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A Study on Investment Pattern of Salaried Employees

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Abstract: ***This study explores the investment behavior of salaried employees, focusing on how demographic, economic, and psychological factors influence their choices in financial assets. With a regular monthly salary, many of these employees prioritize stability and low risk investments, such as fixed deposits, provident funds, and insurance, to ensure financial security. Younger employees are more likely to invest in high risk options like stocks and mutual funds for higher returns, while older employees prefer safer investments to save for retirements. This study concludes that enhancing financial literacy and providing tax incentives for diverse investment options could encourage salaried employees to pursue a more balanced investment portfolio. Improved awareness and access to financial planning tools may also enable these employees to optimize their returns while managing risk, leading to more robust financial security in the long run.***
Key Factors: Age, Financial knowledge, Income level, and Tax benefits.

I. INTRODUCTION

In the present-day financial markets, investing money has become a very complex task. Most of the investors are unaware of the fact that investing is both an art and a science. Majority of people irrespective of their education, status, occupation etc., are fascinated by investments. Investment is an economic activity in which every person is engaged in one form or another. Even though the basic objective of making investment is earning profits, not everybody who makes investment benefits from it. Those who incur losses have not managed their funds scientifically and have just followed others blindly. All investments are risky to some degree or other as risk and return go together. Investment is the process of, "sacrificing something now for the prospect of gaining something later". Our definition implies that there are three dimensions to an investment time which involves creation of assets or exchange of assets with profit motive. It is the employment of funds with the purpose of earning additional income or growth in value. The person making investment has to part with his funds. The funds may be converted into monetary assets or a claim on future money for a return. This return is an award for abstaining from present consumption for parting with the money or liquidity and for taking a risk. "Sacrifice of certain present value for some uncertain future value."

II. OBJECTIVES

1) To study the investment preference salaried people working in different sectors in Hyderabad India.
2) To know the factor's that influencing investment behavior of the peoples.
3) To analyze the investment pattern of the salaried employees.
4) To know the mode of investments of the salaried respondents in various investment avenues.
5) To find the problems facing by the investors.

III. REVIEW OF LITERATURE

Avinash Kumar Singh (2006) The study entitled "Investment pattern of people" has been undertaken with the objective, to analyze the investment pattern of people in Hyderabad to analysis of the study was undertaken with the help of survey conducted. After analysis and interpretation of data it is concluded that in Hyderabad investors are more aware about various investment avenues and the risk associated with that. All the age groups give more important to invest in equity and except people those who are above 40 give important to insurance, fixed deposits and tax saving benefits. Sudalaimuthu and Senthilkumar (2008) Mutual fund is the one of the investment avenues the researcher research in this area about investors perception towards mutual fund investments has been analyzed effectively taking-into account the investors reference towards the mutual fund sector, scheme type, purchase of mutual fund units, level of risks undertaken by investors, source of information about the market value of the units, investors opinion on factors influenced to invest in mutual funds, the investors satisfaction level towards various motivating factors, source of awareness

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of mutual fund schemes, types of plan held by the investors, awareness of risk category by investors, problems faced by mutual fund investors. Running a successful mutual fund requires complete understanding of the peculiarities of the Indian stock market and also the awareness of the small investor. The study has tried to understand the financial behavior of mutual fund investors in connection with the scheme preference and selection. An important element in the success of a marketing strategy is the ability to fulfill investor expectation. Sunil Gupta (2008) The investment pattern among different groups in Hyderabad had revealed a clear as well as a complex picture. The complex picture means that the people are not aware about the different investment avenues and they did not respond positively, probably it was difficult for them to understand the different avenues. The study showed that the more investors in the city prefer to deposit their surplus in banks, post offices, fixed deposits, saving accounts and different UTI schemes etc. Manish Mittal and Vyas (2008) Investors have certain cognitive and emotional weaknesses which come in the way of their investment decisions. Over the past few years, behavioral finance researchers have scientifically shown that investors do not always act rationally. They have behavioral biases that lead to systematic errors in the way they process information for investment decision. Many researchers have tried to classify the investors on the basis of their relative risk-taking capacity and the type of investment they make. Empirical evidence also suggests that factors such as age, income, employment status affect an individual's investment decision. This paper classifies Indians investors into different personality types and explores the relationship between various demographic factors and the investment personality exhibited by the investors.

