



A comparative study on the saving and investment behaviour of the salaried employees

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Received : December 2010
Accepted : February 2011
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Abstract : *With the liberalisation of the financial sector, and a phenomenal growth of the Indian economy, the investment companies have started attaching more importance to the salaried employees. The study is an attempt to explore and comprehend the aspirations and apprehensions of the salaried employees with reference to their orientation regarding their investment decisions.*

Keywords : *Investment, Savings, Salaried Employees, Assets, Liabilities, Risk, Returns.*

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Introduction :

Marketing a financial product internationally or globally has become an important consideration today. Saving is an act of accumulating a part of one's earning. The term Investment means the art of utilizing the hard earned money in such a way that it fetches good return in future.

Salary and Investment are interdependent on each other. The investment capacity of an individual depends upon the salary he gets. The introduction of different schemes for investment has led to a situation where selection of appropriate scheme has become a difficult task.

The central question for a financial marketer is: How do investors respond to various marketing efforts of the financial company? Individuals are mainly concerned with the question: How to save and where to invest? The saving of the investors and their investment behaviour are affected by a host of factors.

The focal point of this research is identifying, assessing and evaluating investors' awareness.

Hypothesis of the study :

A hypothesis refers to a set of assumptions which would be put to test in order that they are validated. For the purpose of the study, following hypothesis has been made:-

1. Saving and Investment is a normal activity of earning individuals.
2. People mostly invest in shares, funds and commodities.
3. Government employees invest less as compared to the private sector employees.
4. Higher income group invests more than the lower income group.
5. Financial products of Religare are popular among the investors in Patna.

Objectives :

In our project work, we have mainly focused on Saving and Investment behavior of the salaried employees. It aims to achieve following objectives:

- To know about the different categories of salaried employees and their awareness about various investment instruments.
- To assess the profile of the investors, based on various parameters, regarding their perception of financial products.
- To identify the investment habit of salaried employees.

- To know the percentage of investments in different financial commodities.
- To determine the factors governing the saving and investment decisions.

Methodology adopted :

Data was collected from :

(a) **Primary Data Source:** This was collected on the basis of ;

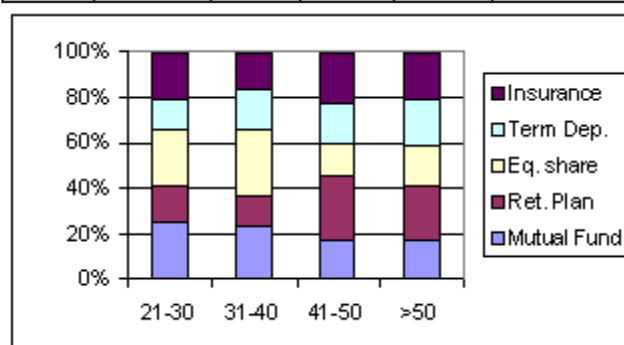
- Personal Interview with salaried employees
- Questionnaires seeking information from existing and potential investors.
- Stratified random sampling was done. Stratification was based on the basis of specific strata of the society in terms of their views regarding Savings and Investment.

(b) **Secondary Data Source:** Some information was gathered through different newspapers, books, magazines, internet sites. Brochures of different companies and pamphlets were also taken into consideration.

Major findings of the Research

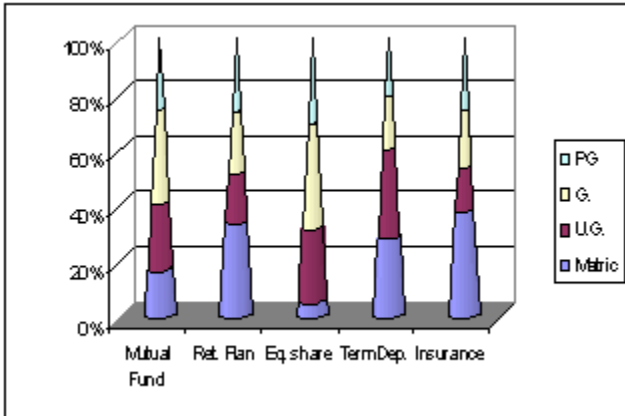
Finding of investment of different commodities with respect to age group.

Age Group	Mutual Fund	Ret. Plan	Eq. share	Term Dep.	Insurance
21-30	26	15	25	13	21
31-40	23	14	29	18	16
41-50	18	28	14	18	22
>50	18	23	18	20	21



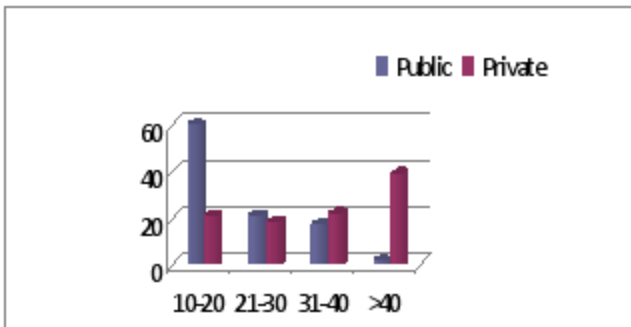
Finding of investment of different commodities with respect to educational profile.

