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STUDY OF INVESTMENT ANALYSIS OF SALARIED PEOPLE

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ABSTRACT----------

Salaried individuals form a significant segment of the investing population, yet their investment behaviour, preferences, and decision-making patterns are influenced by unique financial constraints and risk perceptions. This study examines the investment analysis of salaried people with the objective of understanding their awareness levels, preferred investment avenues, factors influencing investment decisions, and challenges faced in financial planning. Primary data were collected through a structured questionnaire and analysed to identify trends in savings habits, risk tolerance, and portfolio choices. The findings reveal that while most salaried individuals recognize the importance of investing for long-term financial security, their actual investment decisions are often shaped by limited financial knowledge, low risk appetite, and the influence of peers or financial advisors. Traditional investment tools such as fixed deposits, insurance, and gold remain popular, though there is a growing interest in mutual funds and systematic investment plans (SIPs). The study highlights the need for increased financial literacy, customized advisory support, and accessible investment platforms to promote informed decision-making among salaried earners. Overall, the research provides insights that can help financial institutions design better investment products and assist individuals in achieving long-term wealth creation.

KEY WORDS : *Investment Behaviour, Salaried Individuals, Financial Literacy, Investment Decision-Making, Risk Tolerance, Saving Behaviour, Personal Finance, Investment Preferences, Mutual Funds, Systematic Investment Plans (SIP), Stock Market Participation*

JEL Classification

G11 – Portfolio Choice; Investment Decisions

D14 – Household Saving; Personal Finance

G41 – Behavioral Finance: Individual Behavior

G53 – Financial Literacy

D12 – Consumer Economics: Empirical Analysis----------

INTRODUCTION

Investment plays a critical role in helping individuals secure their financial future, achieve life goals, and build long-term wealth. For salaried people, effective investment planning becomes even more important because their income is fixed, and they must balance regular expenses with savings. With rising living costs, economic uncertainties, and increasing financial responsibilities, salaried individuals must make informed investment decisions to ensure financial stability.

In recent years, the financial market has expanded with a wide range of investment options such as mutual funds, stocks, fixed deposits, real estate, insurance, gold, and digital investment platforms. However, despite this growth, many salaried individuals continue to face challenges in selecting suitable investment avenues. Their decisions are often influenced by factors such as risk tolerance, financial knowledge, income level, age, dependents, and long-term goals. In addition, behavioural aspects such as fear of loss, reliance on informal advice, and lack of awareness about market-linked products affect their investment patterns.

Understanding how salaried people approach investment is essential for identifying gaps in financial literacy, evaluating their preferences, and designing better financial solutions. This study focuses on analysing the investment behaviour of salaried individuals, the factors that influence their investment decisions, and the common obstacles they face. By examining these aspects, the research aims to provide insights that can help policymakers, financial institutions, and individuals develop more effective investment strategies.

This introduction sets the foundation for analysing how salaried individuals manage their savings, choose investment options, and plan for long-term financial security.

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Positive Impacts of Investment Among Salaried People

• Financial Security and Wealth Creation

Investments enable salaried individuals to build long-term wealth beyond their fixed monthly salary. By allocating funds to instruments such as mutual funds, SIPs, or provident funds, they can secure their financial future and achieve financial independence.

• Protection Against Inflation

Regular investing helps salaried employees protect their purchasing power. Market-linked investment avenues often offer returns that outpace inflation, allowing individuals to maintain and grow their real income over time.

• Access to Capital for Future Goals

Investments provide an important source of capital to meet major life goals such as home purchase, children's education, medical emergencies, and retirement planning. This reduces dependency on loans and high-interest borrowing.

• Improved Financial Discipline

Systematic investments, such as monthly SIPs or recurring deposits, encourage disciplined savings behaviour. This helps salaried individuals manage their finances more effectively and cultivate healthy money-management habits.

• Risk Diversification

By investing in a mix of traditional and modern financial instruments, salaried individuals can diversify risk. This lowers the impact of financial uncertainties and market volatility on their overall financial stability.

• Enhanced Knowledge and Awareness

Investment participation increases financial literacy among salaried individuals. Exposure to different investment options helps them make informed decisions, evaluate risks, and plan their future more strategically.

• Reduction in Financial Stress

Having investments and emergency funds reduces the financial pressure arising from unexpected expenses. When individuals have stable savings and returns, their overall mental and financial stress levels decrease.

