

A Survey on Investment Preference of Privately Employed People

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ABSTRACT

The study entitled “A survey of the preferences of the salaried class towards various investment options available “ was conducted in Chennai city. This check was principally collected to know about the investment preferences of the people who belong to the salaried class. There are various and different kinds of investment options available like Mutual funds, Bonds, Real Estate, Gold, etc. Each and every persons mindset on how important to invest and grounded on what the investment should be made differs according to the income position, the quantum or chance of income he she'd like to allocate for investment. The basic and common idea behind this survey is to find what is the most preferred mode of investment which depends on different criteria's like the purpose of saving/ investment made, investment objective, frequency of the investment made. The results have been derived out by the way of analysis and interpretation of the collected data, using various statistical tools.

Keywords : Investment, Savings, Return, Mutual funds , Bank deposits.

INTRODUCTION:

An asset that is developed with the goal of allowing money to grow is essentially what an investment is. The wealth generated can be used for a variety of goals, including bridging income gaps, saving for retirement, or carrying out certain particular commitments like loan repayment, tuition payment, or the acquisition of other assets.

It is essential to comprehend what an investment is because, on occasion, it might be challenging to select the appropriate instruments to achieve one's financial objectives. Making the proper decisions as an investor depends on understanding the significance of investments in light of your individual financial condition.

Investment may induce income for you in two ways. One, if you invest in a saleable asset, you may earn income by way of profit. Second, if Investment is made in a return generating plan, also you'll earn an income via accumulation of earnings. In this sense, ‘ what is investment ’ can be understood by saying that investments are each about putting your savings into means or objects that come worth further than their original worth or those that will help produce an income with time.

Investment promotes profitable growth and contributes to a nation's wealth. When people deposit money in a savings regard to a bank, for example, the bank may invest by advancing the finances to colourful business companies. These enterprises, in turn may invest the money in new manufactories and outfit to increase their product. In addition to adopting from banks, utmost companies issue stocks and bonds that they vend to investors to raise capital demanded for business expansion. Governments also issue bonds to gain finances to invest in similar systems like construction of heads, roads and seminaries. All similar investments involve a present immolation of income to get an anticipated unborn benefit. As a result investment raises a nation's standard of living.

An investment is an asset or item accrued with the thing of generating income or recognition. In an profitable outlook, an investment is the purchase of goods that aren't consumed moment but are used in the future to induce wealth. In finance, an investment is a fiscal asset bought with the idea that the asset will give income further or will latterly be vended at a advanced cost price for a profit.

Investment is illustrated and defined as an addition to the cache of physical capital similar as Machinery, structures, Roads, etc., i.e. anything that sums up to the unborn productive capability of the frugality and changes in the catalogue(or the stock of finished goods) of a manufacturer. Note that ' investment goods '(similar as machines) are also part of the final goods – they aren't intermediate goods like raw materials. Machines manufactured in an frugality in a given time aren't ' used up ' to produce other goods but yield their services over a number of times.

Investment Opinions by manufacturers, similar as whether to buy new machinery, calculate to a large extent, on the market place rate of interest. However, it still depends on the person and enterprises to plan to invest the same quantum every time or to produce a better plan for the new investment.

NEED AND SCOPE OF STUDY:

The study investigated the investment decision of people of salaried class and the preferences made by them grounded on the options available to them. This check was accepted to know the most favoured investment of the people who belonged to the salaried class.

STATEMENT OF RESEARCH PROBLEM:

The main aim of this study is to analyse the investment options preferred by the salaried class and to detect on what basis the investment is made. What all the options are available and how much is the optimum choice of

investment is studied in this research study.

OBJECTIVES OF RESEARCH:

PRIMARY OBJECTIVE:

- To study the Investment options preferred by salaries class.

SECONDARY OBJECTIVE:

- To study the optimum choice of investment
- To realise how frequently the employees are investing in various investment options.
- To detect the percentage of salary that is allotted to the investments.
- To find out with which investment the salaried classes are satisfied and profitable.
- To find out with whose advice the salaried class people are investing in various investments.

