

A Study on Investment Patterns and Awareness of Salaried Class Investors



Management

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ABSTRACT

Investment is a desire to earn expected return from his investments, this investments is portion of the savings from the salary. This investment is made with the expectation of earning good returns from their investments. These investments were made for livelihood after their retirements. As per the recent survey results salaried employees investments were not increased as compared with the business persons. Unfortunately, it is true that employees think investments only at the time of retirements. Few years back there were only limited numbers of options available for investments, but in the present scenario the investments options are increased and awareness of investments also increased. With this back ground the researcher intended to study the investment patterns and their awareness regarding the salaried employee's investments of Kalaburagi s, State; Karnataka. The respondent of research study consist only those people who earning fixed Income as salary so the study included only salaried group of people.

Introduction

Investment is the sacrifice of certain present value for the uncertain future reward. Investment is always interesting, challenging and rewarding. Generally risk and return go together; if the investment has high risk simultaneously there should be a risk return and vice-versa. Investment is an activity that is engaged by people, who have savings i.e. investment are made from savings or in other words people invest their savings. As an investor, have different varieties of investment options such as banks, gold, real estates, post services, mutual funds and etc., Investors are selecting different investment options for their investment with different objectives such as, profit, security, appreciation, income stability. The major features of an investment are safety of principal amount, liquidity, income stability, appreciation and easy transferability. A variety of investment avenues are available such as shares, bank, companies, gold and silver, real estate, life insurance, postal savings and so on. All the investors invest their surplus money in the above mentioned avenues based on their risk taking attitude. The Investment pattern of the salaried employees is different due to safety, regular flow of income, tax saving benefits, security, Retirement benefits rather than professionals & businessman. As the awareness of investors is considered to be indispensable while studying one's savings and investment pattern, an attempt was made to measure the awareness level of investors. Awareness is an abstract concept and hence it cannot be measured directly in quantifiable terms. Moreover, there is no fixed or readymade method available to measure it but the awareness can be indirectly measured.

Review of literature

B.Thulasipriya. The research shows that majority of the respondents are saving money as Bank deposits for the safety of an unpredictable future. The main avenues of investment are Bank deposits and the main purpose of investment is for children education, marriage, and security after retirement. **R. SreePriya and P. Gurusamy.** An in depth analysis is done to identify the attitude, factor influencing investor to save and saving preference of investors. The study identified the problem faced by the investor and the impending problems could be solved in the right direction. **Sonali Patil and Dr. Kalpana Nandawa.** The researcher has analyzed that salaried employees consider the safety as well as good return on investment on regular basis. Respondents are aware about the investment avenues available in India except female investors.

Somasundaram (1998) has found that bank deposits and chit funds were the best known modes of savings among investors and the least known modes were Unit Trust of India (UTI) schemes and plantation schemes. Attitudes of investors were highly positive and showed their intention to save for better future. **V.R.Palanivelu & K.Chandrakumar** (2013) examined the

Investment choices of salaried class in Namakkal Taluk, Tamilnadu, India with the help of 100 respondents as a sample size & it reveals that as per Income level of employees, invest in different avenues. Age factor is also important while doing investments.

Statement of the problem

Salaried people often fallaciously believe that they do not need any financial planning as their income and expenses are regular. The households presume that their savings automatically accumulate in the bank and do not require any intervention to maximize financial gains. In spite of various researches, in the areas of Savings and investment pattern of investors and individuals in various financial and physical investment avenues like bank deposits, real estate, and assets like gold and silver, it becomes all the more important to study and analyze by adopting advanced research in the preferences and level of investment towards various investment avenues available to the salaried employees.

Objectives of the study

1. To identify the mode of investments of the salaried respondents in various investment avenues.
2. To study the factors influencing the investment pattern of the respondents
3. To explore the problems faced by the respondents in their pattern of investments.
4. To analyze the level of investment invested by the salaried employees in various investment options.
5. To analysis the factors that influence the level of awareness among the salaried investors.

Research design and methodology

The respondents of this study consists of the people employed in various fields like manufacturing, trading and service providing sectors and are referred to as salaried employees in our study. The study was conducted by selecting the salaried employees in the Kalaburagi city, and classifying them into two categories based on the criterion of belonging to the Government sector and private sector. The qualitative- descriptive study focus on the perceptions of salaried class investors in geographical area of Kalaburagi city of Karnataka. Convenient sampling technique is used to choose among the population of salaried class investors around 250 respondents which are collected for the 15 days, and structured interview-questioner method is used for collecting data for the purpose of study of Kalaburagi city of Karnataka state.