• Opportunities for Additional Income

Investment avenues such as equities, mutual funds, real estate, and digital assets can provide additional income through dividends, interest, or capital gains, supplementing the fixed monthly salary.

Challenges and Considerations in Investment Analysis of Salaried People

• Limited Financial Literacy

Many salaried individuals lack adequate knowledge about investment products, market risks, and long-term wealth planning. This makes it difficult for them to choose suitable investment avenues and often leads to reliance on unverified advice.

• Insufficient Income for Investment

Due to rising living expenses, loan commitments, and family responsibilities, many salaried employees have limited disposable income available for investment. This restricts their ability to build a diversified portfolio.

• Risk Aversion and Lack of Confidence

A large percentage of salaried people are risk-averse and hesitate to invest in market-linked instruments such as equities or mutual funds. Fear of loss, market volatility, and past negative experiences further reduce their willingness to take calculated risks.

• Data and Information Gaps

Salaried individuals often struggle to access clear, unbiased, and reliable information on investment options. Misleading advertisements, lack of transparency, and insufficient financial guidance create confusion during decision-making.

• Access and Inclusion Issues

Not all salaried individuals have equal access to digital investment platforms or advisory services. Those in rural areas, women employees, and individuals with lower income levels may face greater barriers to entering the investment ecosystem.

• Lack of Professional Guidance

Proper financial planning requires expert advice, but many salaried individuals either cannot afford professional advisors or are unaware of the need for them. As a result, they make uninformed or suboptimal investment choices.

• Behavioural Biases

Common behavioural biases—such as herd mentality, overconfidence, fear of loss, and short-term thinking—affect investment decisions. These biases lead to inconsistent investment behaviour and poor long-term outcomes.

• Regulatory and Policy Awareness

Limited understanding of taxation, investment regulations, and changing government policies can discourage salaried individuals from exploring diversified investment options.