Age Group	Mutual Fund	Ret. Plan	Eq. share	Term Dep.	Insurance
Matric	12	23	04	26	35
U.G.	17	12	18	29	14
G.	24	15	26	17	18
P.G.	18	18	21	19	24



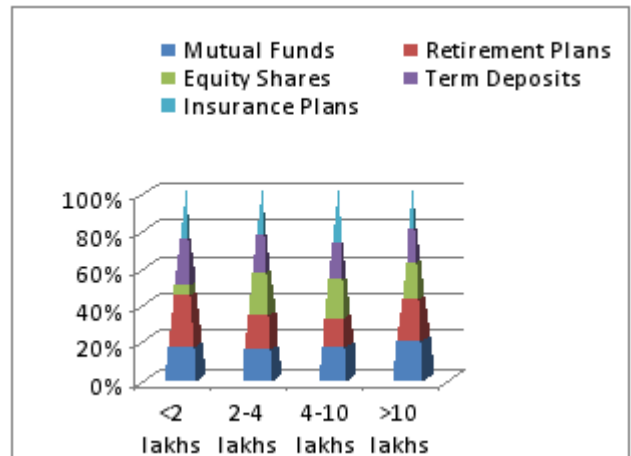
Percentage of investment made by different sectors of people

	Public	Private
10 - 20	60	21
21 - 30	21	18
31 - 40	17	22
>40	02	39



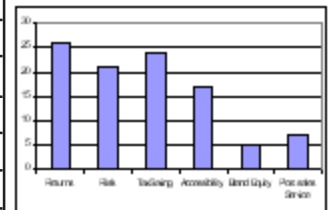
Preference of different commodities with respect to annual income

	Mutual Fund	Ret. Plan	Eq. share	Term Dep.	Insurance
>2	18	27	05	24	26
2 - 4	16	18	23	20	23
4 - 10	18	15	20	19	28
> 10	21	22	19	18	20



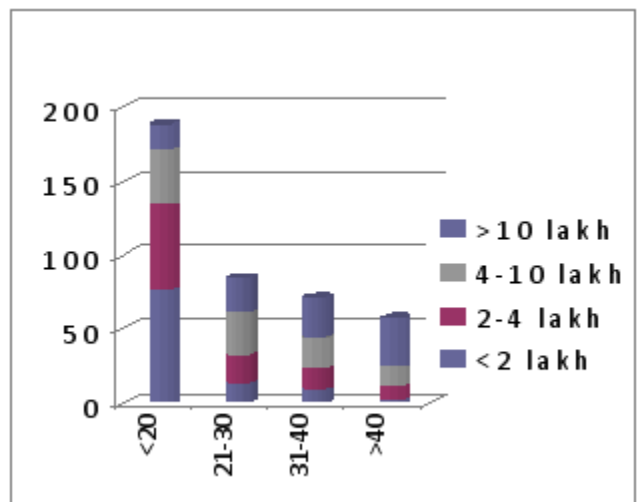
Finding of rating of different commodities with respect to quality

Commodities	Rank	%
Returns	01	26
Risk	03	21
Tax Saving	02	24
Accessibility	04	17
Brand Equity	06	05
Post Sales Service	05	07



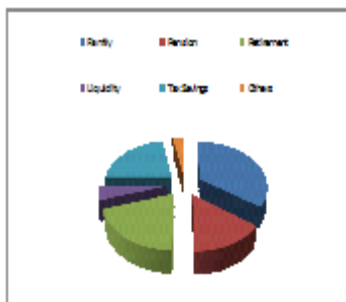
Findings of different percentage of investment made by different income groups

%	<2 in lakh	2 - 4 in lakh	4 - 10 in lakh	> 10 in lakh
10-20	76	58	37	17
20-30	13	19	29	23
30-40	9	14	21	27
>40	2	9	13	33



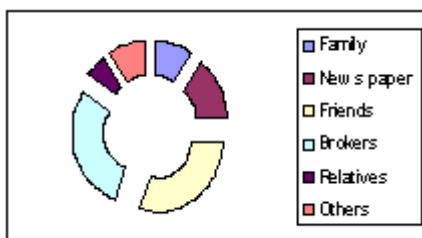
Reasons for most of the investments made:

Reasons	%
Family	35
Pension	15
Retirement Plan	20
Liquidity	5
Tax saving	22
Others	3



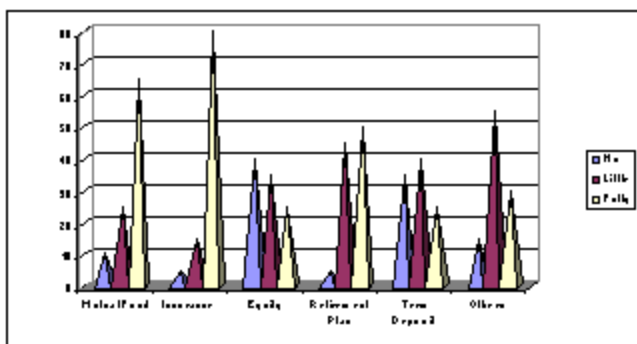
Awareness about different investments

Medium	%
Family	10
News paper	15
Friends	30
Brokers	30
Relatives	05
Others	10



Finding of the awareness level of people with regard to different investment policies

Commodities	No	Little	Fully
Mutual Fund	10	25	65
Insurance	05	15	80
Equity	40	35	25
Retirement Plan	05	45	50
Term Deposit	35	40	25
Others	15	55	30



Impressions :

The impression drawn from this research study highlights the fact that people with less salary are

least interested in investment and equity shares and people with high salary are more inclined to invest in return plans.

This is a major finding which forms the basis of the entire study. 39% of private sector employees invest more than 40% of their annual income whereas, only 2% of public sector employees invest more than 40% of their annual income. A majority of people were very reluctant to divulge their preference for the various financial instruments. Perhaps they were not well acquainted with them or they did not want to disclose it as it was related to money matters.

Our impression is also that the return on investment, tax-saving and risk-factor involved in the financial instrument are considered by the investor in that order. Yet, another impression is that 35% of people invest for their family and 22% of them for saving tax. At the same time, insurance is found to be the commodity with highest awareness, with 80% of people fully aware of it.

The entire research thus reveals the level of awareness of the salaried employees regarding their inclination towards saving and investment.

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