INDUSTRY PROFILE:

Investment is appertained to as the conception of remitted consumption, which could be in the form of an asset, rendering a loan, keeping the saved finances in a bank account similar that it might induce economic returns in the future, etc. The options of investments are huge; all of them having different risk- price trade- offs. This concludes that the investment Industry in India is really broad and that's why understanding the core generalities of investments and consequently analysing them is essential. Only after a thorough understanding of the investment Industry, can an investor produce and manage his investment portfolio similar that the returns are maximized with the minimal position of threat.

Investment industry in India

The investment industry in India has been riding high for the last many times. Warren Buffett has always mentioned that investment in India should always be a long-term story- as the industry has been growing from an arising request to a developed one. The coming 10 years in India will surely give good returns. India is one of the world's largest and most swift-growing countries. Numerous nations have shown interest in investing in India, there's a large consumption base, cheap skilled labour, and surplus resources at their disposal.

Over time, India has surfaced as one of the most swift-growing countries in the world, and it now offers a growing and thriving area for investments, both domestic and foreign. With the largest youth population in the

world, it provides prospective investors with a largely professed pool and a strong work heritage. India's huge domestic consumption, led by the private sector, has played a major part in the country's growth. India has an estimated middle class of 400 million people who are the main drivers of consumption expenditure. This arising middle class and adding disposable inflows are the largest factors behind the adding domestic consumption in India. It's estimated that the private consumer request in India will increase four times by 2025. The present government is also fastening on rural areas and farmers, as rural India is also arising as a forthcoming request for all types of consumer goods.

A host of government enterprises has also enabled India's investment growth, which includes developing India's fiscal system, perfecting the structure, and relaxing FDI morals. The Government has propagated an investor-friendly FDI policy, in which the utmost sectors are open for 100% FDI under the automatic route. India's FDI policy is also reviewed on an ongoing base to insure that India remains an attractive and investor-friendly destination.

THEORETICAL REVIEW:

INVESTMENTS:

Investment is an asset acquired or money committed with the purpose of earning income in the future. Investments are also made to profit from unborn appreciation in the value of an asset. Investment is a purchase of unborn goods- acquainted, aimed at earning income in the future or creating wealth in the future. An existent may also seek to gain by dealing the asset in future for an advanced price.

Types of Investments:

The question ' what is an investment ' is substantially followed by understanding your investment objects and relating where to invest. Keeping away investments in real estate and means like jewellery and all, when it comes to different instruments, another aspect of understanding ' what investment means' is to know about different types of investments. The first refers to equity investments, and the alternate order includes debt instruments. However, equity investments can offer lesser returns and carry a fairly advanced threats, If your investment objects match. While debt instruments are less risky but offer fairly low returns. Further, what's investment meaning can also be understood from the perspective of how they're acquired.

Following are different types of investments in India:

1. Stocks:

This includes shares of ownership of any company and helps you earn tips in return. Stocks are of two types — common and favoured. The difference is while the holder of the former has voting rights that can be exercised in commercial opinions, the latter doesn't. still, preferred shareholders are fairly entitled to admit a certain

position of tip payments before any tips can be issued to other shareholders.

2. Bonds:

It means advancing your money to an institution or government, for which you admit fixed interest at regular intervals and also the face value upon maturity. A bond is a fixed-income instrument that represents a loan made by an investor to a borrower(generally commercial or governmental). A bond could be allowed as an I.O.U. between the lender and borrower which includes the details of the loan and its payments. Bonds are used by companies, cosmopolises, countries, and autonomous governments to finance systems and operations. possessors of bonds are debt holders, or creditors, of the issuer.

A bond is a fixed-income instrument that represents a loan from an investor to a borrower. It's a contract between the investor and the borrower, where the borrower uses the money to fund its operation and the investors admit interest in the investment.

3. Mutual Funds:

Mutual funds are a type of investment where money from multiple investors is pooled and invested by a professional fund director. Depending on your threat forbearance, investment term, and returns prospects, you can choose to invest in Equity Mutual finances, Debt Mutual finances, or Hybrid Mutual finances.

