



AN ANALYSIS ON INVESTMENT PATTERN OF THE WORKING POPULATION WITH REFERENCE TO VADODARA

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ABSTRACT

This research aims to analyze the investment pattern of the working population by understanding the factors influencing investment decisions. With the evolving economic landscape and increasing financial awareness, it becomes important to know how people allocate their resources in different investment avenues. Understanding and analyzing the investment pattern of the people allows policymakers to identify barriers to financial inclusion. Various key factors which influence the decision of the investors are risk tolerance, income status, financial literacy, financial goals, knowledge and experience, time horizon, psychological factors, market trends, etc. The data we collected was from primary source. For that we prepared a questionnaire via google form. We collected data from 160 respondents who invest certain amount in every certain duration and reside in Vadodara. For data analysis and interpretation, we created pivot table and percentage analysis and prepared chart to show the distribution of scores across the segments. This study aims to identify which mode of investment do investors prefer, what returns do they get or expect, what are their financial goals, what is the time-horizon and the purpose of their investment. The conclusion of the study is that investment pattern highly depends on the level of their investment and certain demographic factors and financial planning is essential in order to diversify risk and satisfy financial goals.

Key Words – Investment, returns, financial goals, risk

1. INTRODUCTION

The term "investment" describes the distribution of financial resources among several channels with the goal of earning a return. Investment in the context of finance refers to the commitment of money. These investments may yield an income or capital gain as a return. Various factors, such as time horizon, risk tolerance, financial goals and literacy, etc., frequently influence investment decisions. Investors may use wealth accumulation, portfolio diversification, or income production to try and reach their financial goals and objectives. Before making any investment decisions, investors can evaluate the risk and reward associated with various investing avenues. Consequently, investing is essential to reaching both short- and long-term financial goals. There are many different financial products available in India's investment market and instruments to cater the diverse investment needs and risk appetites of investors. Numerous factors impact the demand for investment products and services within the Indian investment business. Economic growth, income levels, interest rates, inflation rate, demographics, government policies and reforms, stock market performance, regulatory environment, global factors, risk appetite, financial literacy, investment products and innovation, and taxation are the main demand determinants of the investment industry in India.

2. BACKGROUND OF THE STUDY

The purpose of this study is to understand the investing habits of individuals who make up the working population. In order to analyze risk-return ratios, know the investing goals of the working population, assess investment knowledge—that is, determine the working population's level of financial literacy and investment knowledge and how it relates to their investment decisions—and analyze demographic factors, one must first understand the investment preferences of the working population. This can be done by looking into the asset classes that they choose, such as stocks, bonds and real estate to examine external impacts, i.e., examine how external factors like economic conditions, market volatility, and financial news affect investment patterns among the working population. These factors include age, gender, education level, and marital status that impact investment strategies and choices. Furthermore, to monitor investment trends, evaluate employers' roles, analyze investment performance, forecast future trends in investments, and offer advice based on findings from research. We can also compare the investment patterns of different generations by looking at the investment trends throughout time.

2.1 RESEARCH GAP

The reason behind choosing this topic was could not find research on this topic with bifurcation based on working and non-working population that too based on people different age group and with different income level in Vadodara city.

2.2 PROBLEM STATEMENT

All the time, the trend analysis cannot remain same, it varies with different demographic factors and situations.

3. RESEARCH OBJECTIVES

Research objectives for studying the investment patterns of the working population are:

- To understand investment preferences of the working population of the Vadodara.
- To analyze risk bearing capacity among different age groups and how it influences their investment decision.
- To compare investment pattern between different generations.

4. HYPOTHESIS

H₀₁ - There is no relationship between income and investment of the working population.

H₁₁ - There is significant relationship between income and investment of the working population.

H₀₂ – Demographic factors do not affect investing pattern of the working people.

H₁₂ – Demographic factors affect investing pattern of the working people.

5. RESEARCH METHODOLOGY

In this quantitative study, information is gathered by electronic questionnaires, informal interviews, and observation. Responses are gathered digitally with their data. The method of convenience sampling is applied. Every respondent is a member of the city's working population.

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5.2 SOURCE OF DATA

Primary data

The method of gathering information directly from users is known as primary data collection. The most common methods used to acquire this kind of data are surveys and interviews.