IV. RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. The information was gathered from the primary and secondary sources. Primary data consists of structured questionnaire and secondary data consists of information sourced through various websites etc.

A. Research Design

1) Survey Research: A questionnaire-based survey will be conducted to collect primary data from salaried employees.
2) Cross sectional study: The study will collect data at a single point in time.

B. Sampling Methodology

1) Target population: Salaried employees in the both Government & private sectors.
2) Sample Size: 22 respondents.

C. Data Collection Instrument

1) Questionnaire: A structured questionnaire will be designed to collect data on:
- Demographic Characteristics (age, gender, income, education, occupation)
- Investment patterns (knowledge about instrument, growth of investment, sources of instruments)
- Factors influencing investment decisions (risk tolerance, financial goals, advice from others)

2) Pre-Testing: The questionnaire will be pre-tested with a small group of respondents to ensure validity and reliability.

D. Data Collection

Information has been collected from primary and secondary data.

1) Primary data: Primary data are those which are fresh and are collected for the first time, the primary data was collected through open ended and close ended questionnaire.
2) Secondary data: Secondary data are those which have already been collected by someone else and which already had been passed through the statistical process, the secondary data was collected through web sites.

E. Tools of presentation

To analyze the data with the help of a structured questionnaire.

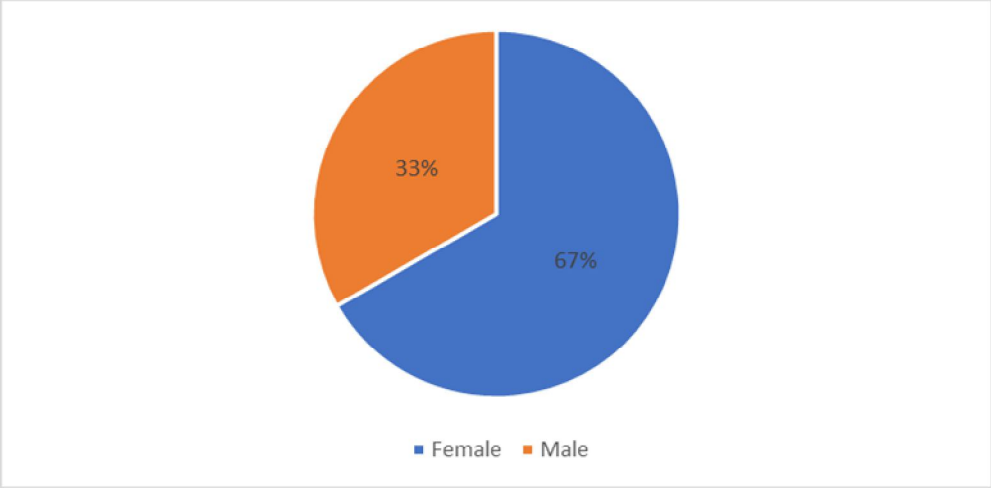
1) Likert scale: These consist of a number of statements which express either a favorable or unfavorable attitude towards the given to which the respondents are asked to react the respondents responds to in terms of several degrees of satisfaction and dissatisfaction.
2) Percentage and pie charts: Those tools were used for analysis of data.

V. DATA ANALYSIS & INTERPRETATION

The data has been collected from the secondary sources in order to analyze the investment pattern of employees.