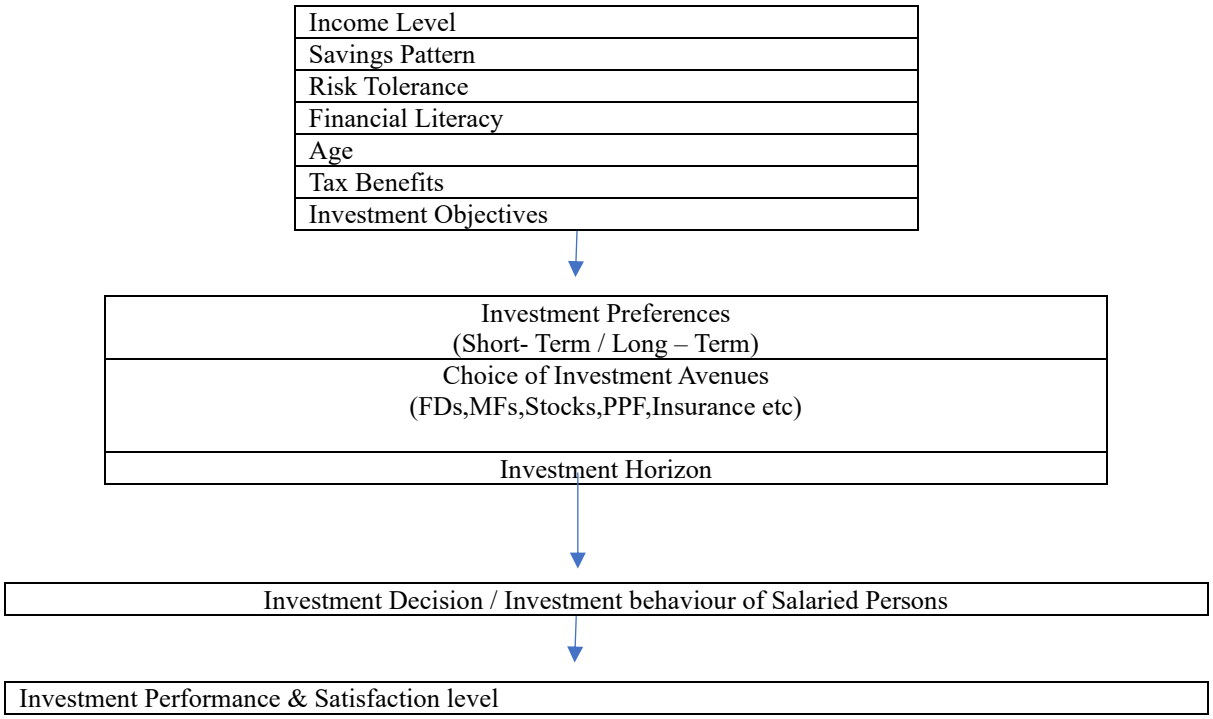
REVIEW OF LITERATURE

- Rajan and Kumar (2019) studied the investment behavior of salaried people in Coimbatore and found that most respondents preferred low-risk investment avenues such as fixed deposits, provident funds, and insurance due to income stability and job security concerns.
- Sharma (2020) analyzed the investment patterns of salaried individuals and observed that tax-saving motives significantly influence investment decisions, with Section 80C instruments being the most preferred.

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- Mehta and Patel (2018) examined risk tolerance among salaried employees and concluded that salaried individuals generally exhibit moderate to low risk appetite compared to business-class investors.
- Suresh (2021) focused on financial literacy and investment decisions of salaried people and found a strong positive relationship between financial awareness and diversification of investment portfolios.
- Priya and Devi (2019) studied the preference of investment options among salaried women employees and reported a higher inclination towards savings and capitalprotected instruments.
- Arun (2020) conducted a comparative study between government and private-sector salaried employees and found that government employees prefer secure investment options due to pension benefits.
- Kavitha (2018) analyzed the impact of income level on investment decisions and concluded that higher-income salaried individuals are more likely to invest in mutual funds and equity markets.
- Ramesh and Balaji (2021) examined the savings and investment behavior of salaried people and identified family responsibilities as a major factor affecting investment choices.
- Gupta (2019) studied the role of demographic variables such as age and education on investment behavior and found that younger salaried individuals prefer market-linked investments.
- Nair (2020) highlighted that lack of professional investment advice limits the participation of salaried people in high-return financial instruments.
- Verma and Singh (2022) analyzed the effect of digital investment platforms on salaried investors and found increasing adoption of SIPs and online trading among young professionals.
- Anitha (2018) observed that salaried individuals prioritize liquidity and safety over high returns while selecting investment avenues.
- Joseph (2021) examined portfolio diversification among salaried employees and concluded that most investors fail to achieve optimal diversification due to risk aversion.
- Patel and Shah (2019) studied behavioral biases in investment decisions and found that fear of loss and herd behavior significantly influence salaried investors.
- Chandra (2020) identified that salaried investors rely heavily on friends, relatives, and agents for investment-related information rather than financial experts.

Conceptual Model



Research Gap

"Although several studies have examined investor behavior, limited research has been conducted specifically on the investment analysis of salaried persons, particularly with respect to the impact of financial literacy, risk perception, tax considerations, and changing investment preferences on investment decisions and satisfaction."

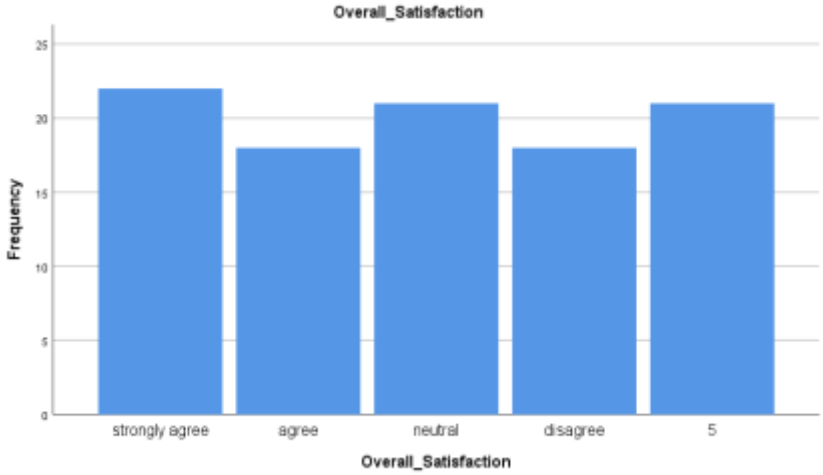
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Data Analysis Techniques
1) Descriptive Statistics
2)Reliability Analysis
3)Fleiss Multirater Kappa

RESULTS
1)Descriptive Statitics

Overall_Satisfaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	22	22.0	22.0	22.0
	Agree	18	18.0	18.0	40.0
	Neutral	21	21.0	21.0	61.0
	Disagree	18	18.0	18.0	79.0
	5	21	21.0	21.0	100.0
	Total	100	100.0	100.0	



