

Analysis of factors affecting on choice of saving and investments avenues among salaried persons in Bijapur district

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Abstract: Investment is the employment of funds with the aim of getting return on it. It is the commitment of funds which have been saved from current consumption with the hope that some benefits will accrue in future. Therefore, the first step to investment is savings. Most of the salaried people faces difficulty in savings as they have to meet first their day today expenses and then think about savings. The major issue of salaried people to do investment from their small saving of today. In spite of this most of the salaried people do their plan to invest. Today, there are a so many investment avenues are available but, only thing is that they must choose the best avenue which suits them. But there are so many factors affecting on choice of savings and investment avenues. These are different from one person to another. Therefore, this study analyse the factors affecting on choice of saving and investment avenues like high liquidity, security, regular return, higher return, long term benefits etc among the salaried persons in Bijapur district. The collected data is analysed with the help of the statistical tool t-test.

Keywords: Investors, Savings, Investment, Affecting factor, Preferences.

1. INTRODUCTION:

Investment refers to the commitment of funds at present, in anticipation of some positive rate of return in future. Investment consists so many alternatives and provides an opportunity to the investor to invest their money. Among all investment avenues, investments in bank deposits are safest and most preferred by the middle class people. While selecting the best investment avenues many factors are influencing on their investment decisions. They are like personal factors and promotional factors. These factors are considered by the investors while choosing savings and investment alternatives.

2. STATEMENT OF THE PROBLEM:

Most of the investor used the investment and savings as a tool to fulfil their future needs. Investing in a small amount will going to give long term benefit to the investors. But there is a need of proper decision is required for how much to invest and where to invest. Because of maximum alternatives available in the market investor will be confused for the selection of the best investment avenue and today this is the major problem of the investors. At the time of investment the investors suffer from lack of awareness towards the investment avenues. They must take decision by considering the factors like safety of money, liquidity, maximum return, risk, tax benefits , capital appreciation etc., Hence, a need is felt to undertake this study.

3. LITERATURE REVIEW :

Mukhi, (1989) has revealed that NSC has been one of the most popular tax savings instruments in this country. He has stated that contractor and others who have to provide security while bidding for contracts finds it extremely convenient to buy NSC and pledge these to the appropriate authorities while earning 12 per cent per annum on the pledged securities. He also stated that the major attraction of NSC is its simplicity. Even the average investor does not have to scratch his head to understand the scheme.

Somasundaram (1998) has found that bank deposits and chit funds were the best known mode of savings among investors and the least known mode were Unit Trust of India (UTI) schemes and plantation schemes. Attitudes of investors were highly positive and showed their intention to save for better future.

Rajarajan. V. (2003) studies brought out the existence of strong association between demographic characteristics and the risk bearing capacity of Indian investors, the relationship between age, income and risk bearing capacity of the investors are very high. The salaried members constituted the largest part of all categories.

Dr.V.L shobhana and J.Jayalakshmi in their study titled ‘investor Awareness and Preference. A study’ (2005) has examined the level of investor awareness regarding investment options and investment risks. The analysis revealed that investment in real estate/property is preferred by majority of the respondents. The second most preferred investment is bank deposits. Awareness about investment options and risks are high among old aged, highly educated and those who

are professionals by occupation. Demographic variables such as age and education do not have significant influence over investor awareness where as difference in occupational status leads to difference in the awareness level of people.

4. SCOPE OF THE STUDY

The study is considered the factors influenced on the investors while making their investment and also considered the awareness of savings/investment information about the various salaried people in the study area is considered.

5. NEED FOR THE STUDY

Today, there is a significant growth in Indian economy. It has various investment alternatives. The study has been undertaken to analyze whether the investment avenues have gained importance among the salaried people or not. With this back ground of the research, the researcher tries to find out the preference of affecting factors on choice of savings and investment alternatives of the salaried people of Bijapur District.

6. OBJECTIVES OF THE STUDY

- To study the preferences of affecting factors on choice of savings and investment avenues.
- To analyse the difference between nature of employment and affecting factors on choice of savings and investment avenues.

