"A Study on Preferred Investment Avenues Among Salaried People With Reference To Pune, India"

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Abstract: *Investment is an activity that is engaged in by people who have savings i.e. investments are made from savings, or in other words people invest their savings. A variety of investment options are available such as bank, Gold, Real estate, post services, mutual funds & so on. Investors are investing their money with the different objectives such as profit, security, appreciation, Income stability. Researcher has studied the different avenues of investments as well as the factors while selecting the investment with the sample size of 40 salaried employees by conducting the survey through questionnaire in Pune, India. The study is based on personal interviews with salaried peoples, using a structured questionnaire. Actually, the present study identifies the preferred investment avenues among the individual investors using self assessment test. The study is based on primary sources of data which are collected by distribution of a close ended questionnaire. The data has been analyzed using percentage, chi-square test, and Person Correlation Coefficient with the help of statistical software. 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.*

Key Words: *Investments, profit, salaried employees, savings.*

I. Introduction

The developing countries like India face the enormous task of finding sufficient capital in their development efforts. Most of these countries find it difficult to get out of the vicious circle of poverty of low income, low saving, low investment, low employment etc. With high capital output ratio, India needs very high rates of investments to make leap forward in her efforts of attaining high levels of growth. Since the beginning of planning, the emphasis was on investment as the primary instruments of economic growth and increase in national income. In order to have production as per target, investment was considered the crucial determinant and capital formation had to be supported by appropriate volume of saving. Investment is the sacrifice of certain present value for the uncertain future reward. Investments are always interesting, challenging and rewarding. Generally where there is a high risk, more rate of return is assured. Risk and reward go together.

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.

Salaried Investors:

The respondent of research study consist only those people who earning fixed Income as salary so the study included only salaried group of people. 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.

Investment Option Available:

In India there are lot many Investment avenues are available. The following figure is pretty self explanatory regarding investment options. Investments are broadly classified into five categories i.e. Equity, Debt, Real Estate, Commodities and Miscellaneous.

Equity:

Equity is one of the most risky areas. But, at the same time this is also a place where an investor can earn high rates of returns that will push up the returns of the entire portfolio. There is a need for the investor to separate the speculation from the investment. Investment in equities can be made directly by the purchase of shares from the market or it can be done through the mutual fund route, whereby the investor buys the mutual fund units and the fund in turn buys equity
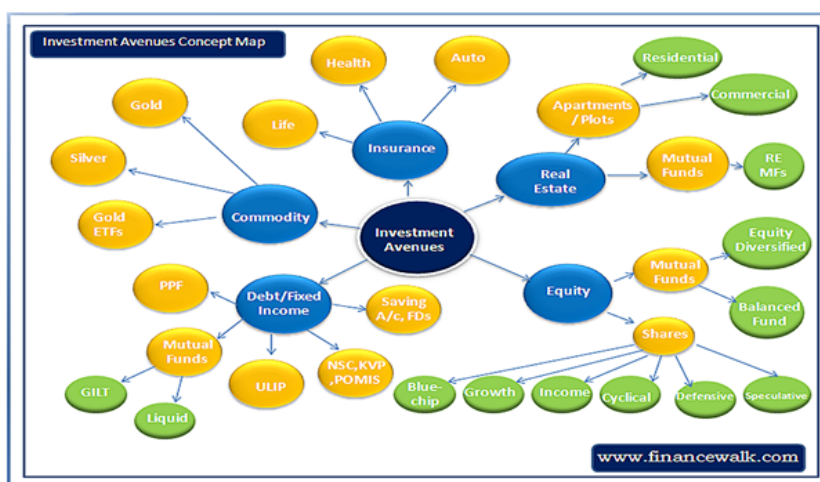
Shares for its portfolio. There are various benefits as well as risks associated with both these routes and it is up to the individual to make up his mind.