Types of Mutual Funds

There are several types of mutual funds available for investment, though most mutual funds fall into one of four main categories which include stock funds, money market funds, bond funds, and target-date funds.

- **Stock Funds:**

As the name implies, this fund invests basically in equity or stocks. Within this group are colourful subcategories. Some equity finances are named for the size of the companies they invest in small-, medial-, or large- cap. Others are named by their investment approach aggressive growth, income- acquainted, value, and others. Equity finances are also distributed by whether they invest in domestic(U.S.) stocks or foreign equities.

- **Index Funds:**

Index finances invest in stocks that correspond with a major request indicator similar to the S&P 500 or the Dow Jones Industrial Average(DJIA). This strategy requires lower exploration from judges and counsels, so there are smaller charges passed on to shareholders and these finances are frequently designed with cost-

sensitive investors in mind.

- **Balanced Funds:**

Balanced Finances invest in a hybrid of asset classes, whether stocks, bonds, money request instruments, or indispensable investments. The ideal of this fund, known as an asset allocation fund, is to reduce the threat of exposure across asset classes.

4. ULIP:

ULIPs or Unit Linked Insurance Plans are a type of investment that provides both investment and life insurance benefits. A portion of the capital invested into ULIPs is allocated for investment, meaning in this plan a part of your finance is invested in different finances and helps you earn request-linked returns. It also offers duty-saving benefits of over RS.1.5 lakhs under Section 80C.

5. Public Provident Fund (PPF):

Public Provident Fund(PPF) is considered one of the best investment options for long-term investors who are seeking guaranteed returns. The current PPF interest rate is 7.1 sire till September 2022 and is a government-backed scheme, it features minimum threat to the top quantum invested. Public Provident Fund(PPF) is one of the most popular long-term investment options in India. Since it's backed by the Government of India, it's a safe investment with a seductive interest rate.

6. Invest in Fixed Deposits:

Most people consider the Fixed Deposit investment as a part of their Retirement investment options because it enables finance to be deposited with banks for a fixed maturity period, ranging from 15 days to five times(& over) and it allows them to earn an advanced rate of interest than other conventional Savings Account.

7. Invest in Gold:

Gold investment can be done in many forms like buying jewellery, coins, bars, gold exchange-traded funds, Gold funds, sovereign gold bond scheme, etc. Though there are times when markets see a fall in the prices of gold but usually it doesn't last for long and always makes a strong upturn. There are a plethora of precious

metals, but gold is placed in high regard as an investment. Due to some influencing factors such as high liquidity and inflation-beating capacity, gold is one of the most preferred investments in India. Gold investment can be done in many forms like buying jewellery, coins, bars, gold exchange-traded funds, Gold funds, sovereign gold bond scheme, etc.

8. Investment in Real estate:

Real estate investing involves the purchase, operation and trade or reimbursement of real estate for profit. Someone who laboriously or passively invests in real estate is called a real estate entrepreneur or a real estate investor. Some investors laboriously develop, ameliorate or patch parcels to make further plutocrat from them. Real estate is divided into several broad orders, including domestic property, marketable property and artificial property.

RESEARCH DESIGN:

The researcher adopted the descriptive research design for this study. Descriptive research, also known as statistical research, describes data and characteristics about the population or phenomenon being studied. Descriptive research answers the questions who, what, where, when and how. It includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs, as it exists at present.

METHODOLOGY :

In order to reach the objectives of the study, a sample survey was conducted with people who belong to salaried class. A questionnaire was given to the employees and were asked to respond to the questions related to the investment they would prefer to make or they have already done belonging to the salaried class.

SAMPLE SIZE :

Sample size of 100 people has been taken. For this study Probability Sampling method has been used. The main merit of this technique is that the each population member has an equal probability of being selected. The type of probability sampling used in this study is Simple Random sampling.

DATA COLLECTION METHOD

- Primary Data was collected directly from the respondents through questionnaire.
- The secondary information is collected from different published materials vis. Books, Journals,

magazines & websites etc.

