

# A STUDY ON SAVINGS AND INVESTMENT PATTERN AMONG SALARIED EMPLOYEES WITH SPECIAL REFERENCE TO ALAPPUZHA DISTRICT

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**Abstract:** *Salaried persons have a variety of investing options at their disposal to organize their resources and safeguard their future. Fixed deposits, mutual funds, equities, the National Pension Plan, National Savings Certificates, gold investments, and other options are among these investment possibilities. Today investment is an economic activity. Basically investment is efficient use of funds with the expectation of receiving good return or benefits in the future. Investment is mainly done with the objective like wanting a home, creating a regular income after retirement, and possessing money for the child's education. To measure the growth of an economy there are three variables factor are as: Income, Savings and Investment. Investment pattern of salaried employee are quite different, the character of employment and income level plays an essential role, but one factor is common for all its regular basis of income may result in eventual investment or monthly saving habit rather than payment saving.*

**Key Words:** *investments, savings, mutual fund, securities, insurance.*

## 1. INTRODUCTION :

Salaried employees form a significant segment of the workforce, and their financial decisions have far-reaching implications for their financial well-being and the overall economy. This study aims to delve into the intricate relationship between savings and investment behavior among salaried employees, shedding light on the factors influencing their decision-making process. In India socio economic profile of the people changes dramatically. Today people are not only spending on products and services but also looking at smarter ways of investing their money. This is mainly due to the fact that people today not only have a wider choice of investing the different saving instruments, but are also more educated and aware about their choice.

People are now moving beyond the traditional savings options of fixed deposits, post office savings to wider investment options in the form of insurance, mutual fund, bond, equities and even property. Saving is incomes not spend or deferred consumption methods of savings include reducing expenditure such as reducing cost. In terms of personal finance saving specific low rest preservation of money as in a deposit account versus investments, where risk is higher in rapidly changing financial environment, it is critical that individuals not only protect and enhance their current financial resources, but also prepare for future security and against loss of income. Financial planning is the key and the first step towards fulfilling ones dreams and aspirations where it is about providing for their family, buying a home or a car. Good planning also ensures financial security for the family throughout life even in the eventuality of the death of the earning member of the family. An important component of a sound financial plan is not only the inclusion of the life insurance investment but also providing for adequate insurance coverage in the plan, therefore it is critical for individuals to discuss the unique needs with qualified financial planning advisors who can assist in determining the right plan and innovative products depending on the need of customers.

Investment in the certain present value for the uncertain future reward, there are various investment avenues such as equity, bonds, insurance, bank deposit etc. Portfolio is a collection of financial investments like stocks, bonds, commodities, cash, and cash equivalents, including closed-end funds and exchange traded funds. People generally believe that stocks, bonds, and cash comprise the core of a portfolio. To build a strong financial backbone; one should invest the money in the right financial instrument. Though, not every investment guarantees substantial returns, but, if you invest wisely and for a good amount of time, the potential to gain healthy returns is higher. Especially, a salaried person who has to manage investments and expenses within a stipulated income. Hence, a salaried employee need to

consider amount of risk and return while determining the best investment option for them. One need to invest and earn return on their idle resources and generate a specific sum of money for specific goal in life and make a provision for an uncertain future. One of the important reasons why one needs to invest wisely is to meet the cost of inflation. Inflation is the rate at which the cost of living increases. An investment is the employment of funds to achieve income and growth in value. The main characteristics of investment are waiting for a reward. Finance is the allocation of monetary resources to assets that are expected to yield some gain or positive return over a given period. Salaried individuals are those persons who are receiving a regular income, and they are concerned about their investment habits.

## 2. REVIEW OF LITERATURE:

**Devi Dr. Ramanujan V, Chitra K (2012)<sup>27</sup>.** The study shows that lack of awareness of investors about the concept and dealing of the investment pattern. Further, it's observed that the extent of income also influences the investment decisions. Higher income group shows relatively high preference towards investment in share market, conversely lower and average income group shows keen preference towards insurance and banks because the most preferred investment avenues.