1) Gender

Gender	**Respondents**
Female	66.7%
Male	33.3%

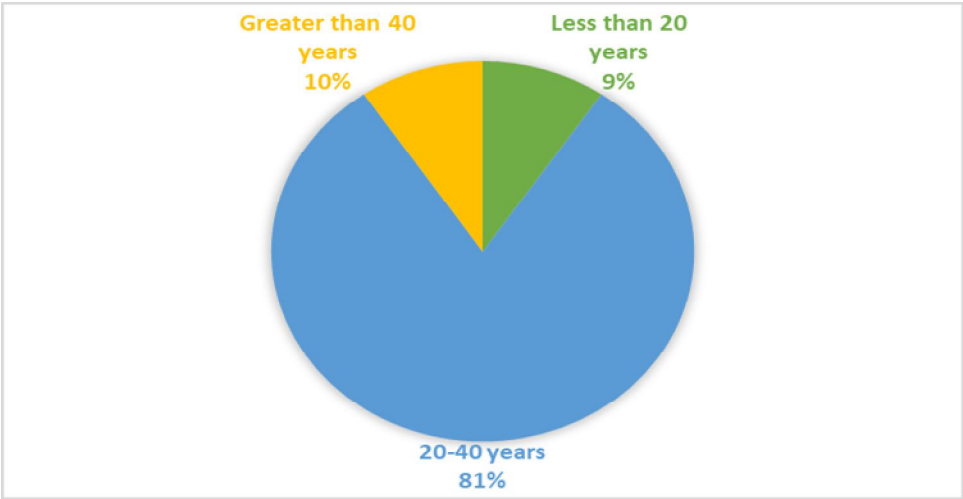


Interpretation

The above diagram represents the gender distribution of employees based on the data collected.67% of employees are female and 33% of employees are male, this could imply gender-based trends in the workplace, hiring, and other organizational factors that result in a higher proportion of female employees.

2) Age

Age	Respondents
Less than 20 years	9.5%
20-40 years	81%
Greater than 40 years	9.5%

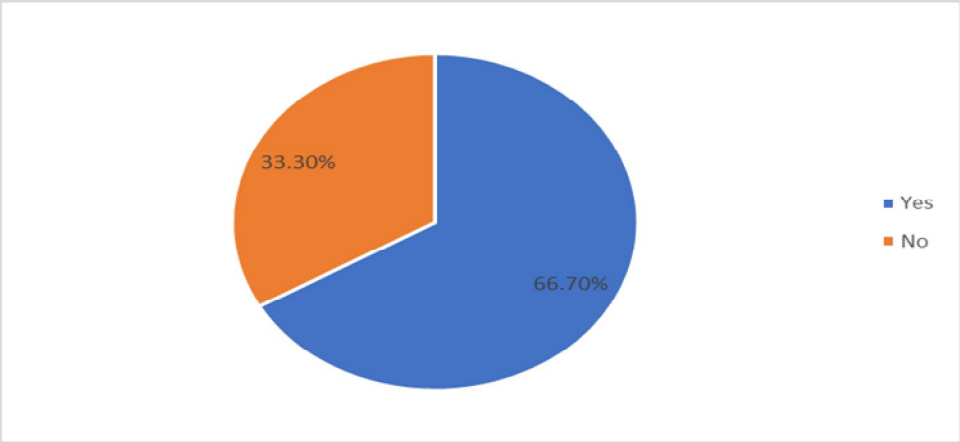


Interpretation

The above diagram depicts the age distribution of employees. 20-40 years age group category has the largest proportion representing a significant majority of the employees, Less-than age group category forms a small percentage indicating employees in this younger age, Greater than 40 years age group category indicating employees over 40 years old.