- The study was done with the help of primary data using the schedule as a tool to assess the investment and its behaviour patterns of sample employees. As the study aims at soliciting opinion about the investment avenues a closed ended schedule is prepared with several characteristics of attributes to analyze and assess the relative importance of each of the statement

PERIOD OF STUDY:

The period of study for the research by the author was 11 weeks (From 9th January 2023 to 2nd March 2023).

LIMITATIONS OF STUDY:

- The salaried class people were sometimes busy with their work, so they refused to give accurate information.
- Some of the salaried class people were not willing to express their income Level due to some personal problems.

STATISTICAL TOOLS USED:

- Percentage method
- Weighted Average method
- Chi-square test.

PERCENTAGE METHOD:

In mathematics, a chance is a number or rate that can be expressed as a bit of 100. still, divide the number by the total and multiply by 100, If we've to calculate the percent of a number. Hence, the chance means, a part per hundred. The word percent means per 100. It's represented by the symbol "%". probabilities have no dimension. Hence it's called a dimensionless number.

$$\frac{\text{no.of respondents for particular option}}{\text{Total no.of respondents answered that particular option}} * 100$$

Total no.of respondents answered that particular option

Weighted Score of each factor

Some of the weights

CHI-SQUARE TEST:

A **chi-squared test** (symbolically represented as χ^2) is basically a data analysis on the basis of observations of a random set of variables. Usually, it is a comparison of two statistical data sets. This test was introduced by **Karl Pearson** in 1900 for categorical data analysis and distribution. So it was mentioned as **Pearson's chi-squared test**.

The chi-square test is used to estimate how likely the observations that are made would be, by considering the assumption of the null hypothesis as true.

A hypothesis is a consideration that a given condition or statement might be true, which we can test afterwards.

Chi-squared tests are usually created from a sum of squared falsities or errors over the sample variance.

For this test, the data must meet the following requirements:

- Two categorical variables
- Relatively large sample size
- Categories of variables (two or more)
- Independence of observations

FORMULA:

$$\chi^2 = \sum (O_i - E_i)^2 / E_i$$

ANALYSIS AND INTERPRETATION:

Data interpretation is the technique of reviewing facts via some predefined approaches which will assist assign some that means to the information and arrive at a relevant conclusion. It includes taking the end result of records analysis. Data evaluation is the method of ordering, grading, manipulating, and recapitulating records to achieve solutions to exploration questions. It's normally the first step taken in the direction of facts interpretation. It's obvious that the interpretation of facts is assuredly important, and as comparable necessities to be carried out duly. thus, experimenters have linked some records interpretation patterns to prop this process.

PERCENTAGE METHOD:

TABLE 1

CLASSIFICATION ON THE TYPE OF INVESTMENT CHOSEN

S.NO	INVESTMENTS	NO OF RESPONSES	PERCENTAGE OF INVESTMENT
1	MUTUAL FUNDS	23	12.23
2	STOCK	9	4.79
3	FIXED DEPOSITS	50	26.60
4	REAL ESTATE	26	13.83

S.NO	INVESTMENTS	NO OF RESPONSES	PERCENTAGE OF INVESTMENT
5	BOND	4	2.12
6	GOLD	41	21.81
7	POST OFFICE	31	16.48
8	LIFE INSURANCE	2	1.06
9	RD	1	0.54
10	CHIT FUND	1	0.54
	TOTAL	188	100

INTERPRETATION:

- a) 26.60% of salaried class people have invested in Fixed deposits.
- b) 21.81% of salaried class people have invested in Gold.
- c) 16.48% of salaried class people have invested in Post office savings.
- d) 13.83% of salaried class people have invested in Real estate.
- e) 12.23% of salaried class people have invested in Mutual Funds.
- f) 4.79% of salaried class people have invested in stock.
- g) 2.12% of salaried class people have invested in Bond.
- h) 1.06% of salaried class people have invested in Insurance.
- i) 0.54% of salaried class people have invested in RD.
- j) 0.54% of salaried class people have invested in Chit Fund.