The results indicate a mixed level of overall satisfaction among respondents. While a considerable proportion (40%) are satisfied, a nearly equal proportion (39%) are dissatisfied, and 21% remain neutral. This suggests that overall satisfaction is moderate and divided, highlighting the need for improvements to address the concerns of dissatisfied respondents and convert neutral respondents into satisfied ones

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	100	100.0
	Excluded[a]	0	.0
	Total	100	100.0

The Case Processing Summary shows that all 100 responses were valid, representing 100% of the sample. No cases were excluded due to missing or incomplete data. This indicates that the dataset is complete and suitable for further statistical analysis.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
.188	.242	5

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The Cronbach's Alpha value for the scale is 0.188, and the standardized alpha is 0.242, based on 5 items.A Cronbach's Alpha value below 0.60 indicates poor internal consistency.This means that the variables included in the scale do not reliably measure a single underlying construct

Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	No. of Items
Inter-Item Correlations	.060	-.039	.279	.318	-7.187	.008	5

The scale used in the study is not reliable, and the items are weakly related to each other. This suggests that the variables may be measuring different concepts rather than one common factor.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Age	11.56	8.996	.156	.093	.075
Gender	12.27	11.068	.178	.079	.116
Education	11.56	10.491	-.006	.003	.249
Salary	11.25	9.402	.131	.023	.106
Occupation	10.80	8.687	.033	.006	.236

The mean inter-item correlation is 0.060, which is very low.The inter-item correlations range from –0.039 to 0.279, showing weak and inconsistent relationships among the items.A desirable inter-item correlation typically lies between 0.20 and 0.40.

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
14.36	12.637	3.555	5

The overall scale has:Mean: 14.36, Variance: 12.637, Standard Deviation: 3.555, Number of Items: 5. The moderate standard deviation indicates some variability in responses; however, due to poor reliability, this variability cannot be confidently interpreted as meaningful.

Fleiss Multirater Kappa

Overall Agreement[a]

		Asymptotic			Asymptotic 95% Confidence Interval	
	Kappa	Standard Error	z	Sig.	Lower Bound	Upper Bound
Overall Agreement	-.015	.007	-2.003	.045	-.015	-.014

a. Sample data contains 100 effective subjects and 10 raters.

The Fleiss' Kappa value for overall agreement is –0.015, with a statistically significant p-value (0.045).A Kappa value close to 0 or negative indicates no agreement beyond chance among raters.The negative Kappa suggests that agreement among raters is worse than random chance.

DISCUSSION

The study indicates that salaried persons exhibit varied investment behavior influenced by income stability, risk perception, and financial awareness. Most respondents prefer safer investment options, reflecting a cautious approach toward financial planning. Mixed levels of satisfaction suggest limited confidence and possible gaps in financial knowledge. Overall, the findings highlight the need for improved financial literacy and professional guidance to support better investment decision-making among salaried individuals.

CONCLUSION

This study concludes that investment analysis plays a crucial role in the financial stability and long-term wealth creation of salaried persons. With fixed and predictable income patterns, salaried individuals increasingly recognize the importance of systematic investment planning to meet future financial goals such as retirement, education, healthcare, and asset creation.

The findings reveal that most salaried persons prefer low to moderate risk investment avenues such as bank deposits, provident funds, mutual funds, and insurance products, primarily due to safety, regular returns, and tax benefits. However, there is a growing

awareness and gradual shift toward market-linked investments, especially mutual funds and equity, driven by higher return potential and improved financial literacy.

The study also highlights that income level, age, education, and risk tolerance significantly influence investment decisions among salaried individuals. Lack of adequate financial knowledge, fear of risk, and insufficient professional guidance remain major challenges that restrict optimal investment choices.

Overall, the research emphasizes the need for enhanced financial awareness programs, personalized investment advice, and disciplined savings behavior among salaried persons. By adopting informed investment strategies and diversifying portfolios, salaried individuals can effectively manage risk and achieve sustainable financial growth in an expanding economic environment.

Scope for the Future Study

Future studies can expand the sample size and geographical area to provide more reliable and generalized results. Further research may analyze the impact of financial literacy and awareness programs on the investment decisions of salaried persons. A comparative study between different income levels or sectors (public vs. private employees) can offer deeper insights into investment behavior. Future research can focus on the role of digital investment platforms and fintech tools in shaping modern investment patterns.

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