avenues are advertisement.

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