CHART 1

CLASSIFICATION ON THE TYPE OF INVESTMENT CHOSEN

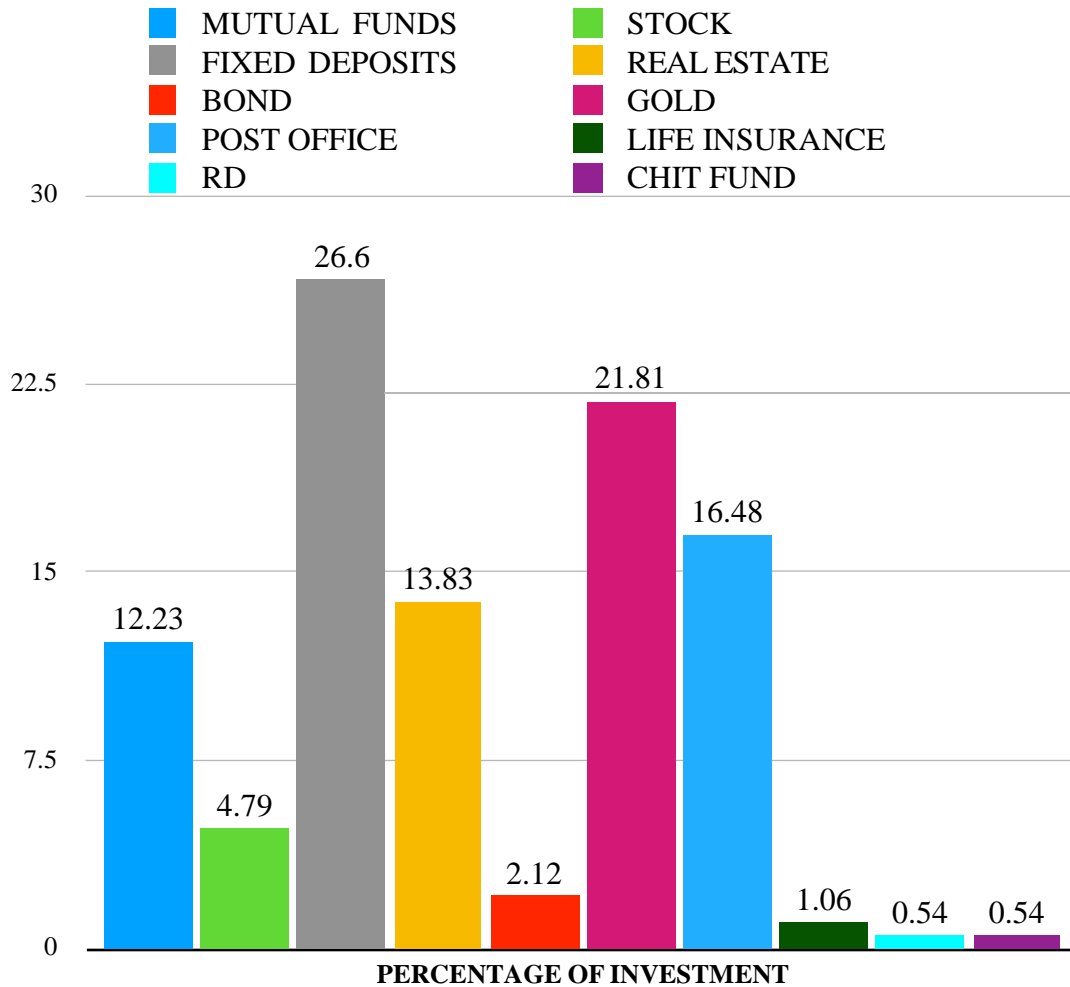


TABLE 2

CLASSIFICATION ON THE BASIS OF PURPOSE OF INVESTMENT

SNO	OBJECTIVE	NO OF RESPONDENTS AND PERCENTAGE
1	FUTURE NEEDS	39
2	WEALTH CREATION	32
3	CHILDREN'S EDUCATION	13
4	HOUSE BUILDING	9
5	MARRIAGE PURPOSE	7
	TOTAL	100

