

A Study on the Saving and Investment Preference of Government Employees on Various Investment Avenues in District Mandi (Hp)

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Abstract: Saving and Investment are two key variables which play a significant role in economic growth, control of inflation, stability and promotion of employment especially in the context of developing countries. For self-reliance and growth of a developing country, mobilization of domestic savings and their effective utilization in different investment avenues, is the need of the hour. Importance of money can be known very well as both saving and investment, depend upon it. Money is required by everyone and is the life line for existence. Proper use of money if invested, leads to generation of income, employment, eradication of poverty, stability and control of inflation. Money saved if invested properly and with due diligence, can have a multiplier effect on the economy. But by a large there is an impression that marginal propensity to consume is high among government employees of and their capacity and desire to save is low. All savings are not investment. Savings only become investment if a person makes a distinction to forego the use of money saved for a period of time, in the hope of earning a return. At the same time, investments do not always originate from savings. People sometimes get unexpectedly lump-sum amount of money which is surplus to immediate requirement. The three main ingredients that measure the growth of an economy are Income, Saving and Investment. Saving provides the basis for investment and investment is the single most important factor for the development of the economy.

Keywords: Investment, Government Employees, Safety, Tax Benefits

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I. Introduction:

The developing countries like India need funds for economic development and growth. Saving and Investment are two key variables which play a significant role in economic growth, control of inflation, stability and promotion of employment especially in the context of developing countries for this proper cash management is required. While planning the management of cash, the twin objectives of financial management-liquidity and profitability are kept in mind. The cash balances must be adequate to meet obligations in right time otherwise a large cash reserve may be wasteful which could be better employed elsewhere. The current income of an individual can be put aside for two things; either for consumption or savings. Developing country, India has amazed the world by regularly saving above 20% of family income-the worlds highest. If savings are not invested wisely, the returns will be far less and will be hindrance in the growth of the economy. The process of transformation of saving into investment can be carried out by security markets and financial intermediaries and thus the economic development of any country depends upon the existence of a well-developed financial system. Proper channel of financial system helps to accelerate growth and brings prosperity to the nation. The emphasis was on increased saving along with proper channel for using the saved money so as to enhance the capital formation and national income of the nation. The need of the hour is to make general public aware about how to manage financial affairs such as savings, investments, and credit and retirement decisions to improve the standard of living which will ultimately help in the growth of economy. It is a capacity by which individuals can manage their personal financial matters rationally and convert their savings in profitable investments where they can get high returns which will secure not only their future but will also help the whole economic system. It makes the investor more empowered and leads towards financial inclusion, consumer protection and ultimately financial stability. Financial education has achieved greater significance in recent years due to complex financial markets and rapid growth of financial products. Due to financial globalization of the world economy and integration of the various financial markets of the world, today's financial markets have become riskier and more innovative. India ranks lowest in financial literacy amongst Asia Pacific countries. To make people more aware, literate and educated about sound financial decisions, they need to be well informed in terms of fundamental financial products, knowhow of financial markets, benefits of availing services and importance of security markets and various financial intermediaries.

The investment priority of a person is based on factors like awareness, environment, level of exposure, intentions, beliefs, responsibilities and so on. Every individual is unique because of the individuality of his/her behavioral traits. These traits perhaps, assume a comprehending the need for investments and making the necessary decision with help of discretion. This uniqueness became an inevitable challenge to be analyzed. It is essential at this juncture to discuss that the savings and investment behavior of the individuals need to be strengthened and boosted up by awakening up people for which, the role of technology is of key relevance. The technological innovations are being used to attract and convince people about the investment avenues and to develop a sound savings and investment climate.

Statement of the problem: There are many investment alternatives available for investors in order to secure their savings. It is important to know whether these alternatives are used by them seriously as investment involves many crucial decisions which would affect the rate of return and also contributes to the economic development. This is a study which deals with various investment alternatives of government employees in distt. Mandi (hp) with special reference to bank, broker, and share, in jewellery, gold, land and buildings as a case study for examining people's SAVING AND INVESTMENT PREFERENCE OF GOVERNMENT EMPLOYEES ON VERIOUS INVESTMENT AVENUES IN DISTRICT MANDI [HP]

Objectives of the Study:

The basic objective of the research will be to study the saving and investment preference of government employees on various investment avenues in district mandi [hp]. For this purpose, the following objectives have been framed.

1. To examine the Income-wise saving, consumption and Investment Behavior of Government employees in District Mandi Himachal Pradesh.
2. To study the level of investment knowledge and awareness of investment avenues.
3. To analyze the pattern of investment preferences among Government employees in physical and financial assets.
4. To know about various factors those are considered by the Government employees before investing in different avenues.

Sources of Information

Primary Data: Information is collected by conducting a survey by distributing a questionnaire to 160 Government employees. Among the distributed questionnaires 7 questionnaires were found incomplete. So the final response rate was 153 and the data was considered from these questionnaires only. These 153 Government employees are of different age group, different occupation, different income level and different qualification.