6.1 SAMPLING DESIGN

This research is based on the primary data collected by the researcher. The data collected from salaried investors in Bijapur Districts who are working in different departments. The investors are selected by convenient sampling technique. Accordingly the researcher has selected 511 investors from the study area.

6.2 HYPOTHESES

- There is no significant difference between nature of employment and affecting factors on savings and investments.

6.3 STATISTICAL TOOLS

Various statistical tools are used in analyzing the data. For data representation table, percentage is used and for analysis t- test is used.

6.4 PERIOD OF THE STUDY

The study covers the data collected from the different salaried persons in different department in the Bijapur District. The data were collected during November to January 2014-15 by using a interview schedule. The data relating to preferences of affecting factors and preferences of different avenues are analysed in detail below.

Table 1: High liquidity

Sl. No.	High liquidity	Frequency	Percent
1	Very high	320	62.6
2	High	102	20.0
3	Neutral	56	11.0
4	Low	26	5.1
5	Very Low	7	1.4
	Total	511	100.0

Source: Survey data

From the table 1 it is clear that 63% of investors' preference is very high for liquidity, 20% of the investors say high preference, 11% are neutral, 5% have given low preference and 1% have given very low preference for high liquidity

Table 2: Safety of Money

Sl. No.	Safety of Money	Frequency	Percent
1	Very high	91	17.8
2	High	372	72.8
3	Neutral	31	6.1
4	Low	16	3.1
5	Very Low	1	.2
	Total	511	100.0

Source: Survey data

The table 2 inferred that maximum investors (72.8%) have given preference to safety of money while investing, 17.8% of the investors have given high preference to safety of money, 6.1% of the investors have given neutral preference, 3.1% of the investors have given low preference and 0.2% of the investors have given very low preference.

Table 3: Regular return

Sl. No.	Regular return	Frequency	Percent
1	Very high	56	11.0
2	High	296	57.9
3	Neutral	130	25.4
4	Low	21	4.1
5	Very Low	8	1.6
	Total	511	100.0

Source: Survey data

From the above table it is clear that nearly 57.9% of the investors give high preference to regular return while saving/investment, 25.4% of the investors are neutral, 11% give very high preference for regular return, 4.1% give low preference and 1.6% give very low preference for regular return while saving/investment.

Table 4: Higher Return

Sl. No.	Higher Return	Frequency	Percent
1	Very high	45	8.8
2	High	136	26.6
3	Neutral	282	55.2
4	Low	37	7.2
5	Very Low	11	2.2
	Total	511	100.0

Source: Survey data

Table 4 depicts that the 55.2% of the investor are neutral for the higher return on savings and investment, 26.6% of the investors give high preference while saving/investing, 8.8% have given very high preference for higher return. 7.2% have given low importance for higher return and 2.2% give very low importance while saving/investment.

Table 5: Long term benefits

Sl. No.	Long term benefits	Frequency	Percent
1	Very high	49	9.6
2	High	84	16.4
3	Neutral	311	60.9
4	Low	55	10.8
5	Very Low	12	2.3
	Total	511	100.0

Source: Survey data

From the above table it is clear that 60.9% of the respondents are neutral for preferences asked for the savings/investment, 16.4% have given high preference, 10.8% say it is low preference while selecting savings/investment, 9.6% say very high preference is given and 2.3% say it is given very low preference while selecting savings/investments.

Table No.6: Capital appreciation

Sl. No.	Capital appreciation	Frequency	Percent
1	Very high	12	2.3
2	High	67	13.1
3	Neutral	116	22.7

4	Low	297	58.1
5	Very Low	19	3.7
	Total	511	100.0

Source: Survey data

The above table indicates that 58.1% of the respondents have given low preference for capital appreciation while selecting savings/investments, 22.7% are neutral, 13.1% have given high preference, 3.7% have given very low preference and 2.3% have given very high preference while selecting savings and investments.

