



# A STUDY OF INVESTMENT PATTERN OF SALARIED EMPLOYEES IN UDUPI CITY

**Dr. Mavy Miranda**

*Assistant Professor of Commerce, Government First Grade College & Centre for P.G Studies, Thenkanidiyur, Udupi*

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## ABSTRACT

*The objective of the study is to analyse the investment pattern of salaried employees of Udupi city. The data is collected through questionnaire served through google forms. It was found from the analysis that majority of the respondents invest their savings to earn additional income and that the most preferred option of investment is Bank Fixed deposits. Lack of sufficient financial knowledge regarding risk and return also prevents the employees from venturing into modern investment avenues.*

**KEY WORDS:** Investment, purpose of investment, factors, investment avenues, salaried employees,

## INTRODUCTION

Investment is an economic activity. Investing is essentially using money wisely in the hopes of getting a good return. The three basic goals of investing are to purchase a home, generate a steady income after retirement, and save funds for a child's education. Employee savings and investment patterns are influenced by what they anticipate from their many chosen routes. Different factors, such as returns, tax advantages, risk involved, safety, liquidity, and marketability, may influence preference. Investment success also depends on one's level of knowledge, awareness of available investment options, and the methods used to assess and choose among them. According to Sharpe, "Investment is sacrifice of certain present value for some uncertain future values".

F. Amling defines investment as "purchase of financial assets that produces a yield that is proportionate to the risk assumed over some future investment period."

## REVIEW OF LITERATURE

R Sreepriya & P Gurusamy (2013) studied the "Investment pattern of salaried people in the district of Coimbatore" with a sample of 150 respondents and found that majority of the respondents are educated up to college level and they are aware of the investment avenues. It was also concluded that most of the respondents prefer long term investment and bank deposits was the most preferred investment. They have not faced any problem on their investments. The study also emphasized that there was a significant relationship between education qualification and fulfilment level of the respondents.

Zankhana Atodaria, Ronikadevi Sharma (2019) conducted research on "Investment pattern of salaried individuals". The major goals of this study were to examine investment knowledge, perception, and behaviour among salaried individuals as well as to examine various demographic factors and investment patterns. The findings indicate that the most popular investment options continue to be bank deposits and insurance policies. The age of salaried individuals and their reasons for saving are interdependent.

Velmurugan & Amarjothi (2020) in their paper "A Study on Savings and Investment Pattern of Assistant Professors of Self-Finance Colleges in Theni District" found that most of the assistant professors considered safety of the funds as the main factor before investing and Bank deposits was considered as the main option of their investments.

Divya Verma & Deepak Sahni (2020) in their research paper "A Study of Investment Pattern of a Common Man: A Literature Review" have opined that although most people wish to invest their money, many of them are unaware



of various investing options including shares, bonds, mutual funds, etc. The conventional forms of investment, such as gold, bank deposits, or investments in land, were chosen by them since they lacked sufficient financial knowledge regarding risk and return. People in the salaried class invest depending on their age in order to receive regular returns and avoid paying taxes.

### OBJECTIVES OF THE STUDY

1. To study the purposes of investment among the respondents.
2. To identify the preferred option for investment among the respondents.

### RESEARCH METHODOLOGY

The data is collected through questionnaire served through google forms. The sample size which was taken for the study was 89. The data has been analysed using percentage analysis.

### LIMITATIONS OF THE STUDY

The primary data has been collected from salaried employees in Udupi city, which cannot reflect the opinion of the whole population.

### ANALYSIS AND INTERPRETATION

The primary data collected from sample respondents were analyzed and interpreted as follows:

**Table No.1 Personal profile of the of the respondents**

Age	Frequency	Percent
Below 30	28	31
30 - 40	32	36
40 - 50	16	18
Above 50	13	15
<b>Total</b>	<b>89</b>	<b>100</b>
Gender	Frequency	Percent
Male	29	33
Female	60	67
<b>Total</b>	<b>89</b>	<b>100</b>
Qualification	Frequency	Percent
PUC	5	6
Graduation	25	28
Post Graduation	53	60
M.Phil	3	3
Ph.D	3	3
<b>Total</b>	<b>89</b>	<b>100</b>
Marital Status	Frequency	Percent
Married	60	67
Single	29	33
<b>Total</b>	<b>89</b>	<b>100</b>
Workplace	Frequency	Percent
Government organisation	29	33
Private organisation	41	46
Company	7	8
University	4	4
Others	8	9
<b>Total</b>	<b>89</b>	<b>100</b>
Monthly Income	Frequency	Percent
< Rs.30,000	44	49
Rs 30,000 - Rs 60,000	20	23
Rs 60,000 - Rs 90,000	11	12
> Rs 90,000	14	16
<b>Total</b>	<b>89</b>	<b>100</b>

(Source: Primary Data)



Table No. 1 shows demographic details of respondents. It shows the age, gender, qualification, marital-status, workplace and monthly income of the respondents. 36% of the respondents belong to the age group 30-40 and 31% of the respondents are aged less than 30 years. Most (67%) of the respondents are female. Majority (60%) of the respondents are post graduates. 67% of the respondents are married. 46% of the respondents are employed in private organisations and 33% are employed in government organisations. 49% of the respondents are earning a monthly income of less than Rs.30,000 and 23% of the respondents are earning a monthly income of Rs 30,000 - Rs 60,000.

