



Savings and Investment Pattern of Salaried Individuals in Guwahati City

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Abstract: Savings and Investment are both crucial ideas in establishing a solid financial foundation, both can help consumers attain a more comfortable financial future. The study was examined on the pattern and identifying the factor affecting the Savings and Investment of salaried Individuals. The Methodology of the study is collected by a Structured Questionnaire, where sample size of the study is 30 and its design is Convenience Sampling. It was also found that the respondent's preference for Investment avenues were Moderate Risk compared to Safe/low risk, High risk and Traditional risk.

Keywords: Savings, investment, factors, salaried individuals

I. Introduction

Savings is the part of one's income that is not spent on current expenses. In other words, it is money saved for future use rather than being immediately spent. Saving can be used to achieve goals in the short term, such as purchasing a mobile phone, or in the long run, such as continuing to study or purchasing a car or a house. Saving money can also help us cover unforeseen expenditures such as an illness, replace a broken item, or make an emergency vacation. Savings is crucial for everyone, regardless of their earnings, spending, and life stage. It provides peace of mind. It gives a stress-free life knowing that it will not have to fight if things go unexpectedly wrong. Savings may help you achieve a variety of objectives, like buying a home, building up your retirement savings, or buying a car. It will have a stable future, enjoy the best life offers, and lead a very fulfilling lifestyle. It supports children's education, with enough funds, it can support children's aspirations and pay for the top universities and schools throughout the globe. It is beneficial to plan short-term goals: Savings are not only for the long future. It is also profit from short-term savings. It provides security to the family in the event of a terrible incident, saving sensibly may ensure that the family is well-provided for. In bad times, money can function as a cushion for loved ones, assisting them in overcoming financial difficulties. An investment is an asset or commodity purchased to earn money. An investment is the use of capital to improve its worth over time. Investment is putting

capital to work, in the form of time, money, effort, and so on, with the expectation of obtaining a bigger return than what was first invested. Investing is an effective way to put money to work and potentially build wealth.

It is a fantastic source of passive income, to limit this risk, it is vital to have a second source of income that will assist in times of crisis (such as the coronavirus). Fixed deposits, shares, mutual funds, real estate, and other assets can all be invested. These assets will continue to yield returns even if regular income is lost, allowing you to weather the storm easily. It contributes to financial independence, which is beneficial even after retirement. Individuals can achieve financial independence in old life by saving regularly to develop a retirement fund. Investments are the key to accomplishing a desire. Individuals should utilize strategy to invest and acquire wealth in a planned manner in their early years, and then retire early after they have amassed a large amount of cash. The passive income generated by those assets will enable individuals to fulfil their costs while following their interests. Securing tax incentives, PPF, ELSS, Tax Saving Bonds, and long-term fixed deposits are examples of investment instruments that provide tax benefits under Section 80C of the Income Tax Act of 1961. One must invest carefully in them to decrease tax burden. Investment should be done on a consistent and disciplined basis to get the returns. The factors that most significantly affects the Savings and Investment pattern is the lack of knowledge of Investment Avenues. Consequently, due to a lack of knowledge of Investment Avenues, the salaried people make a terrible loss of their savings.

II. Literature Review

A systematic review of available literature highlighted the various issues that might affect savings and investment of individuals which is highlighted herein. Thulasipriya (2014) in her research examined the factors of investment avenues invested by Government employees in various investment options. The primary data have been collected from 100 respondents through a structured questionnaire covering different groups of salaried classes in the government sector. The secondary data have been collected from various journals, articles magazines, and RBI annual reports. The study reveals that in most cases Government employees across higher age categories found them to be safer taking up Bank deposits. A significant portion of employees also shows a keen preference towards provident funds and private chit to get short-term gains. It is also observed that most of the female employees show their eagerness towards bank deposits to get tax benefits, life protection, and average profitable investment avenues. Ramanathan (2015) in his research examined the factors of investment patterns of bank employees. The primary data was collected from 130 respondents employed in a bank in Chennai. The secondary data was collected from internet websites, journals, newspapers, magazines, etc. The study reveals that by chi-square test the variables like Income and Investment are significantly associated with the basis of the investment. Respondents with more than Rs.7.5 lacs preferred asset creation as their basis of investment and the rest of the categories prefer to return on Investment as their basis of the investment. Kumar (2020) in his research examined the factors of most preferred investment avenues of investors. Primary data was obtained from the respondents by administering the structured questionnaire and by communicating with respondents for evaluating the feedback. Secondary data is collected from different published materials vis. Books, Journals, magazines & websites, etc. The study reveals that of 100 respondents in the north Gujarat region & it reveals that 53% of respondents prefer to invest their money in Long Term Period while 28% of Respondents prefer to invest their money in a short period. Different kinds of investment