Table No.7: Tax benefits

Sl.No.	Tax benefits	Frequency	Percent
1	Very high	32	6.3
2	High	76	14.9
3	Neutral	104	20.4
4	Low	258	50.5
5	Very Low	41	8.0
	Total	511	100.0

Source: Survey data

Table 7 shows almost 50.5% of the respondents have given low preference while doing savings/investments, 20.4% of the respondents are neutral, 14.9% have given high preference for this, 8% of the respondents are giving very low preference and 6.3% of the respondents are giving very high preference for this while selecting savings/investment alternatives.

Table No.8: Prestige/status

Sl. No.	Prestige/status	Frequency	Percent
1	Very high	13	2.5
2	High	44	8.6
3	Neutral	90	17.6
4	Low	146	28.6
5	Very Low	218	42.7
	Total	511	100.0

Source: Survey data

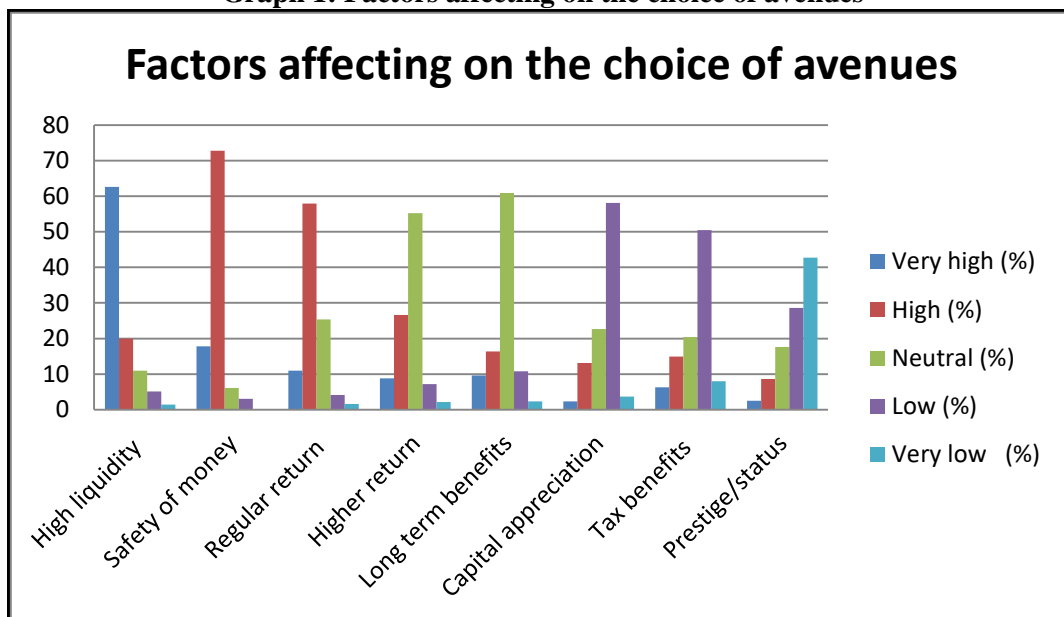
The table reveals the preferences given for prestige/status while selecting investment alternatives. It indicates that 42.7% of the respondents are giving very low preference for this, 28.6% of the respondents have given low preference, 17.6% are neutral, 8.6% are giving high preference and 2.5% of the respondents are giving very high preference while selecting savings/investment alternatives.