CHART 2

CLASSIFICATION ON THE BASIS OF PURPOSE OF INVESTMENT

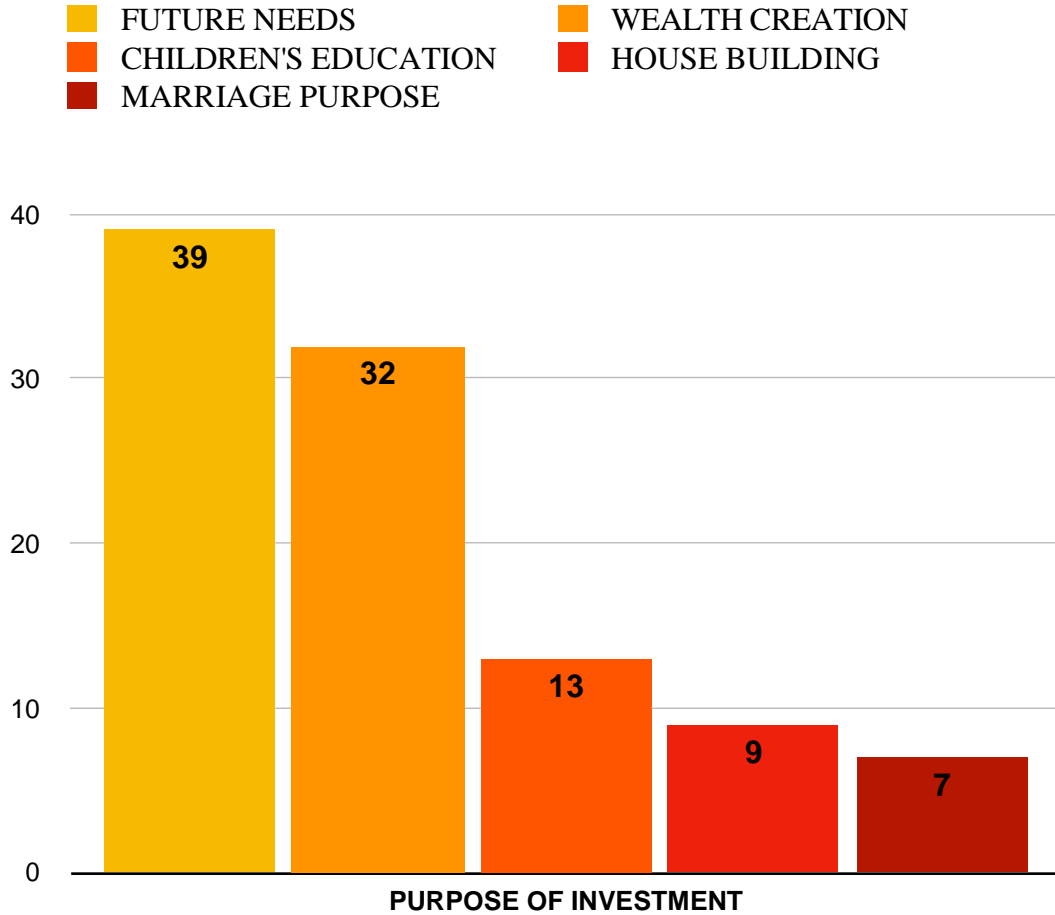


TABLE 3

CLASSIFICATION ON THE BASIS OF INVESTMENT OBJECTIVE

SNO	OBJECTIVE	NO OF RESPONSES	PERCENTAGE
1	LIQUIDITY	29	14.65
2	SAFETY	58	29.30
3	CAPITAL APPRECIATION	21	10.60
4	RETURNS	62	31.32
5	TAX BENEFIT	28	14.13
	TOTAL	198	100