3) Money Investment

Investment	Respondents
Yes	66.7%
No	33.3%

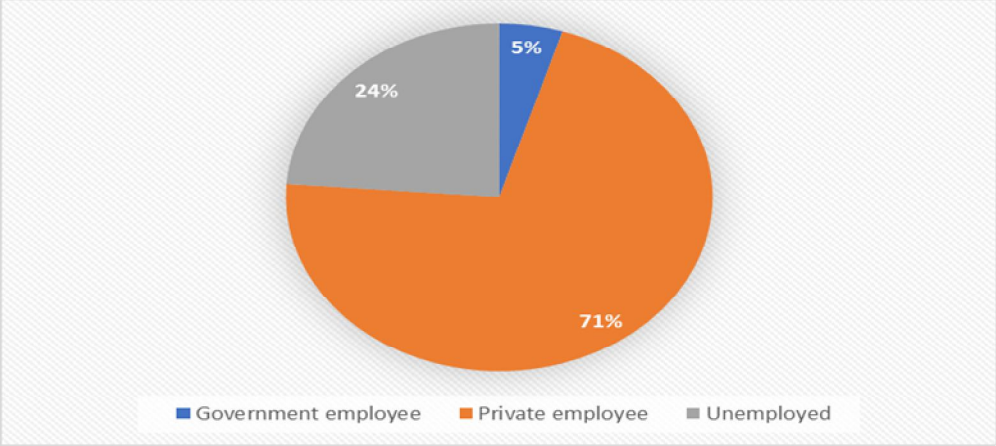


Interpretation

The above diagram represents the distribution of respondents regarding their investment decisions, 66.7% actively investing their money and 33.3% respondents who do not invest.

4) Employment Status

Employment Status	Respondents
Government employee	4.80%
Private employee	71.4%
Unemployed	23.8%



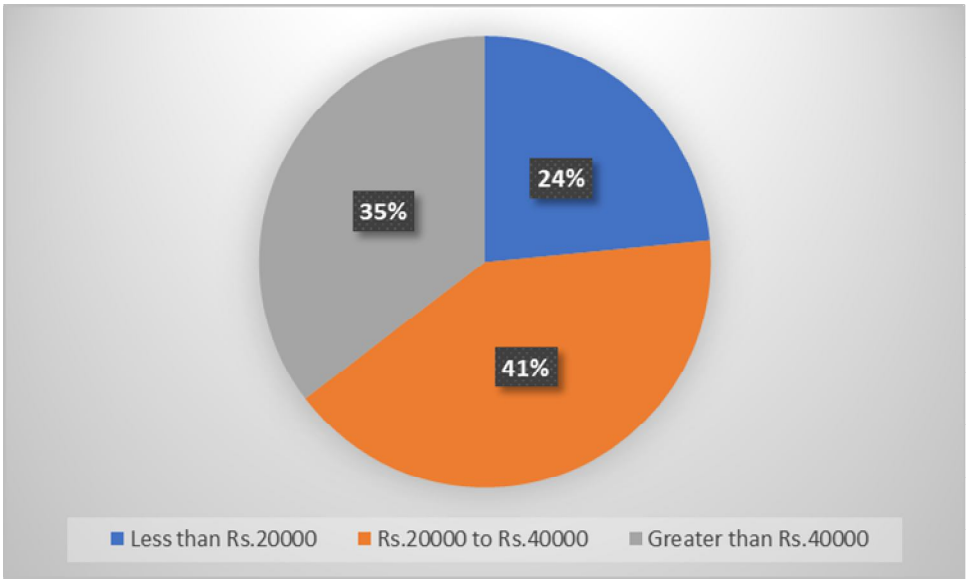
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Interpretation

Private sector indicates a significant reliance on private employment opportunities, Unemployed individuals may highlight economic challenges in the job market, Low percentage of government employees could reflect limited government hiring among the population.

5) Income

Income (Per Month)	Respondents
Less than Rs.20000	19%
Rs.20000 to Rs.40000	33.3%
Greater than Rs.40000	28.6%

