



A STUDY ON INVESTMENT PATTERN OF SALARIED EMPLOYEES

Nayana N Nair

Assistant Professor, Bhavan's College of Arts & Commerce, Kakkanad

Dr. S. Rajendran

Assistant Professor, Department of Commerce, Sri Meenakshi Government College for women (A), Madurai, Tamil Nadu

ABSTRACT

Investments are one of the most popular financial instruments where one invests today and can reap benefits later. Apart from this, these investments also provide tax benefits. This paper aims to study and understand the behavioral pattern of investment among the salaried people and the difference in perception of an individual related to various investment alternatives. It also aims to provide an insight into factors considered for an appropriate investment. It also gives a wider scope to understand various issues related to investment by salaried people.

KEYWORDS : Investments, Salaried employees, Savings, Tax Benefits

INTRODUCTION

A study on investment management starts with the question of what investment is. The word "investment" has many interpretations as it means different things to different persons. For a person who has lent money to another, it may be an investment for a return. Similarly, if a person purchases shares of a company, bullion or real estate for the purpose of price appreciation, an investment for him. Likewise, an insurance plan or a pension plan is an investment to its purchaser. It is clear that investment is a commitment of funds for earnings additional income. In other words, investment is considered the sacrifice of certain present value of money in anticipation of a reward. There are a lot of investment avenues available today in the financial market for an investor with an investable surplus. He can invest in bank deposits, corporate debentures, and bonds where there is low risk but low return. He may invest in stock of companies where the risk is high and the returns are also proportionately high. The recent trends in the stock market have shown that an average retail investor always lost with periodic bearish trends. People started to opt for portfolio managers with expertise in stock markets who would invest on their behalf. Investments are evaluated to decide or choose the right investment.

OBJECTIVES OF THE STUDY

- ❖ To study the behavioral pattern of investments among salaried people.
- ❖ To offer suitable suggestions based on the findings of the study

Statement Of The Problem

Investment has been an activity confined to the rich and salaried class in the past. This can be attributed to the fact that availability of investible funds is a pre-requisite to development of funds. Generation of savings and its conversion into capital is fundamental to the theory of economic growth. The volume and composition of savings are important in the process of economic development of any nation. Savings in the form of financial assets derives its importance in a developing country like India on the ground that these savings can be channelized for capital formation. In India, households are the largest contributors to the national pool of savings. Their share in net domestic savings in India remains around 75 per cent on an average. An investor can choose from a variety of funds to suit his risk tolerance, various investment avenues and objectives. Against this background, the researcher has taken up this topic.

METHODOLOGY

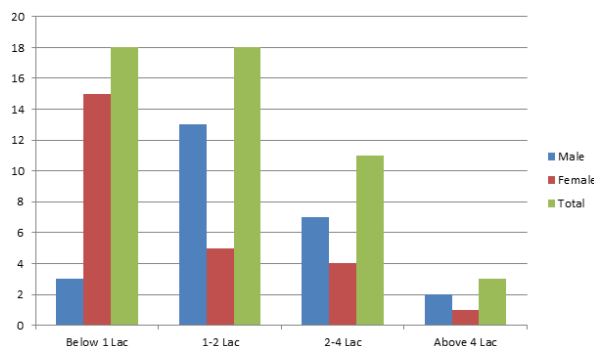
Primary and secondary data will be collected. Sample size shall be total 50 salaried employees. A questionnaire was framed consisting of 20 closed end questions and open end questions covering the personal and demographic profile, the

awareness related to methods, modes, reasons for savings and investment and other related data were collected.

DATA ANALYSIS

TABLE 1 ANNUAL INVESTMENT

Particulars	Below 1 Lac	1-2 Lac	2-4 Lac	Above 4 Lac
Male	3	13	7	2
Female	15	5	4	1
Total	18	18	11	3

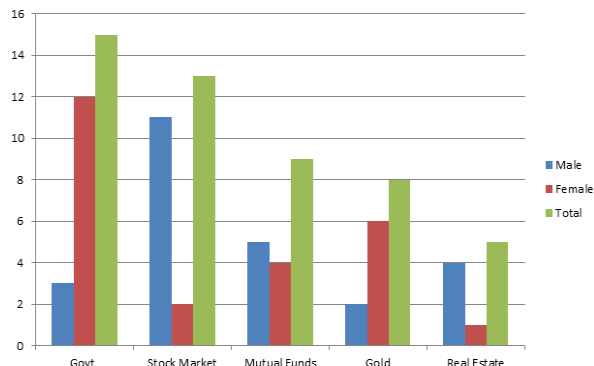


Source: Primary Data

It is observed that majority of the Male respondents have annual investment in range of 1-2 Lacs while majority of Female respondents have annual investment below 1 Lac.

TABLE 2 AVENUES OF INVESTMENT

Particulars	Govt.	Stock Market	Mutual Funds	Gold	Real Estate
Male	3	11	5	2	4
Female	12	2	4	6	1
Total	15	13	9	8	5



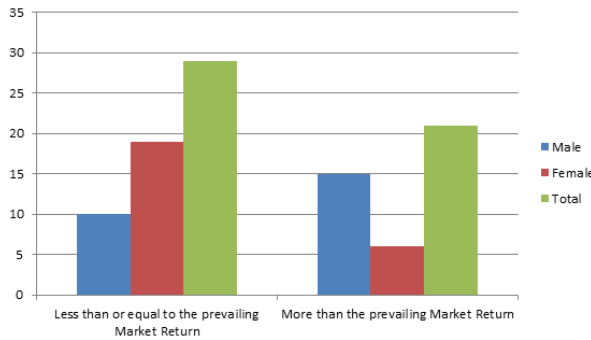
Source: Primary Data

It is observed that majority of Investment of Male respondents is in the Stock market followed by Mutual Fund , Real Estate

and Government Securities while the minimum is in Gold. Whereas the majority of Investment of Female respondents is in the Government Securities followed by Gold, Mutual Fund and Stock Market while the minimum is in Real Estate.

TABLE 3 RETURN ON INVESTMENT

Particulars	Less than or equal to the prevailing Market Return	More than the prevailing Market Return
Male	10	15
Female	19	6
Total	29	21



Source: Primary Data

It is observed that the majority of Male respondents invest in those Avenues of Investment where the Return on Investment is more than the Prevailing Market Return. Whereas the majority of Female respondents invest in those Avenues of Investment where the Return on Investment is Less than or Equal to the Prevailing Market Return.

FINDINGS AND SUGGESTIONS

FINDINGS

The following are major findings of the study:

1. It is found that fixed deposits are not attractive as the rate of deposit is lower as compared to other options
2. It is viewed by the majority of respondents that traditional savings schemes do not provide any tax benefits
3. It is analyzed that mutual fund is most favored option by youngsters
4. It is found that more number of male respondents invest in the range of 1-2 lakhs; with regard to female respondents in the range of below 1 lakh
5. It is known that majority of male respondents invest in the stock market. With reference to female respondents they invest in government securities.

SUGGESTIONS

The following suggestions are offered based on the findings of the study:

1. Intensive awareness may be created among the people to popularize post office savings, savings in LIC policies and so on
2. Rate of interest on fixed deposit is very minimum hence it may be increased to attract more amount on fixed deposits
3. The knowledge on stock market investment should be disseminated at all levels
4. Investment on gold is an attractive one. The strategies and legal complications to be bought to all stakeholders.

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