Table No.9: Summary of affecting factors on choice of savings/investments

Sl.No.	Affecting factor	Very high	High	Neutral	Low	Very low	Total (%)
1	High liquidity	320 (62.6%)	102 (20.0%)	56 (11.0%)	26 (5.1%)	7 (1.4%)	100
2	Safety of money	91 (17.8%)	372 (72.8%)	31 (6.1%)	16 (3.1%)	1 (0.2%)	100
3	Regular return	56 (11.0%)	296 (57.9%)	130 (25.4%)	21 (4.1%)	8 (1.6%)	100
4	Higher return	45 (8.8%)	136 (26.6%)	282 (55.2%)	37 (7.2%)	11 (2.2%)	100
5	Long term benefits	49 (9.6%)	84 (16.4%)	311 (60.9%)	55 (10.8%)	12 (2.3%)	100
6	Capital appreciation	12 (2.3%)	67 (13.1%)	116 (22.7%)	297 (58.1%)	19 (3.7%)	100
7	Tax benefits	32 (6.3%)	76 (14.9%)	104 (20.4%)	258 (50.5%)	41 (8.0%)	100
8	Prestige/status	13 (2.5%)	44 (8.6%)	90 (17.6%)	146 (28.6%)	218 (42.7%)	100

Source: Survey data

Graph 1: Factors affecting on the choice of avenues



The above table 9 clearly indicates affecting factors on choice of their savings and investments avenues. In case of High liquidity it is found that out of the total respondents, 62.6% of the respondents say it is affecting very high and 7% of the respondents say it is affecting very low at the time of choosing savings and investments avenues.

In case of Safety of money it is found that out of the total respondents 57.9% of the respondents say it is affecting high and only 1% of the respondents of say it is affecting very low at the time of choosing savings and investment avenue.

In case of regular income it is found that out of the total respondents, 57.9% of the respondents say it is affecting high and only 8% of the respondents say it is affecting very low at the time of choosing savings and investments avenues.

In case of higher income, it is found that out of the total respondents, 55.2% of the respondents are neutral and only 2.2% of the respondents say it is affecting very low at the time of choosing savings and investment avenues.

In case of long term benefits, it is found that out of the total respondents, 60.9% of the respondents are neutral and only 2.23% of the respondents say it is affecting very low at the time of choosing savings and investment avenues.

In case of capital appreciation, it is found that out of the total respondents, 58.1% of the respondents say it is affecting low and only 2.3% of the respondents say it is affecting very high at the time of choosing savings and investment avenues.

In case of tax benefits, it is found that out of the total respondents, 50.5% of the respondents say it is affecting low and only 6.3% of the respondents say it is affecting very high at the time of choosing savings and Investment avenues.

In case of prestige and status, it is found that out of the total respondents, 42.7% of the respondents say it is affecting very low and only 2.5% of the respondents say it is affecting very high at the time of choosing savings and Investment avenues.

7. TESTING OF HYPOTHESIS:

H₀: There is no significant difference between the nature of employment and factors affecting savings and investment decisions.

H₁: There is a significant difference between the nature of employment and factors affecting savings and investment decisions.

To test the above hypothesis t-test is applied and the following table gives the results of the test.

Table 10: Mean and standard deviation of Nature of employment and affecting factors

	Mean	N	Std. Deviation	Std. Error Mean
Nature of Employment	1.9746	511	.76782	.03397
High liquidity	1.6262	511	.96163	.04254
Nature of Employment	1.9746	511	.76782	.03397
Safety of money	1.9511	511	.61640	.02727
Nature of Employment	1.9746	511	.76782	.03397
Regular return	2.2740	511	.77161	.03413
Nature of Employment	1.9746	511	.76782	.03397

Higher return	2.6732	511	.81940	.03625
Nature of Employment	1.9746	511	.76782	.03397
Long term benefits	2.7984	511	.84278	.03728
Nature of Employment	1.9746	511	.76782	.03397
Capital appreciation	3.4775	511	.85347	.03776
Nature of Employment	1.9746	511	.76782	.03397
Tax benefits	3.3914	511	1.03632	.04584
Nature of Employment	1.9746	511	.76782	.03397
Prestige/status	4.0020	511	1.08555	.04802

Table 11: t-test on Nature of employment and affecting factors on savings and investment