5.3 DATA COLLECTION METHOD

Structured Questionnaire method

Closed-ended, direct questions are asked in structured questionnaires. They can gather a great deal of useful information if they are organized properly, providing significant insight into the thoughts of the many respondents to those questions.

5.4 POPULATION

All the respondents belong to working population group.

5.5 SAMPLING METHOD

The method of convenience sampling is applied. As a non-probability sampling technique, convenience sampling chooses units for the sample based on those are most convenient for the researcher to reach.

5.6 SAMPLING FRAME

The frame involves respondents who are working people or belong to a group of working population.

5.7 SAMPLE SIZE

The sample size for this research is 160 people.

5.8 DATA COLLECTION INSTRUMENT

Questionnaire in electronic form is used in order to collect data and informal interviews are conducted to know the preferences of the respondents.

6. LITERATURE REVIEW

- i. **Varun Sagar Singal (2019)** The purpose of this study was to determine what influences mutual fund investment decisions, how behavioral aspects affect investors, and what deters people from making investments. Essential elements like historical performance, the fund manager's experience, risk, return, and diversity are crucial in helping investors make decisions.
- ii. **Geethu G., D. Priyanka & R. Preetha (2018)** The study "An Insight into the Saving and Investment Pattern of Salaried Employees Working in Private Sector of Shipping Industries" looked at how employees differed in their awareness of various investment options and what factors they took into consideration when choosing an appropriate investment. Finding out which investment avenues the company's salaried staff favor is another goal. The T Test, Chi-Square Test, correlation analysis, percentage approach, and other techniques have been used to analyze secondary data, and questionnaires have been used to collect primary data. According to the study, there is a substantial correlation between employees' yearly pay and their percentage of income and savings. According to the survey, 74% of workers make long-term investments. Employees invest in both short-term and long-term funds, with 12% of employees investing in the former and 12% in the latter. According to the study's findings, the majority of the employees' savings go toward paying for their own needs, including retirement plans, weddings, and schooling.
- iii. **Mahalakshmi Kumar and Rajesh Mankani (2017)** Find out if working women are aware of the range of investing possibilities available, paying particular attention to Mumbai. A descriptive cross-sectional design was used, and a structured questionnaire was used to gather primary data. Education has a vital role in educating women about the importance of earning, saving, and investing. It improves their capacity to comprehend different investment paths, their benefits, and drawbacks, and aids them in choosing wisely in order to meet their financial objectives. It gives individuals the ability to become financially independent, which can empower them further in other domains. Women who have had an education are more self-assured

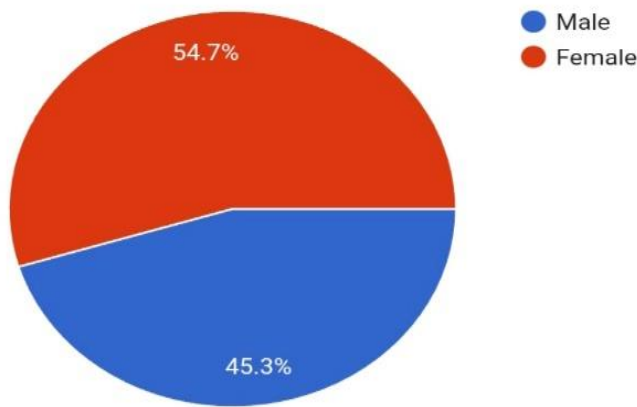
and capable of realizing the significance of making investing selections in order to reach their financial objectives. This encourages people to gather data regarding other investment opportunities in order to minimize risk and increase returns.