Debt:
Debt is a route that most people will know and have the necessary experience of. There is a wide range of debt instruments that are present from bank fixed deposits to company fixed deposits. Debt is simple as the investor ill earn at a fixed percentage of the investment, which will then be returned to the investor at the time of maturity or redemption of the investment.

Mutual Funds:
This is an emerging area for investment and there is a large variety of schemes in the market to suit the requirements of a large number of people. In finance, in general, you can think of equity as ownership in any asset after all debts associated with that asset are paid off. For example, a car or house with no outstanding debt is considered the owner's equity because he or she can readily sell the item for cash. Stocks are equity because they represent ownership in a company.

Corporate Debenture:
Corporate debentures are normally backed by the reputation and general creditworthiness of the issuing company. It is a type of debt instrument that is not covered by the security of physical assets or collateral. Debentures are a method of raising credit for the company and although the money thus raised is considered a part of the company's capital structure, it is not part of the share capital.

Company Fixed Deposit:
Company fixed deposit is the deposit placed by investors with companies for a fixed term carrying a prescribed rate of interest. Company FDs are primarily meant for conservative investors who don't wish to take the risk of vagaries of the stock market. But The 2013 IBEA, International Conference on Business, Economics, and Accounting 20 – 23 March 2013, Bangkok – Thailand experts say the due diligence that an investor should undertake is similar to that before buying shares. Getting lured by the high interest rate alone is not advisable.

Fixed Deposits:
Fixed Deposits with Banks are also referred to as term deposits. Minimum investment period for bank FDs is 30 days. Deposits in banks are very safe because of the regulations of RBI and the guarantee provided by the deposit insurance corporation. The interest rate on fixed deposits varies with term of the deposits Bank deposits enjoy exceptionally high liquidity. Loans can raise against bank deposits.

Post Office Savings:
Post Office Monthly Income Scheme is a low risk saving instrument, which can be availed through any Post Office The interest rate on deposits is slightly higher than banks. The interest is calculated half yearly and paid yearly Life Insurance Policies: Insurance companies offer many investment schemes to investors. These schemes promote saving and additionally provide insurance cover. L1C is the largest life insurance company in India. Insurance policies, while catering to the risk compensation to be faced in the future by investor, also have

the advantage of earning a reasonable interest on their investment insurance premiums.

Public Provident Fund (Ppf):

The 2013 IBEA, International Conference on Business, Economics, and Accounting 20 – 23 March 2013, Bangkok – Thailand A long term savings instrument with a maturity of 15 years. A PPF account can be opened through a nationalized bank at anytime during the year and is open all through the year for depositing money. Tax benefits can be availed for the amount invested and interest accrued is tax-free. A withdrawal is permissible every year from the seventh financial year of the date of opening of the account

Real Estate:

Investment in real estate also made when the expected returns are very attractive. Buying property is an equally strenuous investment decisions. Real estate investment is often linked with the future development plans of the location. At present investment in real assets is booming there are various investment source are available for investment which are directly or indirectly investing real estate. In addition to this, the more affluent investors are likely to be interested in other type of real estate, like commercial property, agricultural land, semi urban land, and resorts. The bullion offers investment opportunity in the form of gold, silver, art objects (paintings ,antiques), precious stones and other metals (precious objects), specific categories of metals are traded in the metal exchange.

II.   Review Of Literature

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.

Avinash Kumar Singh (2006) the study analyzed the investment pattern of people in Bangalore city and Bhubaneswar & analysis of the study was undertaken with the help of survey method. After analysis and interpretation of data it is concluded that in Bangalore investors are more aware about various investment avenues & the risk associated with that. All the age groups give more important to invest in equity & except people those who are above 50 give important to insurance, fixed deposits and tax saving benefits.

Karthikeyan (2001) has conducted research on Small Investors Perception onPost office Saving Schemes and found that there was significant difference among the four age groups, in the level of awareness for kisan vikas patra (KVP), National Savings Scheme (NSS), and deposit Scheme for Retired Employees (DSRE),and the Overall Score Confirmed that the level of awareness among investors in the old age group was higher than in those of young age group.