	Mean	Std. Deviation	Std. Error Mean	t	df	Sig. (2-tailed)
Nature of Employment - High liquidity	.34834	1.21913	.05393	6.459	510	.000
Nature of Employment - Safety of money	.02348	.97188	.04299	.546	510	.585
Nature of Employment - Regular return	-.29941	1.07118	.04739	-6.319	510	.000
Nature of Employment - Higher return	-.69863	1.14754	.05076	-13.762	510	.000
Nature of Employment - Long term benefits	-.82387	1.15143	.05094	-16.175	510	.000
Nature of Employment - Capital appreciation	-1.50294	1.19126	.05270	-28.520	510	.000
Nature of Employment - Tax benefits	-1.41683	1.30325	.05765	-24.575	510	.000
Nature of Employment - Prestige/status	-2.02740	1.36311	.06030	-33.622	510	.000

Table 11 shows that the calculated t value of high liquidity (6.459), regular return (-6319), higher return (-13.762), long term benefits (-16.175), capital appreciation (-28.520), tax benefits (-24.575), and prestige and status (-33.622) are significant at five per cent level. Therefore, the formulated hypothesis of there is no significant difference between natures of employment and affecting factors on savings and investments decisions is rejected. However, there is a significant difference observed between nature of employment and safety of money (.546) which indicates not significant at five per cent level. Therefore, the formulated hypothesis of the above variable is accepted. Hence, it can be concluded that the safety of money is affecting more on savings and investments decisions of the salaried employees.

8. FINDINGS:

- **High liquidity:** It is found that out of the total respondents, 62.6% of the respondents say it is affecting very high and 7% of the respondents say it is affecting very low at the time of choosing savings and investment avenues.
- **Safety of money:** It is found that out of the total respondents 57.9% of the respondents say it is affecting high and only 1% of the respondents say it is affecting very low at the time of choosing savings and investment avenues.
- **Regular income:** It is found that out of the total respondents, 57.9% of the respondents say it is affecting high and only 8% of the respondents say it is affecting very low at the time of choosing savings and investment avenues.
- **Higher income:** It is found that out of the total respondents, 55.2% of the respondents are neutral and only 2.2% of the respondents say it is affecting very low at the time of choosing savings and investment avenues.
- **Long term benefits:** It is found that out of the total respondents, 60.9% of the respondents are neutral and only 2.23% of the respondents say it is affecting very low at the time of choosing savings and investment avenues.

- **Capital appreciation:** It is found that out of the total respondents, 58.1% of the respondents say it is affecting low and only 2.3% of the respondents say it is affecting very high at the time of choosing savings and investment avenues.
- **Tax benefits:** It is found that out of the total respondents, 50.5% of the respondents say it is affecting low and only 6.3% of the respondents say it is affecting very high at the time of choosing savings and investment avenues.
- **Prestige and status:** It is found that out of the total respondents, 42.7% of the respondents say it is affecting very low and only 2.5% of the respondents say it is affecting very high at the time of choosing savings and investment avenues.

9. SUGGESTIONS:

- Ensure the investors that minimum return is guaranteed if they invest in financial assets.
- It is suggested to offer the investment schemes that provide regular and steady returns.
- It is suggested to launch the investment schemes with tax benefits for the investments made bank deposits and corporate securities.
- It is suggested to offer the investment schemes in these all investment avenues with low transaction costs and affordable to the investors.
- It is suggested to the salaried investors to manage their expenditure with proper planning.
- It is suggested to take professional advice regarding the savings/investments, especially with regard to financial assets. It will help them to reduce their tax liability and for proper management of savings and investments.
- It is suggested to the investors to frequently review their investment avenues from time to time. This will help them to take proper decisions regarding their savings and investment avenues.
- The investors shall be able to determine the type of risk associated with the investment schemes.
- Employees should concentrate on medium term investments rather than long term and short term.

10. CONCLUSION:

Savings and investment are made in assets depending on person's knowledge of different investment alternatives, risk bearing ability and expected of return. The factors considered by the investors in their investment decision may vary from one person to another. Sometimes the investors find difficulty while taking investment decisions due to the availability of so many alternatives and their related factors. With above it is clear that most of the salaried persons are given first preference to high liquidity factor followed by regular income, higher income, long term benefits, capital appreciation, tax benefits and prestige and status.

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