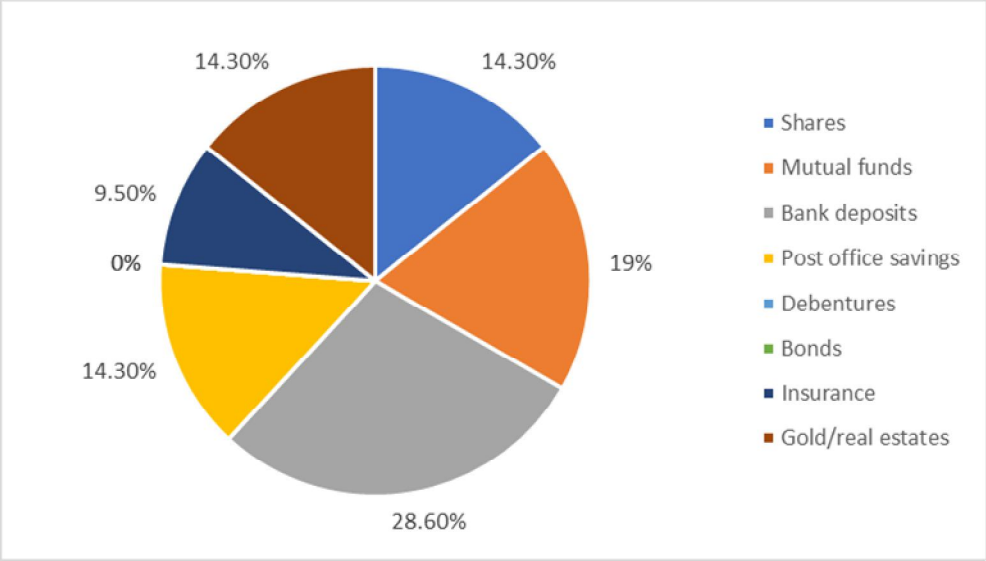


Interpretation

In the above diagram it visualizes the income distribution among respondents less than 20,000/- represents 19% of the respondents indicated in blue on the chart. 20,000/- to 40,000/- category comprises the largest share at 33.3% shown in orange. Greater than 40,000/- making up 28.6% of the respondents this segment is represented in grey.

6) Knowledge about the type of instrument's

Instruments	Respondents
Shares	14.3%
Mutual funds	19%
Bank deposits	28.6%
Post office savings	14.3%
Debentures	0%
Bonds	0%
Insurance	9.5%
Gold/real estates	14.3%

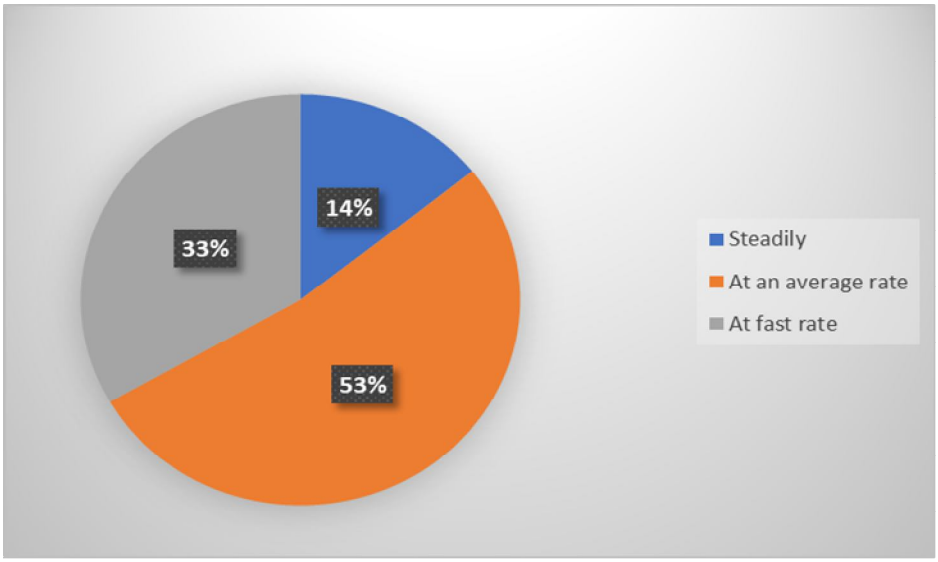


Interpretation

In the above diagram bank deposits and insurance have the highest awareness with 28.6% and 9.5%, it shows a preference or reliance on low risk and traditional investment options.

7) Growth of investment

Investment Growth	Respondents
Steadily	14.3%
At an average rate	52.4%
At fast rate	33.3%