**Table No.2 Sources of Information about different investment options**

Source	Frequency	Percent
Relatives	15	16
Friends	24	27
TV	5	6
Newspaper	8	9
Financial Advisor	6	7
Bank	18	20
Social Media	5	6
Websites	8	9
<b>Total</b>	<b>89</b>	<b>100</b>

(Source: Primary Data)

27% of the respondents collect information on different investment avenues from their friends. 20% of the respondents get relevant information from bank personnel, 16% of the respondents get information on investment options from their relatives, 9% of the respondents depend on newspapers as well as relevant websites for the information on investments.

**Table No.3 Preferred investment avenues among the respondents**

Investment Avenues	Frequency	Percent
Bank Deposit	31	35
Post Office	13	15
Life Insurance	6	7
Mutual Fund	19	21
Gold	9	10
Shares	6	7
Government Bonds	1	1
Real Estate	2	2
PPF	2	2
<b>Total</b>	<b>89</b>	<b>100</b>

(Source: Primary Data)

Bank deposits (35%) are the Preferred option for investment among the respondents. 21% of the respondents prefer to invest in mutual funds. 15% of the respondents prefer to invest in post office savings products, 10% of the respondents feel gold is the preferred option for investment. Equal number of the respondents (7%) prefer life insurance products as well as shares as their preferred investment options, (2%) of the respondents prefer investing in real estate as well in public provident fund. Only 1% prefer government bonds as their preferred option for investment.

**Table No.4 Purpose of Investment among the respondents**

Purpose of Investment	Frequency	Percent
Education of Children	20	22
Marriage	5	6
House construction	17	19
Retirement Needs	12	13
Tax Benefit	6	7
Capital Appreciation	8	9
Additional income	21	24
<b>Total</b>	<b>89</b>	<b>100</b>

(Source: Primary Data)



The table 4 indicates the purposes of investment by salaried individuals. Seven purposes were identified by the researcher. 24% of the respondents considered earning additional income as their purpose of investment followed by Education of Children (22%), House construction (19%), Retirement needs (13%), Capital Appreciation (9%), availing Tax Benefit (9%) and for marriage expenses (6%).

**Table No. 5 Factors considered before investing among the respondents**

Factors	Frequency	Percent
Safety	56	63
Liquidity of funds	9	10
Returns	23	26
Maturity Period	1	1
<b>Total</b>	<b>89</b>	<b>100</b>

(Source: Primary Data)

The table 5 represents various factors considered while investing in different investment avenues. 63% of the respondents considered safety as the most important factor before investing whereas 26% of the respondents' considered returns on investment as another important factor. 10% of the respondents opined that liquidity of the funds is an important factor and only 1% felt that the maturity period of the funds invested matters when investing.

**Table No. 6 Percentage of monthly income invested by the respondents**

Percentage of income invested	Frequency	Percent
Up to 15%	57	64
15% - 30%	26	29
30% - 50%	5	6
Above 50%	1	1
<b>Total</b>	<b>89</b>	<b>100</b>

(Source: Primary Data)

64% of the respondents invest up to 15% of their monthly income, 29% of the respondents invest 15%-30% of their monthly income, 6% of the respondents invest 30%-50% of their monthly income and only 1 respondent invested above 50% of the monthly income in various investment avenues.

**Table No. 7 Preferred time period for investment**

Time period	Frequency	Percent
Less than 1 year	18	20
1 year to 5 years	50	56
More than 5 years	21	24
<b>Total</b>	<b>89</b>	<b>100</b>

(Source: Primary Data)

More than half of the respondents (56%) prefer an investment period of 1 to 5 years followed by 24% of the respondents for more than 5 years. 20% of the respondents prefer to invest for less than a year.

## FINDINGS

- Most of the respondents are female.
- Majority respondents belong to age group 30-40.
- Most of the respondents are employed in private organizations.
- The monthly income of 49% of the respondents is less than Rs.30,000.
- Majority of the respondents rely on their friends for collecting information on different investment options
- Bank deposits are the Preferred option for investment among the respondents
- Earning Additional income and education of children are the main purposes of investment among the respondents.
- 63% of the respondents considered safety as the most important factor before investing whereas 26% of the respondents' considered returns on investment as another important factor.
- Maximum number of respondents are able to invest up to 15% of their monthly income.
- 1 year to 5 years is the preferred time period for investment among the respondents.

## CONCLUSION & SUGGESTION

Investments in the form of bank deposits have been found to be more popular among salaried employees and safety of the funds is the main reason for making investment in bank deposits. Rates of interest change from time



to time and must be studied before using bank deposits for earning regular returns. Investments in designated bank fixed deposits of five years or more qualify for exemption from income-tax under Section 80C. In order to attract more investors, salaried people need to be made more aware of investment options like mutual funds and the stock market. Hence it is suggested that employees should channelize their surplus income in diversified ways so that they may get more returns. To protect oneself from loss brought on by a decline in the value of any one or more assets, one should diversify their investments by purchasing a variety of assets.

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