- iv. **Uddin. A (2016)** The research used to determine the benefits of investing in a systematic investment plan and the flaws in this plan forms the basis of this paper. For the purposes of the study, 100 respondents who own SIP accounts in Gandhinagar, Gujarat, were selected as the sample size. Data have been gathered through the use of questionnaires from primary sources. Multiple statistical tools were employed to analyze the collected data. The study's findings indicate that investors are motivated to engage in systematic investment plans when they can expect higher returns with lower risk. However, one of the primary obstacles to these plans is lack of information and an inadequate operational platform.
- v. **Kapil Kapoor (2016)** Carried out research to determine how rural and urban investors made their investments in relation to different investment options. Researchers looked at how investors in rural and urban areas felt about various investment opportunities. Regardless of their geographic location, investors have a strong inclination to invest in real estate. Although real estate always exhibits a rising tendency, investors worry that there may be fluctuations or ups and downs in the investment amount owing to changes in the economic condition. The villagers had a tendency to buy farms for agriculture. Plots and apartments in cities are more popular among buyers. This study came to the conclusion that while investing money, investors should consider all options, regardless of whether they live in a rural or urban location. While certain investments are dangerous, others are not, so they should choose between riskier and less risky investments based on the investors' age.
- vi. **Laxman Prasad (2015)** The aim of their research was to comprehend the attitude of investors towards the selection of investment options and to determine all the aspects that impact this attitude, specifically with regard to SIPP. Investors should properly investigate the risk associated with their investments before making any decisions, otherwise it is preferable to follow advice from asset management firms.
- vii. **Puneet Bhusan (2014)** Determined how salaried people's level of financial literacy influences their investment preferences for financial products. A organized questionnaire that was not disguised was used to gather primary data. Himachal Pradesh is divided into twelve districts in total. These three districts, Kangra, Solan, and Shimla, were chosen at random (first stage). Utilizing the OECD technique, determine the respondents' degree of financial literacy. An individual's awareness of financial goods and investing preferences is influenced by their level of financial literacy. People who are less financially literate tend to favor traditional financial products.
- viii. **Devi and Chitra (2014)** have shown in their study, "A Study on Salaried Employees Behavior towards Domestic Savings and Investment in Rasipuram Town," that various investor categories make their investments while taking into account the length of time they want to invest, the choices they make, and their degree of satisfaction. The Chi-Square test and the F-test were used to analyze the data. The study went on to say that whereas investing was formerly only done by the wealthy and business elite, it is now a regular subject for everyone. Furthermore, more people are working, which raises family earnings; tax benefits are offered; there are ample and alluring investment opportunities; etc., all of which create opportunities for saving and investing. The report also suggests maintaining a sufficient amount of savings as the main goal of policy for maintaining economic stability.
- ix. **Geetha and Ramesh (2012)** discovered that demographic variables including gender, age, sex, education, occupation, income, savings, and family size affect investment periods, frequency, reach of source information, and analytical skills in their study, "A Study on Relevance of Demographic Factors in Investment Decisions." The authors found that certain investing decisions are significantly influenced by demographic characteristics. Additionally, it provides a broad overview of how investors feel about different investing options.

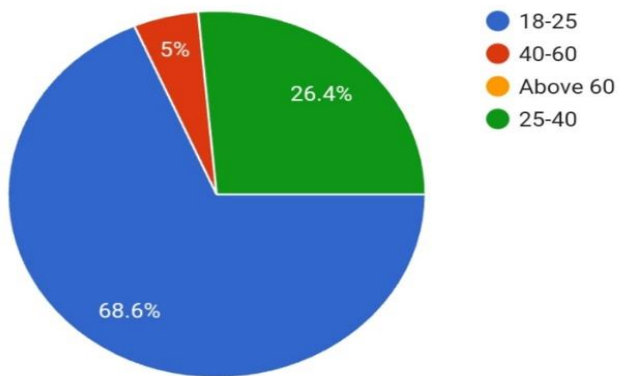
- x. **Gaurav Kabra (2010)** The purpose of this study is to determine the elements that influence investment behavior and how these factors affect risk tolerance, attitude, and the perspective of men and women while making investment decisions. One possible explanation for these factors could be age. They employed regression analysis and hedging for their analysis. They came to the conclusion that although investors are more experienced and knowledgeable now, they still prefer to make investments based on their level of risk tolerance.