avenues are available like real estate, shares, gold & silver, mutual funds, post office, bank deposit funds, etc. Most salaried investors are aware of LIC insurance policies. Umamaheswari (2019) in his research examined the factors of investment decisions of salaried persons. Primary data composed from the respondents through a questionnaire. Secondary data was collected from articles, websites, journals, and books. The study reveals that 78% of respondents have invested in gold. 68% of respondents in bank deposit, 16% of respondents in chit funds, 8% of respondents in mutual funds, and 4% of respondents in bond/deposit to invest their money. On average 44% of the respondents are commonly preferring safety for investment. 22% of respondents are taking high returns for their investment, and 16% of respondents invest for tax benefits/purposes. Alasbahi (2019) in his research examined the factors of investment patterns of different classes of people. Primary data composed from the respondents through a questionnaire. Secondary data was collected from articles, websites, journals, and books. The study reveals that Female investors tend to display less confidence in their investment decisions and hence have lower satisfaction levels in their investments. The main investment avenues of individual investors are Bank Deposits and the main purpose of investment is for children's education, marriage, and security after retirement. The savings do not depend upon income alone but rather on the consumption pattern of the individuals also. Most of the school teachers opined that saving funds as bank deposits and government securities is their investment preference. Giridhar (2021) in his research examined the factors of the Pre and post-COVID -19 income, savings, and investment patterns of salaried households. Primary Data: A structured questionnaire was applied as a tool to collect primary data from the sample private sector salaried households. Secondary Data: Secondary data has been collected from various books, journals, and websites. The study reveals that there is a significant difference in the monthly income of salaried households during the pre-COVID -19 lockdown period and the post-unlock period. The income of the salaried households reduced during the post unlocks period, compared to pre lockdown period. There is no significant difference existing in the monthly expenses of the salaried households during the pre-lockdown and post-unlock periods. It is found that there is a significant association between the monthly savings of salaried households during the pre-COVID period and the post-unlock period. Dhongde (2020) in his research examined the factors of Tax saving strategies adopted by salaried individuals. Primary data was collected from the respondents through a questionnaire. Secondary data was collected from articles, websites, journals, and books. The study reveals that the highest preference has been given to Tax benefit (lower the mean score and higher the priority) constituting the mean score of 4.35 and the lowest preference is given to Liquidity. Moderate preference is given to Expert advice, Inflation, Safety, Aged need, higher return, Appreciation, Risk covered, experience, and Regular income. Kaur and Kaur (2020) in their research examined the factors of the saving and investment pattern of the individuals in the Ludhiana district. The primary data was collected by structured questionnaires. The secondary data was obtained from magazines, journals, and various books. The study reveals that males are more interested in investing in different avenues. It is clearly shown that individuals belonging long the to 20-30 ye of age group are interested in making investments 52%. It is found that 50% of the respondents out of the total sample size are earning their income between the ranges from Rs. 10,000 to Rs. 30,000. And only 4% of the total respondents are earning income above Rs. 50,000. Under the saving and investment attributes, 64% of the respondents responded that they spend their income on all shopping, savings, and investment. Revathy (2014) in her research examined the factors of measuring the savings and the investment pattern of women working in public

sector banks in and around Chennai district. Primary data composed from the respondents through questionnaire. Secondary data collected from articles, websites, journals and books. The study reveals investment pattern items and to distinguish between the possible positive, moderately positive and negative perceptions. According to the Human Sciences Research Council (1994, as cited in Odendaal & Roodt, 1998), research shows that an average of 3.20 can be seen as a reasonable cut-off point to differentiate between positive and negative perceptions, but in this study no mean score value was less than 4.15 so the respondents did not perceive any of the items of the investment pattern negatively. Vishnupriya (2019) in her research examined the factors of investment pattern of working women and also to know the factors influencing the investment decision of working women. Primary data are those which are collected from the individuals through questionnaire. The survey was conducted on the basis of Convenience Sampling. Secondary data collected from articles, websites, journals and books. The study reveals that awareness and preference are the higher rate and the main factor which influence the working women to invest on gold. The respondent's main purpose for saving is for their children's education and working women are more conscious about this type of investment. The respondents are mostly satisfied in investment of gold. Shrivastava (2019) in her research examined the factors of the investment decision of the individuals are greatly influenced by the demographic factors like age, gender and income as well as various other factors like liquidity, safety and marketability. The methodology is based on secondary data, that is, Literature Review. The study reveals that the investment pattern of investors on various investment alternatives, like investment in post office saving schemes, Bank deposits, investment in physical assets and financial assets, factors influencing investment decisions of individual investors, objectives of investment. Hence, the study has attempted to examine the investment pattern of individual investors. Sailo (2016) in his research examined the factors of identify the existing savings and investment practices of bank employees in Aizawl and to find the relationship between demographic factors of bank employees and their investment. The study was conducted by collecting data both from primary and secondary sources. The secondary data were collected from different journals, books, some selected research thesis, RBI websites and websites. The primary data were collected using questionnaire through a survey. The study reveals that no significant difference was found between the average age of the investors and non-investors however, in terms of average family size there was a significant difference between investors and non-investors.