Tool of analysis

The following are the statistical techniques used for the study.

- Percentage analysis

- Chi square test
- Ranking analysis

Hypothesis

- Ho: There is no significant relationship between education qualification of the respondents and their level of fulfillment.
- H1: There is a significant relationship between education qualification of the respondents and their level of fulfillment.

Date analysis and interpretation

TABLE 1: PREFERENCE OF INVESTMENT

Inclination of Investment	No Respondents	Percentage (%)
Bank Deposit	52	20.80
Insurance	38	15.20
Post Office Savings	30	12.00
Gold	26	10.40
Real Estate	21	08.20
Government Bonds	26	10.40
Mutual Funds	22	08.60
Shares & Bonds	28	11.20
Others	08	03.20
TOTAL	250	100%

Source: Primary Data

It is referred from the table that 52 (20.80%) of respondents preferred bank deposits, 38 (15.20%) preferred to insurances , 30 (12%) of respondents choose to post of savings, governments bonds and investment in gold are near to the respondents in their investments 26 (10.40%) and investments in shares and bonds has also interested by respondents which has got 28 (11.20%) and in real estate and mutual funds investors responded to 21 (8.40%) and 22 (8.80%) lastly in others it is 08 (3.20%).

TABLE 2: LEVEL OF AWARENESS

S. No	Level of awareness	No. of investors	Percentage(%)
1	Low	53	21.20
2	Medium	117	46.80
3	High	80	32.00
	Total	250	100.00

Source: Primary Data

No of dependents and awareness level:

One who depends, one who is sustained by another, or who relies on another for support of favor especially financial support? So no of dependents of investor are considered as an important variable to find out its association with the level of awareness of investors and relevant data shows that sample investor of who have no dependent 58.8% had low level 29.4% of sample investor had medium level awareness and 11.8% of sample investors had high level awareness .

Monthly income and level of awareness:

Income is the consumption and savings opportunity gained by an entity within a specified time frame, which is generally expressed in monetary terms. However, for households and individuals, "income is the sum of all the wages, salaries, profits, interests' payments, rents and other forms of earnings received. From the table it is ascertained that among the sample investor of who earn monthly income less than Rs.10, 000 78.8% had low level 17.3% of sample investor had medium level awareness and 3.8% of sample investors had high level awareness. The sample investors who earn Rs 10,000-15,000 81.7% had low level awareness 17.3% had medium level awareness and 1.0% had high level awareness. Sample investor who earn Rs.15,000-20,000 82.0% had low level awareness and 16.2% had medium level awareness and 1.8%had low level awareness. The sample investors who earn Rs 20,000- 25,000 79.8% of low level awareness and 19.2% had medium and 1.0% had high level awareness and the sample investor who earn monthly income of Rs 25,000- 30,000 73.7% of low

level awareness and 26.3% of medium level awareness. The sample investor who earn more than Rs. 30,000/- 71.4% of low level awareness and 28.6% of medium level awareness.

Number of earnings and level of awareness:

Today everybody is part of a working family. There's no single model; it's not the old stereotype of the male breadwinner with the wife at home taking care of the family and community needs. One number of earning member in family has 82.8% low level awareness and 16.2% investor has medium level awareness and 1.0% has high level awareness. Two number of earning members in family has 78.2% low level awareness and 19.3% medium level awareness and 2.5% has high level awareness.3 & above number of earning members in family has 79.3% low level awareness and 19.3% has medium level awareness and 1.5% has high level awareness. 33.3% of low level awareness and 66.7% had medium level awareness.

Age and awareness level:

Age indicates the length of time that one has existed. During the time period are their aware about their investment for their future benefits. Table discuss that from 21-30 years of sample investors have 80.2% of low level awareness and 17.9% have medium level awareness and 1.8% high level awareness. And age between 31-40 have 81.3% of low level awareness and 18.1% have medium level and .6% high level awareness. From 41-51 years of sample investors have 81.5% low level awareness and 17.2% and 1.3% medium and high level awareness. Sample investors at the age of 51-60 have 83.2% of low level awareness and 14.8% and 2.0% of medium and high level awareness.