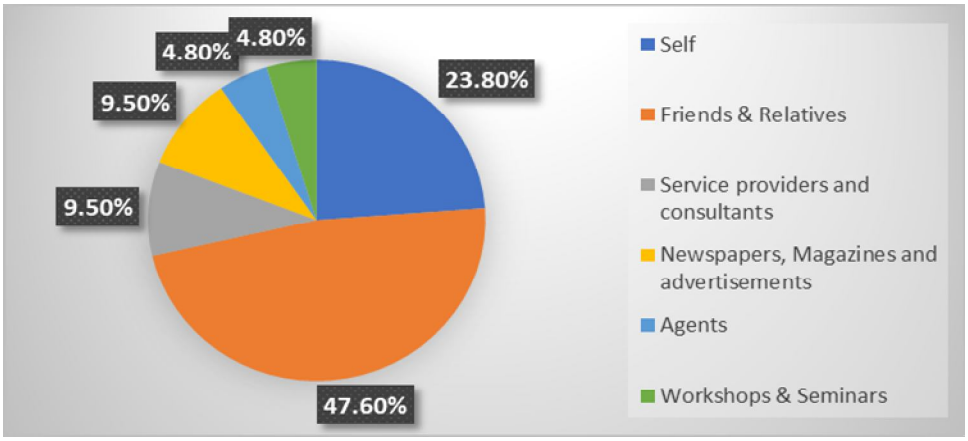


Interpretation

In the above diagram the majority of respondents invest at an average rate indicating a preference for a balanced and consistent approach to wealth accumulation, fast rate investors suggest an increasing interest in high return opportunities, steadily investors indicate Less investing respondents.

8) Sources of information

Sources	Respondents
Self	23.8%
Friends & Relatives	47.6%
Service providers and consultants	9.5%
Newspapers, Magazines and advertisements	9.5%
Agents	4.8%
Workshops & Seminars	4.8%

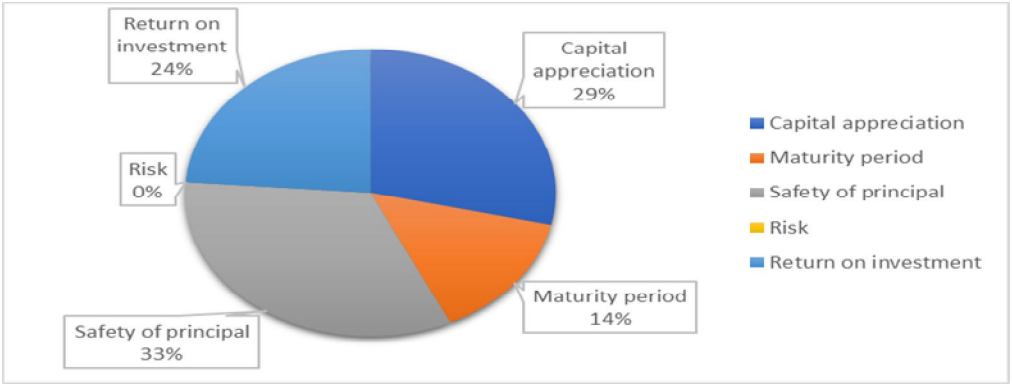


Interpretation

In the above diagram friends& relatives dominate as the primary source of information indicating the trust and personal relationships in financial decision making. The absence of workshop & agents highlights a shift away from traditional advisory methods.

9) Factor's influencing the investment in different securities

Securities	Respondents
Capital appreciation	28.6%
Maturity period	14.3%
Safety of principal	33.3%
Risk	0%
Return on investment	23.8%



Interpretation

In the above diagram the factors influencing respondents investment decisions in different securities, safety of principal representing the largest share with 33.3% this indicates that a significant portion of respondents prioritize the security of their invested money over other factors, capital appreciation 28.6% this is the second most important factor focus on long term growth in the value of investments, 23.8% indicates on dividends or interest, 14.3% required to achieve returns as a critical factor.

VI. FINDINGS

1) 42.9% majority of the people to invest money is to meet its future needs.
2) 9.5% investors are aware of all the investment options.
3) 33.3% investors want's their investment Grow at fast rate.
4) Majority of investors invest 15-20% of their annual income.
5) 38.1% investors invest on monthly basis.
6) 19% investors have other investment policies.
7) 28.6% Investors are more satisfied from bank deposits followed by post office savings.