7. DATA ANALYSIS

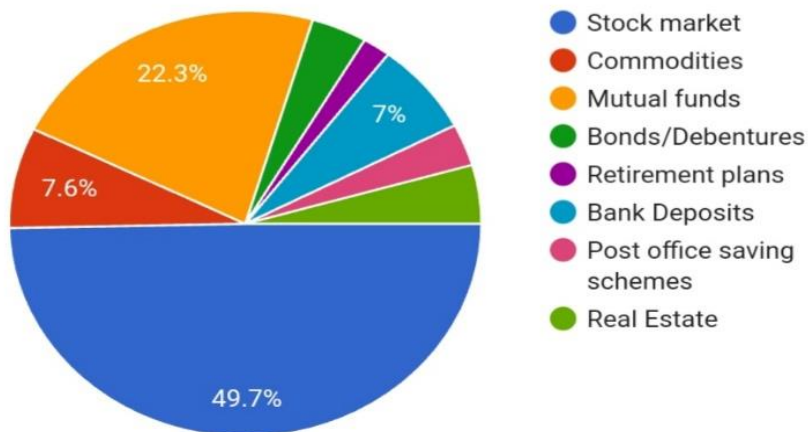
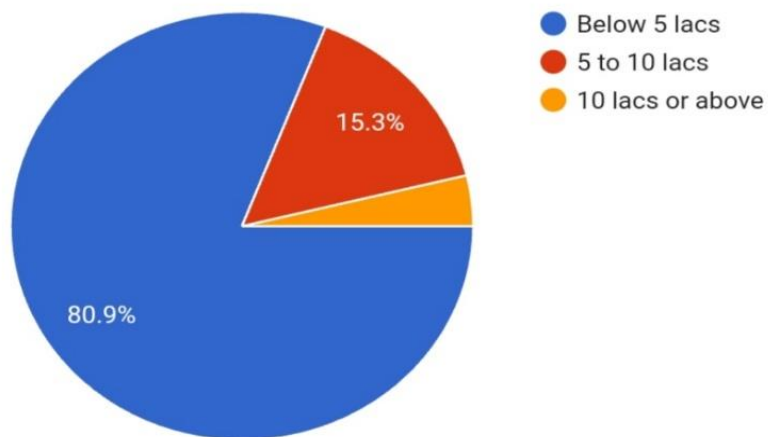
Gender	Total Count
Female	88
Male	72
Grand Total	160

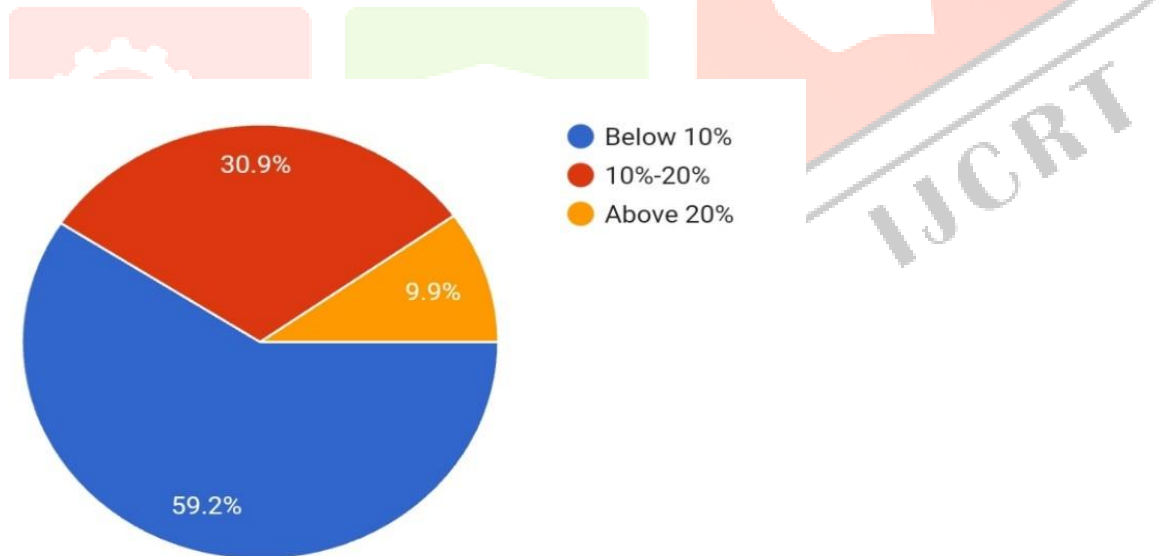
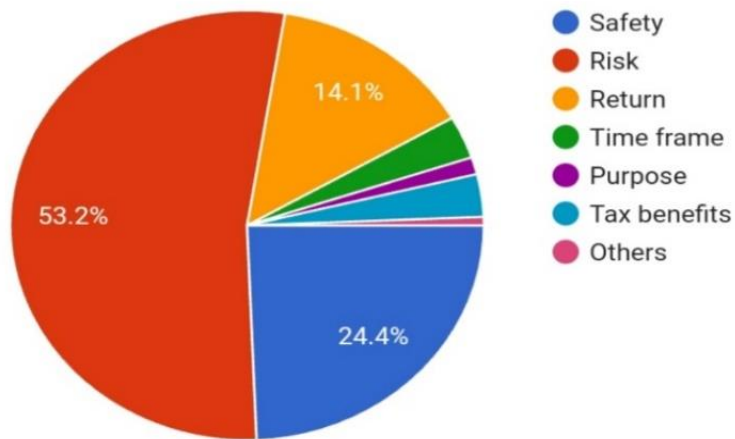
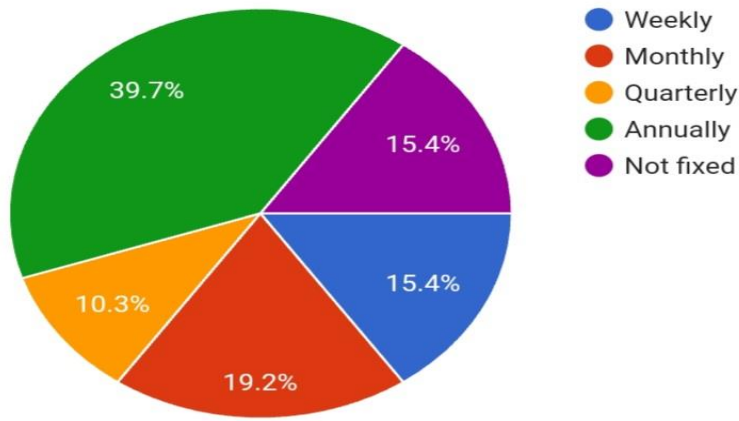