Secondary Data: This data is collected from Articles in Financial Newspapers, Expert's opinion published in various print media, Books written by various Indian authors on Investments and Data available on internet

Analysis and Interpretation: The preferred study identifies the preferred investment avenues among the Government employees using self assessment test. It also attempts to study the relationship between personal and demographic profile of the Government employees and the investment avenues chosen by them.

Table 1: Distribution of Employees Investment source and various investment options?

Table-1

Investment options	No. of respondent	Percentage
Broker	10	7
Banker	25	16
Friends/relative	70	47
Tv/newspaper	41	27
Others	5	3
Total	151	100

Interpretation-

Out of 153 Government employees 47 percent employees came to know about different investment options from their friends/relative, 27 percent form TV/ newspaper, 16 percent from bankers, 7 percent from broker and 3 percent from other sources.

Table 2: Annual Savings of the Respondents The savings normally depends upon the respondent's willingness to save money.

Table 2

Savings	No. of respondent	percentage
Below- 30,000	21	14
30000-60000	40	26
60000-90000	32	21

90000-100000	35	23
Above -100000	25	16
Total	153	100

Interpretation- out of 153 government employees shows that 16 percent respondents earn above Rs.100,000 per month , 23 percent out of them earn between Rs.90,000 to Rs.100,000 , 21 percent respondents have monthly income between 60,000 to Rs.90,000 , 26 percent respondents have monthly income between 30,000 to Rs.60,000, 14 percent respondents earn below Rs.30,000 per month (low income)

Table 3: In which sectors Employees prefer to invest your money?

Table-3

Sector for investment	No. of respondent	Percentage
Private sector	77	50
Public Sector	70	46
Foreign sector	6	4
Total	153	100

Interpretation-

Out of 153 Government employees 50% employees prefer to invest in private sector, followed by 46% in public sector, and only 4% prefer to invest in foreign sector.

Table 4: Safety-wise Distribution of Employees investing [Bank fixed deposits]

Table-4

Investment options	No. of respondent	Percentage
Safe and low risk investment avenues	131	86
moderate risk investment avenues	16	10
high risk investment avenues	0	0
Traditional investment avenues	6	4
Emerging risk investment avenues	0	0
Total	153	100

Interpretation-Among all Government employees 86% Government employees consider bank fixed deposits as safe and low risk investment avenues and 10% consider bank fixed deposits as moderate risk investment avenues and while only 4% employees consider bank fixed deposits as traditional investment avenues.

Table 5: Reason for Saving

Table 5

Reasons	Number of Respondents	Percentage
High return	29	19
More safety	60	40
Liquidity	20	13
Good customer services	14	08
Tax benefits	30	20
Total	153	100

Interpretation: It is clear that for 40 per cent of the respondent's reason for selecting particular mode of saving was Safety. Nearly half of the respondents considered Safety for selecting the mode of savings. High return, liquidity, good customer service and tax concession was the reason for 19 per cent, 13 per cent, 8 per cent and 20 per cent.

Table 6: Investor's action in case of stock market drop.

Table 6

Reasons	Number of Respondents	Percentage
Transfer funds into secure investment	30	20
Wait to see if investment improves	60	39
Invest more funds	50	33
Withdraw funds and stop investing	13	8
Total	153	100

Interpretation: From the survey it was found that maximum respondent would wait to see if their investment improves that start generating funds 39% respondents more funds, 20% respondents would transfer funds into secure investment and 8% respondents would stop investing. It can be started that majority of investors would like to wait to see whether investment improves or they can invest more fund.

II. Conclusion

This report is a reflection of the awareness and factors considering, risk taking ability of the various categories of Government employees selection of the perfect investment avenues is a difficult task to a Government employees. An effort is made to identify the taste and preference of sample of Government employees selected by convenience snow ball sampling. Despite of many limitations to the study I was successful in identifying some investment behavior there is some commonness in these Government employees.

This report concentrated in identifying the factors considered Government employees before investment, awareness level of Government employees toward various investment avenues are identified based on their risk in selecting Particular Avenue.

The Government employee still prefers to invest in financial products which give risk free returns. This confirms that Government employees even if they are of high income, well educated, independent are conservative Government employees prefer to play safe.

The investment product designer can design products which can cater to the Government employees, who are low risk tolerant, tax savings and use T.V as a marketing media as they seem to spend long time watching T.v. The study also draws an important conclusion from study that the Government employees are keen to invest in midterm products.

III. Recommendations:

Based on the study the researcher wants to offer few suggestions and recommendations. They are:

1. Today there are so many special investment schemes in market which encourage people for the saving.
2. The investors have to identify the market situation and price fluctuations in the precious metals.
3. Most of the teachers prefer Bank F.D and insurance as the investment option, there is lack of awareness about other avenues like equity, and mutual fund etc. so if they want to invest in them they should regularly read newspapers, journals and articles related to stock market.
4. To enhance the saving habits, the saving mode must attract people by providing many offers and new attractive schemes.

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