**Saha, S. (2018)<sup>26</sup>. Savings and Investment Behavior of Salaried Employees: A Study on Public and Private Sector in India.** Global Business Review, 19(3). This research focuses on the savings and investment behavior of salaried employees in both public and private sectors in India. The study compares the saving and investment patterns between the two sectors and identifies the factors influencing individuals' investment decisions.

**Choudhury, S. (2017)<sup>22</sup>. "A Study on Savings and Investment Pattern of Salaried Individuals in India". Journal of Commerce and Accounting Research, 6(3), 1-8.**

This research focuses on the savings and investment patterns of salaried individuals in India. It examines the various investment options preferred by employees, the factors influencing their investment decisions, and the level of financial awareness among the study participants.

## 3. OBJECTIVES OF THE STUDY:

- To analyse the saving and investment patterns of salaried employees in Alappuzha District
- To identify the factors that influence the saving and investment behavior of salaried employees in Alappuzha District
- To determine the level of financial literacy among salaried employees and its impact on their saving and investment patterns.
- To assess the awareness and utilization of various financial instruments available for investment among salaried employees in Alappuzha District.

## 4. DATA ANALYSIS AND INTERPRETATIONS :

### 4.1 EDUCATIONAL QUALIFICATION OF THE RESPONDENTS

Basis	No of respondents	Percentage
Under Graduate	14	28
Graduate	26	52
Post graduate	3	6
Other qualification	7	14
Total	50	100

### 4.2 PERCENTAGE OF INCOME FOR INVESTMENT

Basis	No of respondents	Percentage
Approximately 0-10%	19	38
10 – 20%	23	46
20 – 30%	8	16
30 – 40%	0	0
Total	50	100

### 4.3 PURPOSE OF SAVING

Purpose	No of respondent	Percentage
Good return	10	20
Tax saving	0	0
Emergency need	19	38
Health care	3	6
Others	18	36
Total	50	100

### 4.4 ANNUAL INCOME

Basis	No. of respondents	%
Less than 240000	24	48
240000- 360000	16	32
360000 – 500000	5	10
500000 above	5	10
total	50	100

#### 4.5 PREFERENCE TOWARDS VARIOUS INVESTMENT OPTION

Options		No of respondents	Percentage
Bank Deposit	No Preference	0	0
	Low preference	0	0
	Moderate Preference	6	12
	High Preference	42	84
	Very High Preference	2	4
	Total	50	100
Gold	No Preference	0	0
	Low preference	1	2
	Moderate Preference	38	76
	High Preference	10	20
	Very High Preference	1	2
	Total	50	100
Post office saving	No Preference	0	0
	Low preference	0	0
	Moderate Preference	14	28
	High Preference	33	66
	Very High Preference	3	6
	Total	50	100
Real Estate	No Preference	0	0
	Low preference	0	0
	Moderate Preference	16	32
	High Preference	27	54
	Very High Preference	7	14
	Total	50	100
Stock Market	No reference	22	44
	Low preference	17	34
	Moderate Preference	9	18
	High Preference	2	4
	Very High Preference	0	0
	Total	50	100
Others	No Preference	0	0
	Low preference	4	8
	Moderate Preference	19	38
	High Preference	20	40
	Very High Preference	7	14
	Total	50	100

#### 4.6 LEVEL OF RISK

Investment option	Level of risk	No of respondents	Percentage
Stock Market	Very high	24	48
	High	15	30
	Moderate	11	22
	Low	0	0
	Very low	0	0
	Total	50	100
Bank Deposit	Very high	0	0
	High	0	0
	Moderate	28	56
	Low	17	34
	Very low	5	10
	Total	50	100

Real estate	Very high	0	0
	High	0	0
	Moderate	13	26
	Low	29	58
	Very low	8	16
	Total	50	100
Gold/Metal	Very high	0	0
	High	0	0
	Moderate	31	62
	Low	19	38
	Very low	0	0
	Total	50	100
Mutual fund	Very high	17	34
	High	20	40
	Moderate	13	26
	Low	0	0
	Very low	0	0
	Total	50	100
Insurance	Very high	0	0
	High	0	0
	Moderate	3	6
	Low	36	72
	Very low	11	22
	Total	50	100