Sex and awareness level:

It refers to the biological and physiological characteristics that define men and women. This analysis is made based on the gender it reveals that Male investor has 82.0% low level awareness and 16.7% investor has medium level awareness and 1.3% has high level awareness. Female investor has 78.3% low level awareness and 19.9% medium level awareness and 1.8% has high level awareness.

TABLE 3: PROBLEMS FACED BY THE RESPONDENTS

Problems	No. of Respondents	Percentage (%)
Yes	112	44.8
No	138	55.2
TOTAL	250	100

Source: Primary Data

From the above reference of table, it is clear that problems are associated with investments, 138 (55.2%) respondents informed that they faced the problems in investment. Whereas 112 (44.8%) respondents mentioned that they had no problems in their investments.

TABLE 3: EDUCATIONAL QUALIFICATION AND LEVEL OF FULFILLMENT

Educational Qualification	Fulfillment		Total
	Satisfied	Dissatisfied	
School	38 (84%)	7 (16%)	45
Collage	94 (53.71%)	81 (46.29%)	175
Others	22 (73%)	08 (27%)	30
TOTAL	141 (56.4%)	109 (43.6%)	250

Source: Primary Data

Factor: Educational qualification, Degree of freedom: 2; Table value: 5.991, Calculated value: 9.81, Significant Level: 5%

It is clear from the above table that the calculated chi-square value is greater than the table value and the result is significant at 5 % level. Hence, null hypothesis H_0 is rejected and the alternative hypothesis H_1 is accepted. The hypothesis "Education qualification of the respondents and their level of fulfillment" are associated, holds good. From the analysis, it is conclude that there is a close relationship between the education qualification of the respondents and their level of fulfillment.

Findings

From the analysis, it is conclude that 52 (20.80%), of the respondents go for investment in bank deposits rather going for the high risk securities, due to most of the respondents are not belonged to non-government sector where the is salary is not at the par of government employees salary, and employability is also under threat, due to this reason respondent fear to invest in high risk securities. The second major choose of the respondents are insurance were it is 38 (15.20%) because, if the respondent is invested in insurance he is benefited with two benefits one it is life covered and other it sum assured after maturity with compounding return also it is risk free return.

Third choose of major respondents are post office where it is 30 (12%) risk is very low as a compared to other investment patterns. the respondents choose the post office due to easy accessibility, simple regulations, one of the oldest investment methods. In this case of investors the investors are not too educated who are from schooling background. In the case of Gold, Real Estate, Government Bonds, Mutual Funds, Shares & Bonds and others the ratio of investments are not too difference because in this case of investment respondents have well information and educated to understand the risk and return relationship, but there ratio is less as compared to other investments. In the case of real estate and mutual fund the respondents refer due to future perspective of construction of home and their children education or marriage other needs. It is found that 59% of respondents belong to the male, it is found that 89% majority of respondents belong to the age group of 22-38 years, due to convenient sampling method the respondent were surveyed are major of educated level and at the level of B and C cadre, it is found

that 70% majority of respondents educated up to college level.

It is found that increase in awareness programs of investments avenues has increased the investments in the government bonds, shares and bonds mutual funds and brought increase in conscious of different investment avenues it is about 51% as compared past record. There is a significant relationship between the educational qualification and fulfillment level of the respondents. The proper educational level helps the respondents to analysis fundamentally and technically, education in respondents helped to analysis risk and return relationship in choosing the financial instruments for their investments, so that they can avoid rely on stock brokers suggestions and guidelines. The above data clarifies that major of the salaried class investors are investing for the longer period of time of their investment objective the longer period investment is due to retirement benefits, child's marriage, child's higher education, good stabilized return, to avoid risk, the major of respondents choose to go for SIP method of investment (Systematic Investment Plan), even some respondents made their own portfolio of securities and they invest monthly or quarterly half yearly.

Conclusion

This study has made an attempt to analyze the savings and investment pattern of salaried class investors. An in-depth analysis is done to identify the attitude, factor influencing investors to save and savings preference of investors. It is hoped that the saving public (particularly salaried class) will analyze their savings and investment. This study identified the problem faced by the investors and the impending problems could be solved in the right direction. The main reason has been observed to be the lack of awareness of investors about the concept and working of the investment pattern. Moreover, as far as the Socio-Economic variables are concerned, age, gender, income, education and occupation have been found influencing the attitude of investors towards investment significant.

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