Sandhu and Singh (2004) The study was based on structured primary data. The survey was conducted during October and November 2002. The sample of 50 adopters and 50 non-adopters from the universe comprising the city of Amritsar was selected. The study analyzed in case of adopters that transparency, safety, convenience and economy judged as an important feature of net trading followed by market quality and liquidity whereas in case of non-adopters economy and convenience were the important features
followed by the other factors like market quality, safety and liquidity.

Prasad (2009) examined the perception of the investors and their awareness on various investment alternatives available. A sample of 100 investors has been taken from the twin cities of Hyderabad and Secunderabad. The result of findings showed 75% Net traders were using online stock trading requiring strong technology base whereas Traditional traders felt online trading not an acute process of stock trading and they didn't participate in net trading due to risk of a system failure.

Significance Of The Study:

Salaried employees have fix flow of income & their investments patterns are also different. In connection with this Researcher will try to find out investment behavior of investors in Pune region. It will helpful to understand the investment preferences of investors. The study will also throw a light on the awareness of the investments avenues available in India. The research paper will become the helping hand to the research scholars as well as students for their further studies their in respective area.

Objectives Of The Study:

The present study is an attempt to throw a light on Investment behavior of salaried employees of Pune, India.
The objectives are as follows:

1. To study the investment preferences while selecting the securities by salaried employees of Pune region, India.
2. To know the source of motivation of salaried employees.
3. To know the factor that influencing investment behavior of the employees.
4. To find the problems facing by the investors.

Hypotheses Of The Study
Hypo 1 - There is a significant difference between Gender and level of awareness about the investments.
Hypo 2- There is significant relationship between the income level & awareness of the investments.
Hypo 3- Education qualification affects on the selection of investment avenues

III. Research Methodology:

The validity of any research is based on the systematic method of data collection and analysis of the data collected. The data is collected through primary data as well as secondary data. The study is based on the data collected from individual investors in Pune. The sampling technique followed in this study is probability sampling. Simple random techniques are used to select the respondent from the available database. Accordingly the researcher has selected 40 investors in the study area.

Statistical Tools:
There are various statistical tools which are used in analyzing data. The following tools are used for representing and analyzing data.

Data Representation:
● Table
● Percentage
● diagram
● Charts

The data analyzed by using under mentioned Techniques:
● Chi square test
● Person Correlation Coefficient

IV. Results And Discussion:

Awareness About The Investment Avenues
A survey was made among the respondents about their knowledge on various investment avenues and the result of that have been presented in the following table

Awareness About The Investment Avenues (Table 1)

Sr. No	Awareness about Investment Avenues in India	No. of Respondents	Percentages (%)
01	Yes	24	60
02	No	16	40
	Total	40	100.00

Above table shows that out of 40 investors 60% are aware about the investment avenues whereas 40% are unaware.

Testing Of Hypothesis:
"There is a significant difference relationship between Gender and the investment awareness level".
To test the above hypothesis the researcher has used the chi square test".

Observed Frequency

Gender	Awareness	Not Awareness	Total
Male	20	13	**33**
Female	4	3	**07**
Total	**24**	**16**	**40**

Source: Primary data

Chi-Square Test

O	E	(O-E)	(O-E)2	(O-E)2/E
20	19.8	0.	0.04	0.0020
13	13.2	-0.2	0.04	0.0030
04	4.2	-0.2	0.04	0.0095
03	1.2	1.8	3.24	2.7
			Total	**2.71**

Degree of freedom:
$v = (r-1)(c-1)$
$v = (2-1)(2-1)$
$v = 1$

1 degrees of freedom 5% level of significance is 3.841 the calculate value (2.71) is less than the table value so, Null hypothesis is rejected.