Age	Total count
18-25	110
25-40	42
40-60	8
Grand Total	160

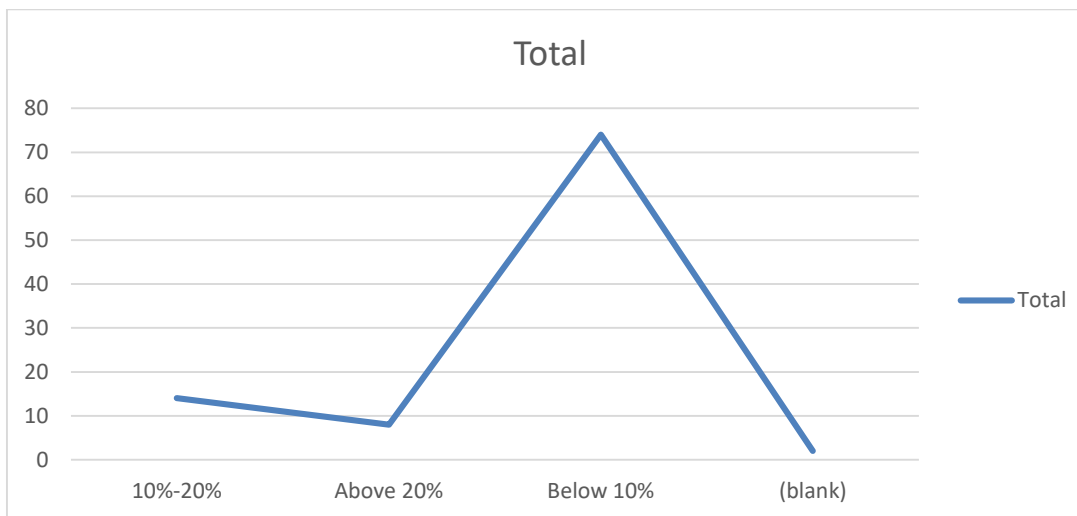
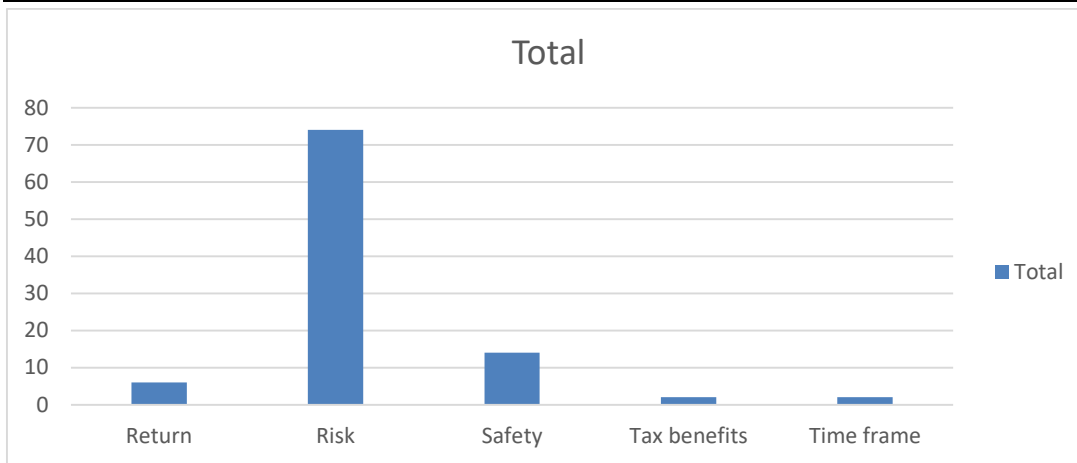