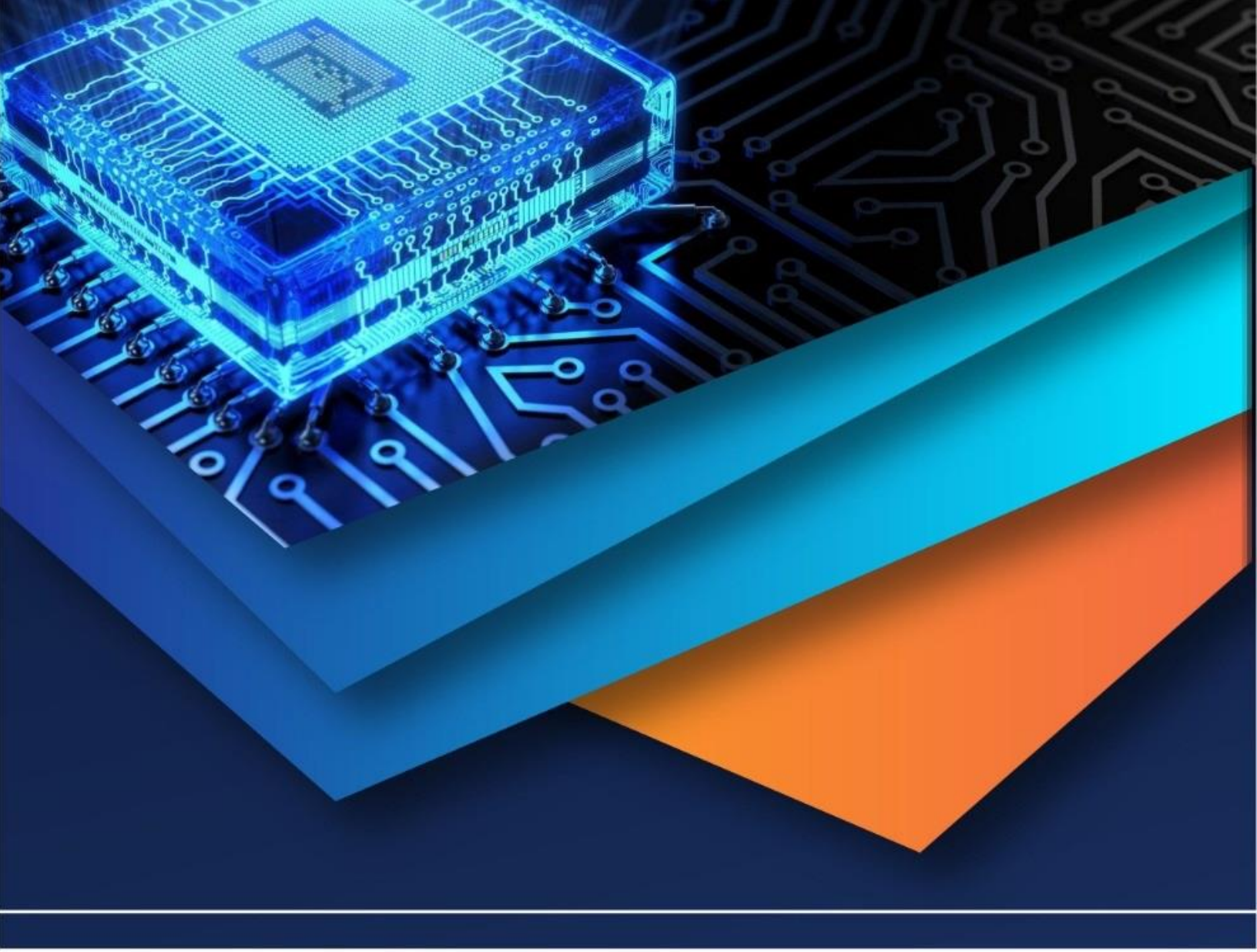
VII. CONCLUTION

Financial literacy plays a crucial role in diversifying investment portfolio, with those more knowledgeable likely to explore a wider range of assets. Additionally, the tendency to build emergency funds before investing reflects a caution's approach to financial planning. The investment pattern of salaried employees is shaped by various factors, including their age, income level, financial literacy, and risk tolerance. While many tend to favor safer investment options like fixed deposits and provident funds, younger employees are increasingly drawn to equities and mutual funds for higher returns.

Ultimately, these patterns indicate a blend of security and growth aspirations among salaried employees as they navigate their financial futures.

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