Conclusion:
Hence it is concluded that "There is a relationship between the sex & the investment awareness level."

Testing of Hypothesis:
 "There is significant relationship between the income level & awareness of the investments".

Sr. No	Income	Awareness	No Awareness	Total
01	100000 - 250000	**02**	**03**	**05**
02	250000-400000	**08**	**04**	**12**
03	400000-550000	**05**	**01**	**06**
04	550000& above	**08**	**09**	**17**
	Total	**23**	**17**	**40**

Source: **Primary data**

Chi-Square Test

O	E	(O-E)	(O-E)2	(O-E)2/E
02	2.875	-0.88	0.77	0.268
03	1.275	1.72	3.96	2.321
08	6.9	1.1	1.21	0.175
04	5.1	-1.1	1.21	0.237
05	3.45	1.65	**2.40**	**0.695**
01	2.55	-1.55	**2.40**	**0.941**
08	4.6	3.4	**11.56**	**2.51**
09	3.825	5.18	**26.83**	**7.01**
			Total	**14.157**

Degree of Freedom:

$v = (r-1)(c-1)$
$v = (4-1)(2-1)$
$v = 3$

Degree of freedom 5% significance level is 7.815 & the calculated value is 14.157 is more than table value so hypothesis is rejected.

Conclusion:

From the above analysis it is concluded that there is no significance relationship between income level & awareness of investments.

Testing of Hypothesis:

'Education qualification affects on the awareness of investment avenues.'

Sr. No	Education qualification affects on selection of investment avenues	No. of Respondents	Percentages (%)
01	Yes	23	58
02	No	17	42
	Total	40	100.00

Pearson Correlation Coefficient:

Keys:

X: X Values
Y: Y Values
Mx: Mean of X Values
X - Mx & Y - My: Deviation scores
$(X - Mx)^2$ & $(Y - My)^2$: Deviation Squared
(X - Mx)(Y - My): Product of Deviation Scores

Result Details & Calculation

X Values
$\sum$ = 55
Mean = 1.41
$\sum(X - Mx)^2$ = SSx = 9.436

Y Values
$\sum$ = 55
Mean = 1.41
$\sum(Y - My)^2$ = SSy = 9.436

X and Y Combined
N = 39
$\sum(X - Mx)(Y - My)$ = 1.436

R Calculation
$r = \sum((X - My)(Y - Mx)) / \sqrt{((SSx)(SSy))}$

$r = 1.436 / \sqrt{((9.436)(9.436))} = 0.1522$

Meta Numerics (cross-check)
r = 0.1522

Pearson Correlation Coefficient method is used for finding out the relationship between the variables. There is a positive correlation but the relationship between the variables is weak. The value of R^2, the coefficient of determination, is 0.0232 hence the hypothesis is rejected.

Factors Influencing While Selecting Investment Avenues.

There are various elements that influence the investors to make investments in particular securities. The result is displayed in following Table.

Factors Influnecing While Selecting Investment Avenues (Table 2)

Sr.no	Factors	No. of Respondents	Percentage
01	Safety	31	32.29
02	Liquidity	18	18.75
03	Tax Saving	24	25
04	Diversification	09	9.37
05	Simplicity	06	6.25
06	Affordability	08	8.33
	Total	96	100

Source: Primary Data
Note: Since some of the investors have mentioned more than one response, the responses are outnumbered the respondents.

The above table shows that 32.29 percentages of the respondents are to invest their money in particular investment for the purpose of safety. 25 percentages of the respondents are to invest their money in tax saving scheme. 18.75 percentages of the respondents invest their money for liquidity, 9.37, 8.33, 6.25 percentages of respondents invests their money in diversification, affordability, simplicity respectively.