Annual Income	Total Count
0-5 Lacs	129
5-10 Lacs	25
Above 10 Lacs	06
Grand Total	160





Row Labels	Count of Occupation
Return	6
Risk	74
Safety	14
Tax benefits	2
Time frame	2
Grand Total	98



With the help of pivot table, we can interpret that most of people consider risk as the most important factor of the investment decision and most of them expect the rate of return below 10% and only a few of them expect 10% to 20% or above 20%.

8. FINDINGS

- Most of the people belong to business group where income level is good and therefore are willing to invest in order to fulfill their various goals. 24.2% belong to employment group and 12.4% belong to profession group.
- The annual income of most people is below 5 lacs. That's they belong to middle class and their saving and investment may not be too high or frequent. 15% of respondents earn good amount i.e. 5-10 lacs, so their savings and investment might be quite good.
- 50% of the respondents invest in stock market. This shows turnover and profit earned in short run. 22% of the respondents invest in mutual funds. Mutual funds help invest in diversified funds and sectors and reduce the risk. They are run by professional money managers leading to capital gain for investors. 7% of the respondents invest in bank deposits, the safest form of the investment which yields fixed return on it. 7% of the respondents invest in commodities. And a few invest in post office schemes, real estate, bonds, etc.
- 53% people consider risk, 24.5% people consider safety, 13.5% people consider rate of return as the most important factor of investment. And a few people consider time frame, purpose of investing, tax benefit, etc.

- 40% people invest annually. 19.4% people invest monthly. 15.5% people invest weekly and about 10% people invest quarterly. And a few invest with no fixed duration.
- 58.9% people expect annual return below 10%. 31% people expect annual return between 10-20% and about 10% people expect annual return above 20%.

9. LIMITATIONS OF THE STUDY

- Limited population: Residents of Vadodara are only considered.
- Limited data availability: Investment pattern deals with sensitive financial information, and access to comprehensive and reliable data can be challenging. Researchers often rely on limited datasets, which may not fully capture the complexity and diversity of investment pattern. Number of respondents are only 160.
- Source of data: Only structured questionnaire method is used.
- Rapidly evolving landscape: Financial markets, and regulatory environments are constantly evolving. Research findings may become outdated quickly, limiting their applicability to current scenarios. Keeping up with the latest developments in the field can be demanding for researchers.

10. CONCLUSION

Research on the working population's investing patterns has concluded that it is essential for assisting people and organizations in efficiently managing their financial resources and achieving their financial objectives. The significance of diversifying investment portfolios is emphasized by investment patterns. Spreading their assets throughout a variety of asset classes, industries, and geographical areas can help people reduce risk and possibly increase returns. Long-term capital growth is possible and wealth protection against the volatility of any one investment is facilitated by diversification. Research on investment patterns emphasizes how important it is to consult a specialist. Wealth managers are knowledgeable in a number of financial topics, such as risk management, tax planning, estate planning, and investment management. They can offer tailored approaches depending on specific objectives and situations, assisting customers in making defensible choices and handle challenging financial circumstances. It's crucial to plan your finances: A successful investment strategy includes thorough financial planning. This include establishing precise financial objectives, making a budget, successfully managing debt, and taking into account things like estate preparation, retirement planning, and funding for school. People can maximize their investment pattern techniques and strive toward reaching their long-term goals and other life goals by using a holistic approach to financial planning. It's essential to regularly check and make adjustments: An investment pattern is a continuous process rather than a one-time event. Studies underscore the significance of consistently keeping an eye on investments, evaluating financial strategies, and implementing any required modifications. Over time, markets, economic conditions, and individual situations might change. Proactive management makes ensuring that investment plans stay with these changing conditions and aims.

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