III. Objective of the study

The present research paper aims to (i) examine the pattern of savings and investment of salaried individuals and (ii) identify the factors affecting the savings and investment of salaried individuals. The study was conducted in Guwahati City. Both primary and secondary data was used for data collection. In case of primary data, Structured Questionnaire was used whereas for secondary data, Internet, Books, Journals, and so on. The sample size of the study is 30 and its design is Convenience Sampling. Apart from primary and secondary data, various tools of data analysis like Simple percentage analysis, pie charts and bar diagram were also used in the study. The sample size of 30 respondents makes it difficult to generalize the results. The data were obtained through Questionnaire and it has its own limitations. Some of the respondents might not have presented the accurate data.

IV. Results & Findings

When the entire table was taken into account, it was seen that majority of the respondents were male (70%) and majority fall under the age group of 20-29 (40%). More than 50%, i.e., 60% of the respondents are Graduate with an annual income upto 5lakhs (40%). As per the data, maximum respondents were Graduate, Male, 20-29 Age Group and upto 5 lakhs Annual Income.

Table 2 shows that majority of the respondent save their salary 16-30% (60%), and the majority of the respondent invest from their salary 10-15% (46.66%). The purpose behind Investment was wealth creation with the majority (46.66%). The majority of respondent advices/ sources/ gathering knowledge for investment was Internet (53.33%). And their goal of investment was for Retirement Corpus and Dream House (46.66%).

Table 1: Demographic Profile

<i>Variable</i>	<i>Options</i>	<i>No. of Respondents</i>	<i>Percentage</i>
Gender	Male	21	70
	Female	9	30
Age	20-29	12	40
	30-39	3	10
	40-49	9	30
	50 & Above	6	20
Educational Qualification	Non-Graduate	3	10
	Graduate	18	60
	Post Graduate	3	10
	Professional	6	20
Annual Income	Upto 5 lakhs	12	40
	5-10 lakhs	9	30
	Above 10 lakhs	9	30

Source: Field Survey

Majority of the respondents have preferred Moderate Risk (50%) while Bank deposit and Mutual Funds are the most preferred Avenues (63.33%) as reflected in Table 3. And the objectives for the investment is Long Term Growth with majority (60%). And they invest their money considering safety of Principal with majority (50%). The Preferred Time Period are medium and long term with the majority (43.33%). And decision depending upon with the majority is Economic scenario (33.33%).

Table 2: Pattern of Saving and Investment

<i>Variable</i>	<i>Options</i>	<i>No. of Respondents</i>	<i>Percentage</i>
Savings from Salary	10 - 15%	5	16.67
	16 - 30%	18	60
	Above 30%	7	23.33
Investment from Salary	10 – 15%	14	46.66
	16 – 30%	11	36.67
	Above 30%	5	16.67
Purpose behind Investment	Wealth Creation	14	46.66
	Future Expenses	8	26.67
	Earn Return	5	16.67
	Tax Savings	3	10
Advices for Investment	Internet	16	53.33
	Family/ Friends	8	26.67
	Newspaper/ Magazine	6	20
Goal of Investment	Retirement Corpus	14	46.66
	Children Future	10	33.33
	Dream House	14	46.66

Source: Field Survey

Table 3: Factors Affecting Saving and Investment

<i>Variable</i>	<i>Options</i>	<i>No. of respondents</i>	<i>Percentage</i>
Investment Factor Preferred	Safe/ Low Risk	6	20
	Moderate Risk	15	50
	High Risk	6	20
	Traditional Risk	3	10
Investment Avenues Preferred	Insurance	16	53.33
	Banks	18	60
	Post Office	10	33.33
	Equity	10	33.33
	Real Estate	9	30
	Mutual Funds	19	63.33
	Govt. Securities	8	26.67
Investment Objectives	Long term Growth	18	60
	Growth and Income	8	26.67
	Short term	2	6.66
	Capital presentation	2	6.66
Factors consider before invest	Safety of Principal	15	50
	High Return	9	30
	Low Risk	6	20
	Maturity Period	0	0
Preferred Time Period	Short Term	4	13.34
	Medium Term	13	43.33
	Long Term	13	43.33
Decision Depending Upon	Economic Scenario	10	33.33
	Company Analysis	7	23.33
	Past Performance	6	20
	Industry Analysis	6	20
	Credit Rating	1	3.34

Source: Field Survey

V. Conclusion

The current study concludes that the maximum respondents having low risk, Moderate risk and Physical/emerging risk investment factor. There were few respondents having traditional high or high-risk factor. The main investment avenues purposes of individual investors are for children education, marriage, and security after retirement. Similarly, salaried individual considers safety/security of their investment first while investing and prepared to take moderate risk. Major portion of surplus income/savings are invested in Banks Deposit and Mutual Funds followed by Insurance, Real estate, Gold and Equity, additional compulsory savings from salary. However, many take recourse to borrowing while investing in real estate. The investment behaviour of one class of people is different from another class of people, it may be in the form of risk perception level, awareness of various

investment. Bank deposits and Mutual Funds are the one of the preferred investment avenues of all class of people. This points states that in India still people are depending on traditional investment avenues.

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