CHART 3 CLASSIFICATION ON THE BASIS OF INVESTMENT OBJECTIVE

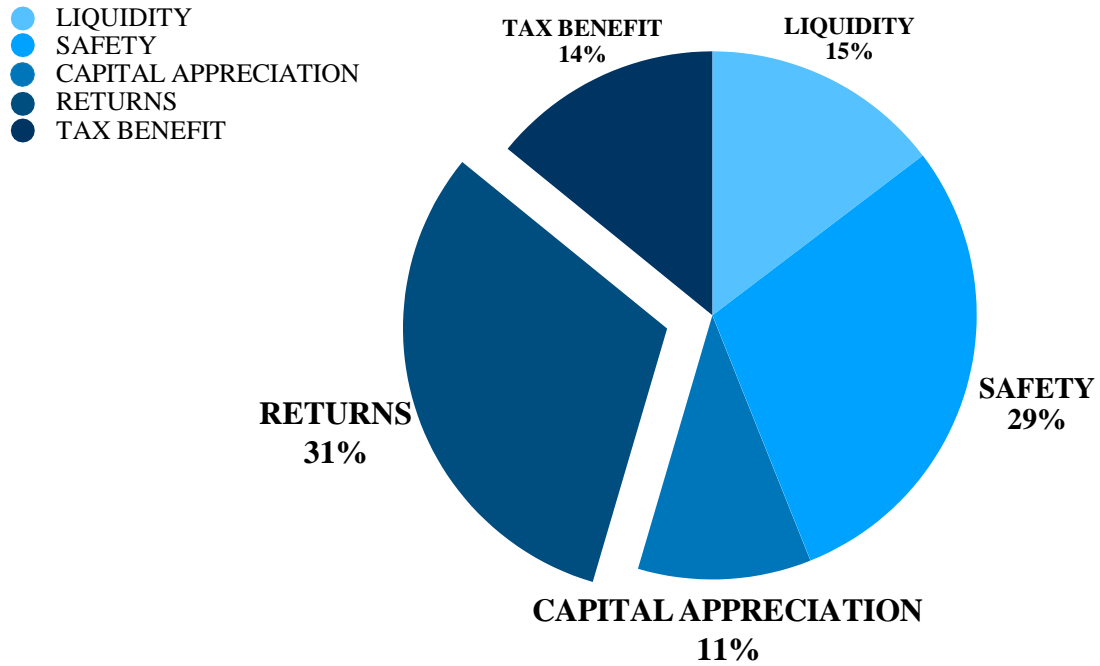


TABLE 4- PERCENTAGE OF ALLOTMENT IN SALARY

SNO	ALLOCATION	PERCENTAGE
1	0-10	35%
2	10-20	40%
3	20-30	14%
4	30-40	4%
5	ABOVE 40	7%
	TOTAL	100%

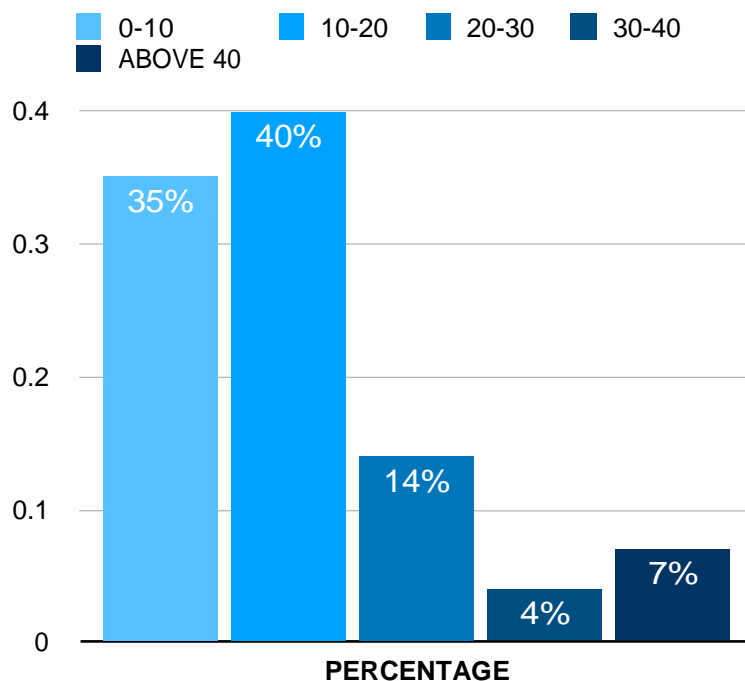


CHART 4- PERCENTAGE OF ALLOTMENT IN SALARY

CHI- SQUARE TEST:

TABLE 5 -

CHI - SQUARE TEST

SNO	INVESTMENT / INCOME LEVEL	BELOW 3 LAKHS	3-6 LAKHS	6-9 LAKHS	9-12 LAKHS	12-15 LAKHS	15LAKHS AND ABOVE	TOTAL
1	MUTUAL FUNDS	2	3	10	4	3	1	23
2	STOCK	2	0	6	0	0	1	9
3	FIXED DEPOSITS	3	7	21	13	5	1	50
4	REAL ESTATE	0	3	8	7	3	5	26
5	BOND	0	1	2	1	0	0	4
6	GOLD	6	12	10	8	3	2	41
7	POST OFFICE	10	4	13	4	0	0	31
8	LIFE INSURANCE	1	0	1	0	0	0	2
9	RD	1	0	0	0	0	0	1

10	CHIT FUND	1	0	0	0	0	0	1
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SNO	INVESTMENT / INCOME LEVEL	BELOW 3 LAKHS	3-6 LAKHS	6-9 LAKHS	9-12 LAKHS	12-15 LAKHS	15LAKHS AND ABOVE	TOTAL
	TOTAL	26	30	71	37	14	10	188

Null Hypothesis (H0):

There is no significant relationship between various levels of income and the type of investment chosen.

Alternative Hypothesis (H1):

There is significant relationship between various levels of incomes and the type of investment chosen.

FORMULA:

$$(O-E)^2$$

Calculated value of $(X)^2 = \Sigma \dots\dots\dots$

$$= \frac{\sum \frac{(O-E)^2}{E}}{1} = 99.505$$

$$\begin{aligned} \text{Degree of freedom} &= (R-1)(C-1) \\ &= (10-1)(6-1) \\ &= 45 \end{aligned}$$

Therefore the table value of chi-square for 45 degrees of freedom at 5% level of significance is =

40 degrees - 55.758

50 degrees - 67.505

INTERPRETATION:

Since, the calculated value is greater than the table value, we reject null hypothesis (H0) and accept Alternative hypothesis (H1) that there is significant relationship between the various levels of income and the type of investment chosen.

FINDINGS:

- 26.60% of salaried class people invest in Fixed deposits.
- 31.32% of Salaried class people's investment objective is Return.
- 39% of salaried class people make savings to meet the future needs.
- 13% of salaried class people make savings for the purpose of children's education.
- 36% of salaried class people invest on Annually basis.
- 55% of salaried class people make investment decision on their own.
- Fixed deposits are the mostly preferred investment option by the salaried class people.
- 32% of salaried class people have invested for the purpose of Wealth creation.
- 50% of salaried class people's level of investment satisfaction is been ranked 1 (very good) .
- 39% of salaried class people have chosen that 3-5 years is the basic investment period.
- 40% of salaried class people allocate 10-20% for the purpose of investment.

SUGGESTIONS:

- Most of the salaried class people have preferred gold after fixed deposits, so more attention can be given to it.
- The respondents feel that return is the main investment objective, so the investment which provides more return should be given attention and awareness should be made among people.
- The next main aspect for investment among the respondents after returns is safety from the investment made. More awareness about investments which provides proper income and safety can be introduced to the people.
- 12.23% of the salaried class people prefer mutual funds. More attention can be given to Mutual funds to encourage people from the salaried class to invest in them.

- 16.48 % of salaried class people invest in Fixed deposits. Additional concentration can be given towards this type of investment from the salaried class.

CONCLUSION:

Each and every man or woman saves a part work of his profits to meet his future needs. The percentage of income saved mostly depends on the profit level, the purpose of saving, and the goal of investments. In the same way, the desire for funding he adopts additionally depends on the return expected, the percentage of income disbursed for savings, and the purpose of savings. 40% of salaried category people store 10-20% of their profits whereas 26.60% of salaried class people invest in fixed deposits. This is due to the reason, that the salaried type of people's essential funding goal is protection and regular income. This is the reason, 29.30% of salaried classification people have chosen safety as their funding objective. Thus the most preferable funding option for the salaried classification people at Chennai is the Fixed deposit on account which is the funding avenue that provides security to their funding with a normal return.