## 5. FINDINGS :

- Graduate degrees were the prevailing educational qualification.
- Private sector employment was the predominant choice.
- A significant number had an income below 240,000.
- A considerable portion allocated their monthly income to savings.
- The range of 10-20% of income was the most common allocation for investments.
- A moderate level of awareness existed regarding various saving and investment avenues.
- The primary reasons cited for saving were emergency needs and good returns.
- Bank deposits, gold, and post office savings were the most preferred investment options.
- The internet was the primary source of investment information.
- Security and safety, along with affordability, were the main factors influencing investment choices.
- Long-term investment preferences were predominant among respondents.
- Stock market investments were perceived as very high risk, while bank deposits were considered to have moderate risk.
- The primary difficulty faced in savings efforts was improper planning.
- Respondents primarily managed their investments through banks and self-management.

## 6. SUGGESTIONS :

- Develop targeted awareness campaigns to educate individuals about diverse investment options, enabling them to make well-informed decisions.
- Introduce investment products that align with respondents' preferences, catering to varying risk appetites and return expectations.
- Create user-friendly online platforms that comprehensively explain different investment avenues, their associated risks, and potential gains.
- Offer educational programs focused on effective risk management strategies, particularly for those interested in stock market investments.
- Educate investors on the significance of diversifying their portfolios to mitigate risks, while providing practical guidance.

- Organize workshops guiding participants through creating robust financial plans, encompassing goals, debt management, and long-term security.
- Communicate the benefits of long-term investment strategies through targeted campaigns, underscoring compounding advantages.
- Introduce products with lower entry points, democratizing investment access and accommodating a wider range of individuals.
- Establish advisory services that offer personalized investment recommendations considering individual financial objectives and risk tolerance.
- Develop seamless digital interfaces for easy investment management, enabling users to monitor performance and make informed choices.
- Collaborate with educational institutions to incorporate financial literacy into curricula, promoting foundational money management skills.
- Emphasize the necessity of emergency funds, illustrating their role in addressing unforeseen financial challenges without disrupting investments.
- Educate individuals about investment options with tax benefits, highlighting their role in minimizing tax burdens and augmenting wealth.
- Create short-term investment avenues catering to those seeking liquidity and quicker returns, tailored to specific financial goals.

## **7. CONCLUSION :**

This research study has provided a comprehensive analysis of the savings and investment patterns among salaried employees in Alappuzha District. The findings illuminate various aspects of their financial behavior, preferences, and challenges. The study highlighted the significance of financial literacy in shaping saving and investment decisions, emphasizing the need for informed choices in the pursuit of long-term financial security.

It is evident from the research that salaried employees are increasingly recognizing the importance of savings and investments in achieving their financial goals. While traditional options like bank deposits, gold, and post office savings remain popular choices, there is also a growing interest in exploring alternative avenues. The study underscored the role of proper planning and risk assessment in successful investment ventures.

The research findings also point to the potential for enhancing financial education and awareness. Initiatives aimed at improving understanding of various investment options, risk management strategies, and long-term benefits can empower individuals to make prudent financial decisions. By addressing challenges such as improper planning and lack of diversification, individuals can navigate the complex financial landscape with greater confidence. Furthermore, the study revealed the value of tailored investment products and digital platforms that cater to different risk appetites and financial goals. Providing accessible entry points, advisory services, and user-friendly interfaces can significantly contribute to fostering a culture of financial prudence and investment savvy among salaried employees. In short, this research sheds light on the intricate interplay between savings, investment behavior, and financial well-being among salaried employees. By recognizing the evolving preferences, challenges, and needs of this segment, policymakers, financial institutions, and educators can collaboratively work towards empowering individuals to secure their financial futures and contribute to the overall economic growth of the region.

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