Objectives Of The Investment (Table 3):

SrNo	Objectives	No. of Respondents	Percentage
01	Future Security	29	30.52
02	Good returns	19	20
03	Liquidity	07	7.36
04	Capital Appreciation	10	10.52
05	Tax savings	14	14.73
06	Children career	13	13.68
07	Other	03	3.15
	Total	**95**	**100**

Source: Primary Data
Note: Since some of the investors have mentioned more than one response, the responses are outnumbered the respondents.

The above table shows that 30.52 percentage of respondents investing in different avenues with the objective of future security. 20 percentages of respondents are investing for good return on their investment followed by 14.73 percentage respondents in tax saving schemes & remaining 13.68, 10.52, 7.36, 3.15 percentages of respondents are investing in Children career, Capital Appreciation, Liquidity, Other respectively.

Source Of Motivation (Table 4):

Sr.No	Sources	No. of Respondents	Percentage
01	Self Awareness	35	59.32
02	Financial Advisor	4	6.77
03	Broker's Advisor	3	5.08
04	Friends or relative	13	22
05	Media	04	6.77
	Total	59	100

Source: Primary Data
Note: Since some of the investors have mentioned more than one response, the responses are outnumbered the respondents.

The above table shows that 59.32 percentages of the respondents have their own source of motivation i.e. self awareness. The second source of motivation of respondents is friends and relatives as the percentage is 22. Third source of motivation are financial advisor & Media as the Percentages are same i.e.6.77. 5.08

percentages of respondents have the source of motivation through Broker's Advise.

Investment Preferences (Table 5)

Sr.No	Options	No. of Respondents	Percentage
01	Stock Market	28	10
02	Bank Deposit	39	13.44
03	Real Estate	35	12
04	Mutual Fund	24	8.2
05	Metals	32	11
06	Commodity	27	9.31
07	Insurance	33	11.37
08	Tax saving Schemes	33	11.37
09	Debt market	29	10
10	Others	10	3.45
	Total	**290**	**100**

The Above table shows that 13.44 percentages of investors are investing in Bank deposit as well as 12 percentage investors investing in real estate. Third preference is given by investors to Insurance & Tax saving scheme as percentage are 11.37 followed by metals, debt market, mutual fund, others.

V. Findings/Conclusion:

1. In the study the researcher has investigated 40 respondents of Pune city & it reveals that 60% Investors are aware about the investment avenues whereas 40% are unaware.
2. There is a relationship between the sex & awareness of the investment because 83.33% male are aware as compared to female as the percentage is 16.66 %.
3. The researcher used 'Chi-SQUARE' method for hypothesis testing & found that there is no relationship between the income level & awareness of investment avenues.
4. The researcher used ' Pearson Correlation Coefficient' method for hypothesis testing & found that there is no relationship between Educational qualification & awareness of investment avenues so hypothesis is rejected.
5. Safety is the major factor while doing investments as 32.29 percentages of the respondents are investing their money due to safety & 25 percentages of the respondents are investing their money in tax saving scheme for tax benefit purpose.
6. The main objectives of investors are future security followed by good return on investments as percentages are 30.52 & 20 respectively.
7. The researcher found that self awareness is the main source of investment as percentage is 59.32.
8. Bank deposit is the first preference given by the investors for investment as the percentage is 13.44.

Conclusion:

The study on preferred investment avenues among salaried people has been undertaken with the key objectives such as to find preferred investment avenues & also to know the awareness level of investors. Analysis of the study was undertaken with the help of survey conducted. After the analysis & interpretation of data it is concluded that Investors are aware about investment avenues available in India but still investors are preferred to invest in bank deposit, real estate, metals(Gold).The data analysis reveals that the safety is important factor while doing investment so remaining avenues are less considerable while doing investment by investors.

Awareness programmes has to be conducted by stock broking firms, because most of the respondents are thinking these avenues are loss making & having no good return on it. **'No Pain No gain'** is the best principle of investment management and salaried investors are following this principle only. Hence the researchers have concluded that most of the investors prefer secured regular income on investment in the study Area.

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